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The evolving face of agribusiness investment along Brazil's new frontier: institutional investors, recent political moves, and the financialization of the Matopiba

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1 Introduction

In recent decades, the Cerrado biome has become a driving economic force in Brazil. Deemed the "world's most important agricultural expansion zone for this century" by the late Norman Borlaug, the founder of the Green Revolution, the central Brazilian plateau spans 2 million square kilometers, 10 states, and is home to more than 25 million people. Despite relatively acidic and infertile soil, in addition to lacking infrastructure, the region – covering nearly one quarter of the country's total territory – has become a destination for large-scale, export-oriented agribusiness. As one of the most productive regions of Brazil and by extension South America, the so-called "miracle of the Cerrado" (The Economist, 2010) has been lauded as a successful case of agricultural modernization, intensification, and export-oriented growth achieved largely by way of foreign and transnational investment (Delgado, 2012). Likewise, the process of rapid agribusiness expansion across the region has fit into broad bodies of scholarly work on land concentration, land grabbing, and dispossession of the Brazilian countryside (Sauer and Leite, 2012; Borras et al, 2012).

While the Cerrado at large has remained a major arena for agribusiness expansion in Brazil, a sub-region of the Cerrado known as the Matopiba – an acronym derived from the states of Maranhão, Tocantins, Piauí and Bahia – has emerged as a particularly dynamic frontier, concentrating processes of internationalization and financialization of land. Spanning 73,000 square kilometers in central northeastern Brazil, the Matopiba is characterized by high levels of poverty and low levels of environmental protection. Compared to 80 environmental conservation requirements in the Amazon biome, just 20 to 35 percent of vegetation must be preserved on private property in the Matopiba region. As such, the Cerrado is the second largest and single most altered biome in Brazil, with only 20 percent of its original vegetation remaining. Within the Cerrado, the Matopiba accounts for 62 percent of the region's total deforestation, reflecting the combination result of poor environmental regulation and intense development of the agribusiness sector (Pereira and Pauli, 2016).

Processes driving land concentration, speculation, and resulting tenure conflict across the region have been ongoing over the past 20 years as tendencies towards land grabbing gained momentum across Latin America. But in recent years, due to a combination of economic and political motives, these processes have taken new forms. In 2010, following the tightening of national laws on foreign ownership of land, foreign investors sought out partnerships with local – often 'shell' or *laranja* – companies that were not bound by the same restrictions. Local companies provided a façade for transactions that were commonly backed by international and transnational capital. As partners in these joint ventures, individual and corporate investors were able to effective sidestep regulation on foreign ownership, moving capital into Brazil that would contribute to the ever-expanding agribusiness sector while further developing crucial transportation and storage infrastructure.

The Matopiba region became a natural target for such investments, given the lack of environmental protections, a highly disputed – 'illegible' – landscape, and its strategic location. This process was accelerated by state-led pushes to develop the region as a global agribusiness powerhouse in the context of an international commodity boom (Flexor and Leite, 2017). The area planted with monocrops across the Matopiba has grown exponentially in recent decades, further stimulated in 2015 when, then Minister of Agriculture Katia Abreu (2015-2016), herself a senator and native of Tocantins, rolled out the Matopiba Plan for Agricultural Development (PDA). Over the next 10 years, the government announced that up to 10.9 million planted hectares would come into production. At the unveiling ceremony, a 'new frontier' – the Matopiba as imaginary and agribusiness destination – had in effect been created (Pereira and Pauli, 2016).

The agribusiness opportunities present in the region, both realized and speculated, have had detrimental social impacts among the most vulnerable sectors of the Brazilian countryside: traditional communities, small-scale farmers, quilombolas, and indigenous peoples. The Cerrado has historically been considered 'empty' or void of human activity or enterprise, a narrative that has served to exclude these rural communities from national development projects and justify policies intended to increase legibility of the land. The Green Revolution in Brazil, intended to deliver technology to the countryside and facilitate the expansion of large-scale agribusiness across the region, was built on the same premise. As early as the 1970s, the transformative potential of agribusiness was foundational in major jointly-funded development projects such as the Nipo-Brazilian PRODAP (XXX) and PRODEVER (Project for the Development of the Cerrado), programs that have since been used as models for the Brazil-backed ProSavana plan with similar aims in Mozambique.

As such state-building policies succeeded in facilitating the expansion of agribusiness across the Cerrado, land concentration and deforestation accelerated while land increasingly fell into the hands of those arriving from outside the region. There was a spike in investments by the country's agricultural elite, many of which had thriving agribusiness operations in southern Brazil. In the 1980s, foreign companies and individuals entered the region in a significant way, investing in agricultural land and related industries. Scholars have shows how political incentives to develop the region effectively selected large-scale agriculture as the preferred model of production and, in doing so, sent a clear message that in terms of methods of agricultural production on the Cerrado, bigger was better (Delgado, 2012; Flexor and Leite, 2017; Wolford, XXXX). The resulting process has been widely characterized as the foreignization or internationalization of the Cerrado (Sauer and Leite, 2012), a phenomenon that can be identified throughout Latin America and other parts of the Global South.

Recent fieldwork has explored the evolution of foreignization in the Cerrado and, more specifically, the Matopiba, looking at how 'traditional actors' driving processes of foreignization – those foreign individuals that bought farmland before 2010 or partnered with a Brazilian company following 2010 – have adapted to financial trends in the post-economic crisis period, including the rise of institutional investors. By expanding their operations to accommodate a growing interest in farmland by institutional investors, these 'actors of foreignization' have expanded their commercial soy, corn, and cotton investments to include the operation of land investments by pension funds, insurance companies, and private equity funds. These institutional investors, looking to geographically diversify their portfolio, have found low-risk returns in the Brazilian Matopiba region (Pereira and Pauli, 2016). More than a means of guaranteeing food security or producing fuel, this land – a flat, fertile means of generating rent – has become an asset in and of itself.

The resulting financialization of land in the Matopiba has driven up property prices, stressed existing tenure disputes, and increased pressure on the state to modify national regulation and turn public land into sites of transnational investment (Rede et al, 2015). In such a context, national land governance, including unfinished processes of demarcation and agrarian reform, is comprised.

The tandem political and economic crises that have taken hold of the country in recent years have lent further momentum to calls for privatization. After assuming power in the wake of Dilma Rousseff's impeachment in 2016, the administration of Michel Temer veered sharply from the agrarian rhetoric of the Workers' Party (PT). Among its priority action items was the loosening of restrictions that limited foreign ownerships of airports and land in the Brazilian countryside (Castro and Sauer, 2016). Simultaneously, administration ties to the rural caucus grew tighter and the political influence wielded by the agribusiness sector became more visible. Export-oriented agribusiness has been portrayed in public discourse and the media as the single-most stable sector in an otherwise crumbling economy as the government promises to adjust policies that would further bolster the industry. Temer has recently succeeded in passing legislation that would facilitate the privatization of large plots of public land held in frontier regions, including those issued under agrarian reform (Sauer and Leite, 2017). Ongoing processes of land concentration, deforestation, and agribusiness development that have driven rural communities from the countryside are expected to accelerate under the Temer administration (Arsenault, 2016).

This paper will first examine agribusiness expansion in Cerrado and Matopiba sub-region, looking critically at the investors and drivers in this process and the expansion of commodities-oriented operations at agricultural frontiers. Second, it explores global tendency towards the foreignization and financialization of land, looking specifically at how such processes are playing out across the Matopiba region. Finally, it looks at the current political context in which processes of agribusiness expansion, transnational investment, and financialization are taking place. Likewise, it considers how the development of such trends may proceed in coming years.[1]

2 Expansion of agribusiness at the MATOPIBA agricultural frontier and consequences for traditional communities

While the “miracle of the Cerrado” has been held up as a model of export-oriented agribusiness expansion in other parts of the Global South, the relative success of this transformation and its impacts on local communities and the environment has been widely challenged (Delgado, 2012; Arsenault, 2016). Nevertheless, the expansion of agribusiness into new frontiers has continued unabated across Brazil, increasingly supported by a state that has glorified the accomplishments of the private sector. Public policies, as such, have acted to prioritize the expansion of large-scale agribusiness and facilitate foreign investment across the region (Hecht, 2005; Fairbairn, 2015). Most recently, the Matopiba region has been the target of such state-driven private agribusiness development.

The implementation of the technological package that came with the Green Revolution in the mid-south of Brazil, beginning in the 1960s, did not result in significant shifts in the expansion-logic that was prevalent along agricultural frontiers in previous decades. Such changes in the productive base – especially with the adoption of intensive mechanization, chemical fertilizers, and selected seeds – modernized large properties in Brazil (Martins, 1996) but did not change land concentration or decrease the size of the frontier itself. To the contrary, the modernization of large properties with subsidized credit was linked to incentives – tax exemptions for industry and financial companies – for private investment and colonization projects (Hecht, 2005). Specifically, they were aimed at occupying land in the Amazon and the country’s midwest (the Cerrado), promoting economic growth without any kind of land distribution (Martins, 1996; Delgado, 2012).

Throughout this process, millions of Brazilian families departed from the northeast and south and migrated inward, to the midwestern and northern regions of the country, in search of land. The opening of new frontiers took place not only through the allotment of glebes to poor families, but by offering incentives to urban companies and large landowners from the mid-south that facilitated the appropriation of large swaths of land in the Cerrado region. Moreover, governmental investment in roads and other vital infrastructure, as well as tax incentives, turned the purchase of large extensions of land into a profitable endeavor (Delgado, 2012). This gave rise to the so-called ‘military-landlord alliance,’ which sustained the process of rural conservative modernization, in the words of Martins (1996).

The early 21st Century saw the emergence of new possibilities, in which capitalism was able to conciliate expansion and appropriation (Akram-Lodhi, 2012) with the aide of planning and

[1] Deputy Beto Faro (PT/PA) apresentou o PL 2.289, em 2007, para regulamentar o Art. 190 da Constituição. Atualmente, os processos de compra e arrendamento de imóveis por pessoas estrangeiras são regulados pela Lei nº 5.709, de 1971, com base em Parecer da Advocacia Geral da União (AGU) de 2010.

management, the intensive use of technologies, and the use of new 'un-used' land and land already under agriculture and livestock production (Hecht, 2005). All of these elements were supported by governmental incentives used to expand frontiers and increase Brazilian competitiveness in international commodity markets. Even during the three and a half years under the progressive Workers' Party administrations (2003-2016) – which gave more than lip service to agrarian reform and secured land rights for many of the rural poor – area planted in crop production expanded across the country.

In recent years, the Brazilian agribusiness sector has been treated as the singular "bright spot" (Lewis, 2016) on an otherwise bleak economic horizon. In 2015, the country's agricultural exports accounted for $74.3 billion (Lewis 2016; Parkin and Newman, 2017). Increasingly, that number reflects the production of two crops – soy and corn – the planted area of which has expanded exponentially since being first introduced into the midwestern region of Brazil in the 1970s. Output has continued to grow with the introduction of seed technology and improvements to the soil. In 2016, when Rousseff was impeached, the area planted in soybeans reached 33.3 million hectares, with the Brazilian Agricultural Research Company (Empraba, 2017) estimating that production of soy in Brazil is growing at an annual rate of 13 percent.

Soy is king in Brazil and the Cerrado increasingly leads the country in its production. In 2017, Brazil is expected to a record 115 million tons of soy, up 19.6 percent from 2016 (EBC, 2017); together with Argentina and Paraguay, the country has earned the name of "Soy Republic" due to the dominance of the crop (Flexor and Leite, 2017). In 2013, the region already responsible for more than 63 percent of the national soy crop – at some 82.7 million tons (Embrapa, 2013; Parkin and Newman, 2017). In 2015, production of all grains in the Cerrado surpassed that of southern Brazil for the first time in the country's history. While the Matopiba sub-region represents a small portion of the overall Cerrado – 730,000 of the total 2 million square kilometers – its soy production has leapt from an estimated 769,000 tons in 1993 to more than 7 million tons between 1993 and 2011 (Embrapa, 2013).

The existing trends in agribusiness expansion across the Cerrado and into the Matopiba were further boosted in 2015, when the Ministry of Agriculture led by Tocantins native Katia Abreu, declared the region a "new agricultural frontier," with official accounts questionably describing it as "on of the last expanding agricultural regions in the world without deforestation." The frontier zone was formalized with the denomination in the Matopiba Plan for Agricultural Development (PDA) on May 6, 2015.[2]

Pereira and Pauli (2016, p. 201) state that beyond a new agricultural frontier, the Matopiba is the "frontier of capitalist expansion and the frontier of foreignization of the land." The numbers clearly paint the territorialization of export-oriented capital in the region (Pereira and Pauli, 2016). According to Embrapa, which together with the National Institute of Agrarian Reform and Colonization (INCRA) were charged with demarcating and formalizing the Matopiba region, its territory spans 73 million hectares including 337 municipalities covering large swaths of Maranhão, Tocantins, Piauí, and Bahia, a region characterized by high levels of poverty (Pereira and Pauli, 2016). In 2010, the per capita GDP across Brazil was 19,770 Real or $5,980. In the northeast, a chronically impoverished region of the country, that estimate drops to 9,560 Real or $2,890. The Matopiba, which includes some of the poorest parts of the northeast, has an average GDP per capita of 7,950 Real or $2,405. Embrapa estimates that the middle class of the Matopiba, with 6 percent of the total number of households, generated 26.74 percent of the region's GDP.

[2] See: http://www.planalto.gov.br/ccivil_03/_ato2015-2018/2015/decreto/d8447.htm

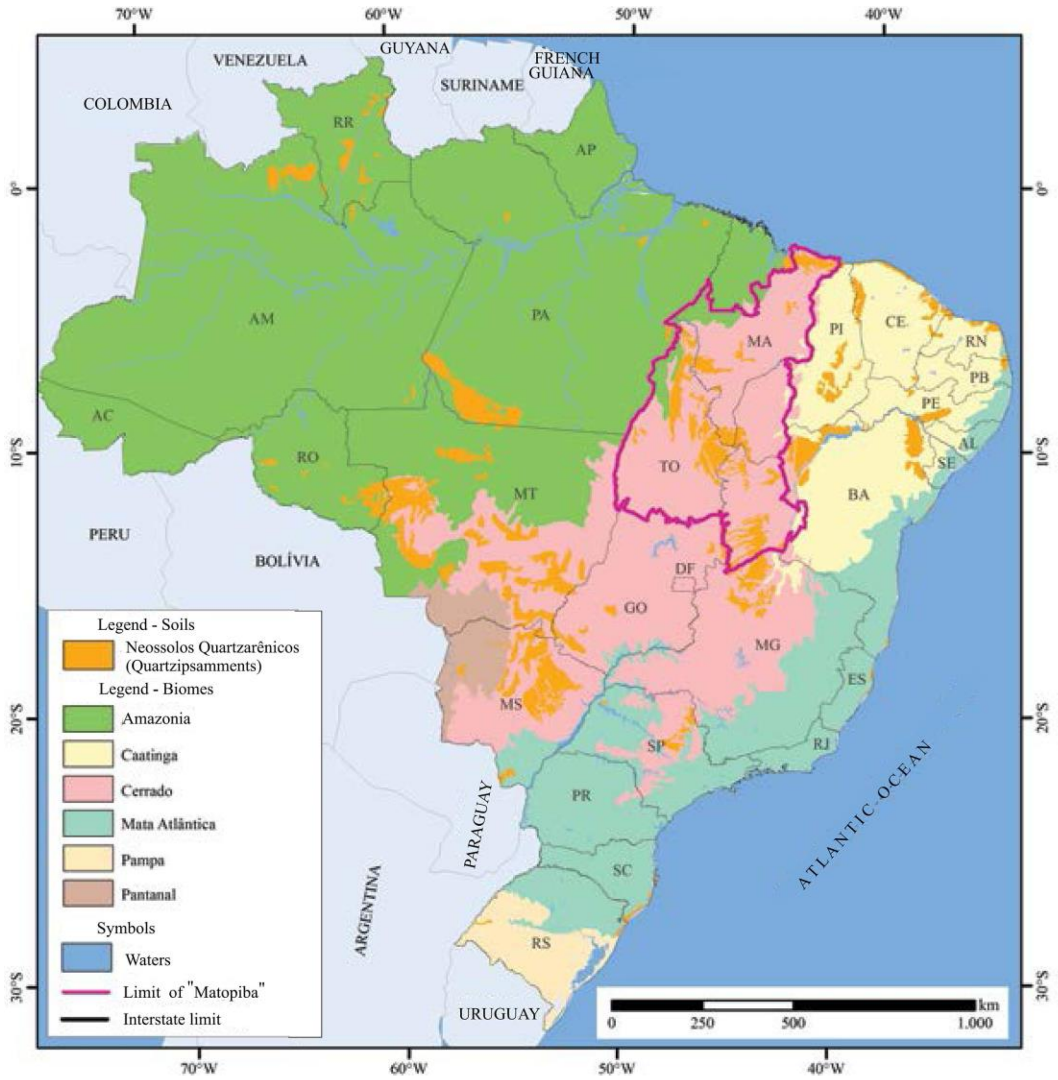

Figure 1: Map showing Cerrado biome in pink and boundaries of the Matopiba sub-region in fuchsia, as demarcated in the 2015 PDA. (Source: Santos et. al, 2011)

In fact, when the Matopiba development project was launched, the Territorial Intelligence Strategy Group (GITE), a sub-sector of Embrapa, described the region as ripe for middle-class development, adding that that the ultimate goal was to "amplify and strengthen" the rural middle class across the region defined in the PDA.

While further study in coming years will be needed to monitor the social promises and outcomes of the Matopiba PDA, the region has already shown capacity for rapid agribusiness expansion. In the 20 years preceding 2015, the area planted in monocrops – mostly soy – across the region grew by 400 percent (Lorensini, 2015). Crop yields have grown in tandem with the expansion of planted area, and production continues to impress: In March of 2017, CONAB reported that the Matopiba had nearly doubled its soy production from the previous year's harvest.[3]

As state policies have prioritized the preservation of the Amazon biome while simultaneously lowering environmental protection in others, namely – the Cerrado, the region has become a focal point for large-scale agribusiness development in recent decades. In the Amazon, federal law holds that 80 percent of any private property must be maintained in so-called Legal Reserves defined as

[3] See full report: http://www.conab.gov.br/OlalaCMS/uploads/arquivos/17_03_14_15_28_33_boletim_graos_marco_2017bx.pdf

natural or original biomes, or forest.[4] In the states that comprise the Matopiba, however, a mere 20 to 25 percent of the Cerrado biome must be conserved on private property.

Lacking the emblematic vegetation of the Amazon, and without major a critical mass of international conservation campaigns fighting for its protection, the Cerrado became the state's bargaining chip. By the mid-2000s, the Cerrado surpassed the Amazon biome in deforestation rates (IBGE, 2017); today, forest in the Cerrado is cut at a rate five times faster than that in the Amazon. According to the Amazon Institute for Environmental Research (IPAM), between 2007 and 2014, 26 percent of all agricultural development in Brazil resulted in the clearing of native Cerrado vegetation. In the Matopiba, by contrast, 62 percent of agribusiness expansion took place on native Cerrado vegetation, a statistic that seriously undermining the government claims of a new agricultural frontier "without deforestation."

In effect, the Brazilian state sponsored the 'opening' of the Matopiba, giving clear preferences for large-scale agriculture and foreign, export-oriented investments at the cost of local communities and means of production. The privileging of large-scale production – the fetishization of scale, as Wolford (2008) describes – and the imposition of an agribusiness-led development model is not entirely unique to the Matopiba region.
The same strategy has been applied to other parts of rural Brazil considered to highly illegible (Oliveira, 2013; Hecht, 2005). Such a process, which can be generally characterized by Scott's (1998) "state simplification," acts as a mechanism by which land overlaid with complex tenure agreements, uses, and often conflict, becomes more legible.

In addition, despite narratives used to promote investment, according to Sassen (2013; p. 29), this type of mechanism also works serves for the "dislodging of traditional governments." In this context, projects – especially the relaxation of norms and law, as a foundational element of the internationalization of land – results in the "denationalization of national territory," reducing the capacity of regulation and weakening sovereignty. Thus, in contrast to the colonial period – or even more recent processes of expriopriation – there have been attempts to create an "international land regime." Historically, regimes, which include laws, various forms of land appropriation and use, land rights, etc., were based on a national logic reflecting the importance of a nation and its legal framework. This process, by contrast, represents a novelty in processes of capitalism as it currently operates. In the case of Brazilian Cerrado and Matopiba, more specifically, there are clear indications of state-driven capitalist processes of internationalization or denationalization of land and natural resources (Sassen, 2016).

While the Matopiba PDA was a state-sponsored development program, Brazil was not the only state supporting its implementation. From its beginnings, the Matopiba project has been deeply influenced by and oriented towards markets and investors beyond the borders of Brazil. In 2012, well before the Brazilian government had formally recognized the Matopiba development plan as such, the United States Department of Agriculture (USDA) in a commodity intelligence report had already deemed the Matopiba a "new agricultural frontier" (USDA, 2012). The report includes mentions of cheap land as well as general recommendations for building fertile soil. Furthermore, in 2015, when the Matopiba PDA was put into place by then Minister of Agriculture Abreu, two American consulting firms were hired to bring the product forward. The Boston Consulting Group, a consulting firm specialized in investments in Brazil, and the Freedom Partners, an NGO promoting free trade and with links to the Koch Brothers, were contracted by the Ministry of Agriculture to execute the Master Plan for the Regional Development of the Matopiba, according to official sources (Brasil, 2016).

[4] The legal reserve – or Reserva Legal – is a mandatory conservation requirement on private Brazilian land in areas that have been recognized as important for biodiversity conservation. The requirements differ from biome to biome, and they are part of the larger Forest Code legislation, changed and adapted in 2012 as Law (for further discussion see Sauer and França, 2012).

Drawing on field observations, interviews, and existing literature, the present study lends insight into new trends in investment along the Matopiba agribusiness frontier, the role of the state in the expansion of agribusiness, the arrival of foreign and transnational capital, as well as the evolving nature of challenges faced by traditional communities in that region. With an abundance of land that one investor described as "distressed" – with lacking or disputed documentation of tenure – land in the Matopiba has been transformed into a target for institutional investors that are not looking to secure food or fuel, but rather treating the land as a way to extract rent and guarantee returns.

While processes observed in the Matopiba fit into larger scholarly currents on land grabbing, resource concentration, and the foreignization of land, this study adds nuance to a newer and growing body of work exploring the financialization of land in Latin America, the Caribbean, and other parts of the Global South (REDE et al, 2015).

3 The internationalization and financialization of land

At the heart of the Matopiba region in western Bahia, the poster child of foreign agribusiness expansion and the home of the annual Bahia Farm Show, an English-named carnival of tractors, technology, and farming innovation. At its 2016 installation, called the Matopiba Fair, John Deere set up an elevated platform and social lounge, distributing company gear and encouraging farmers to test their latest models. Across the fairground, Bayer had set up a booth boasting its newest fertilizer, specially adapted to the conditions found in the Cerrado region. Behind the exhibition hall, real estate agents offered discounts for luxury housing units under construction in the nearby town of Luis Eduardo Magalhães. And above it all, a helicopter gave joy rides to farmers and their kids at $15 each.

A stunning show of agribusiness prowess in the region, the fair also displayed the wide diversity of producers that called western Bahia – or the Cerrado, more generally – their home. At the food court, a Chinese family operating in the region spoke to its newborn child in Mandarin. Along the back of the fair, a man wearing a brightly colored turban perused the line of new combines. And at the John Deere lounge, a family from the Midwest gathered to talk shop with other American and international farmers. In the welcoming statement printed for fair participants, the president of the Farmers and Irrigators Association of Bahia said that "despite the bottlenecks, infrastructure problems, crop loss, and everything else faced by producers in this region, production rates in the [Matopiba] won't stop growing."

Organizers estimate that the fair generated a "half billion dollars in business opportunities," in 2017, a number that reflects the stark contrast between the capital-rich agribusiness fair and the neighboring town of Luís Eduardo Magalhães (LEM), a boom town that houses the country's largest soy processing plant, owned by multinational Cargill, as well as some of the highest crime rates in the country. In 2014, the rate of homicides was over 50 per 100,000 habitants (Coura, 2014), which at the time represented double that of Rio de Janeiro. The promise of jobs and the injection of capital into the once sleepy city of Luis Eduardo Magalhães prompted a migration wave into the region that the city – founded in 2000 – is struggling to accommodate. With a population of just over 18,000 in 2000, by 2010 it had more than 60,000 residents, according to official data and the Association of Farmers and Irrigators of Bahia. But the wealth generated by the agribusiness sector has not reached most of the cities residents. While new luxury condos are constructed on the outskirts of the city, the police department remains overwhelmed with homicides and drug trafficking cases.

Luís Eduardo Magalhães sits in the heart of western Bahia, and both the city and region are known for their chart-topping levels of soy production and a high concentration of foreign farmers. Groups of American farmers first began entering the region as early the 1970s, while successive waves came in the following decades in large part due to organized farm tours led by agricultural realty companies in the American Midwest. The earliest days were marked by conflict and a notable absence of government. One American farmer who arrived with his family in 1973 recalls that they bought farmland south of present day Luis Eduardo Magalhães directly from the state officials in Salvador. The state gave them a title to a relatively small piece of land, but – as Mader describes was common practice at the time – his family fenced off a piece of land that was much larger. Deadly land conflicts marked the late 1970s and early 1980s, giving the region a reputation as Brazil's "Wild West."

Consequent waves of immigration by foreign farmers were marked by tamed conquests – farmers from the United States arriving by way of tour companies or word of mouth, interested in establishing legal outgrowths of corn, soy and cotton operations back home. Ofstehage (2016, pp. 7-8) describes the Cerrado as a "haven for certain US farmers" that, fleeing a farm crisis in the United States, have arrived en masse to the Matopiba region due to its cheap, flat, arable land and a lack of environmental protections. While their arrival brought large amounts of capital and technology to the region, American farmers also "help[ed] to consolidate a regional process of soy expansion and development in Matopiba."

This ongoing process of foreignization has evolved into a related process of financialization.[5] Epstein (2005) describes the process of financialization as characterized by "the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies." As many scholars have noted (Borras et al, 2012), the financial crisis of 2008 – initially caused by the bursting of the housing market in the United States – had the effect of driving state and private investors to diversify their investments, both in type and space.

Farmland and means of food production became a primary target, and what was broadly described as a 'global rush for land' (World Bank, 2010) following in the years following the crisis. This search for inexpensive arable land across the Global South was undertaken in some cases by state actors – from China and the Middle East, most notably (Sassen, 2013, 2016) – looking to provide food security for growing domestic populations. In the majority of these cases, the 'grabbing' was being done by foreign individuals or companies that sought to expand and diversify existing operations, lower operational and labor costs, and increase their profit margin (Flexor and Leite, 2017). Food security, in these cases, was not the central driver (Arkam-Lodhi, 2012). The rush for land that came after the financial crisis of 2008 pushed investors to find 'safer' places to store their investments – in this process, pension funds, private equity funds, and insurance companies started looking to land for short-term speculative returns, but also as a means of diversifying and insuring their portfolios (Rede et al, 2015).

The Brazilian Cerrado became a prime site for investment, with relatively low costs, abundant flat land lacking strong environmental protections, and relatively weak levels of land governance. The response of the Lula administration (2003-2010) to this land rush was to revive a dictatorship-era law (5.709, 1971) that limited the amount of land that foreigners could own, by area and nationality. The law, framed as a national security measure in 1971 when it passed, also required approval from the national government for any land acquisitions determined to be large-scale. When it had been deactivated in 1998, it was after a judicial reading of it rendered the law inoperable. But when it was revived in 2010, it was with the intention of blocking foreigners – and foreign governments – from snatching up large swaths of land at the height of the global financial crisis (Castro and Sauer, 2016).

Regardless of its intentions, as Fairbairn (2015) points out, the law never successfully stemmed the arrival of foreign capital to Brazil, nor to the Cerrado more specifically. As several foreign individuals and companies had already settled into the region before 2010, they merely shifted their tactics. In interviews with foreign individual farmers operating farms in the Cerrado, many stated that while they did not acquire new land themselves after the passing of the 2010 law, they were able to affirm that it

[5] Sassen (2016) establishes a theoretical and political connection between the countries' indebtedness – imposed by the structural adjustment programs of the International Monetary Fund (IMF) and the World Bank (essentially processes of financialization) – the weakening of regulations and their consequent openness to the denationalization of national territory (land and natural resources).

was not difficult to legally sidestep the restrictions revived in 2010. Some preferred to forge partnerships with Brazilian individuals, offering them the minimum 51 percent of control required by law, while others preferred to go into business deals with Brazilian companies, using their own Brazilian subsidiaries to provide the capital backing they needed to buy land without restrictions.

One of the most infamous in the latter scenario is TIAA-CREF, a U.S.-based pension fund that entered into a joint venture in 2008 – pre-2010 restrictions – with COSAN, a Brazilian company then focused on sugarcane and ethanol, which merged with Shell creating Raízen, a company worth $12 billion in 2011. Together, they created Radar Propriedades Agrícolas S/A, a jointly funded branch of COSAN that focused on agricultural properties (Rede et al, 2015). While COSAN, which was Brazilian, owned part of Radar, the other part was owned by TIAA-CREF's Brazilian subsidiary, named Mansilla Participações Ltda.[6] Using this structure for investments, by November 2012 Radar had acquired 392 farms (by 2016, that number was 550 – Moreira, 2016) in Brazil, covering 151 thousand hectares with an estimated value of US$1 billion (Rede et al, 2015).

According to official data, Radar owns more than 24,000 hectares of farmland in the Matopiba region. It has declared several of its farms to the National Rural Cadaster System of INCRA, a self-reporting register in which landowners are allowed to enter their own land data (INCRA, 2017). On the other hand, while responding to a request for information from Federal Deputy Patrus Ananais, INCRA stated that "there were no records of farmland on behalf of Mansilla," but that there were records of operations between COSAN, Radar, Mansilla, and TIAA-CREF, despite the latter company not corresponding to any land records in the system (INCRA, 2017, p. 3).

In 2015, TIAA-CREF made headlines when it was revealed that its complex company structure – as described above – was being used to effectively evade Brazilian laws restricting foreign ownership of farmland. In addition, the company was accused of using violence and fraud to displace small farmers, raising questions about how its subsidiary Radar selects and pursues local land deals on behalf of its investors (Rede et al, 2015).

Indeed, among foreign farmers operating in Matopiba, those who described themselves in a more advantageous position following the 2010 restrictions were those individuals that had positioned themselves – and their businesses – to accommodate institutional investors. In the wake of the financial crisis, one long-time American farming family, which had existing operations in the Midwest and had been operating in Bahia since 2002, decided to hire an investment specialist. In 2008, they brought on an agricultural economist that we will refer to as John Meyer. While Meyer was from a farming backround – also in the Midwest – he spends his time in Bahia traveling to investment conferences and offering financial and legal counseling to foreign investors looking to enter Brazil. He does this work from the legally established Brazilian subsidiary of the American-owned farm.

According to Meyer, in an interview in 2016 in Luís Eduardo Magalhães (Bahia):

> After 2010, we would open up a Brazilian company, which is Brazilian. And now we are Brazilian, and we invest our money into it. We are completely regulated by business laws and everything – we are a Brazilian entity and we can buy as much land as we want to.

Mayer was insistent, however, that despite this successful maneuvering in the eyes of the Brazilian law, his bosses – the American farmers – had not bought additional land in the Cerrado since the 2010 law passed. Instead, they have received a great amount of interest from from private equity funds, American insurance companies, and Brazilian and American pension funds. He described his success

[6] In September, 2016, Cosan announced the sale of an undisclosed stake of Radar for R$ 1.06 billion to Mansilla, which was already a shareholder of Radar (Moreira, 2016). According to this news, Radar announces that it owns more than 550 farms in several states, including third-party lands managed by the company. These farms have a total value of R$ 5.2 bi, and Radar's own land portfolio is valued at approximately R$ 2.7 billion.

as the result of anticipating investor interest to diversify funds and, more specifically, put funds into land. In his own words, “These large insurance companies and other retirement funds have these huge liabilities that are far away in the distance. So they have to put them into small allocations – up to 5 percent – into real assets. Not real estate, but farmland”.

His comments are emblematic of a shift toward financialization. Land, once considered of value for its ability to produce food or fuel, has become a financial asset that offers safe returns. At the time of the interview, Meyer was working to consolidate a joint investment between two retirement funds – one American, one Brazilian – that would have been legal in the eyes of the law. The Brazilian fund would retain control of the investment on paper, but there would be enough mutual buy-in and shared risk that the incentives for the Brazilian fund to act wisely would be clear; if one fund fails, they both do. In this case, the American farmers’ Brazilian financial arm would manage the funds, coordinate renters or operators that would farm the land, and the American fund would turn a profit on land without having any visible ties to it.

Some years ago, Meyer tells that he, together with the American farmers, acquired a piece of land in Piauí that AdecoAgro[7] – a publicly traded company registered in Luxembourg with a holding company registered in Delaware and over 270,000 hectares in possession across South America – was planning to buy it for $14 million. Half of the money was promised in cash, Meyer explained, while the other would be paid in shares that he estimates would have been worth another $12 million. But the deed to the land was cancelled after new documents appeared and the legality of the title that Meyer and the American farmers had purchased was in question. They didn’t want anything to do with the property contested in court, he said, and they had no choice but to sell the land to avoid a lawsuit in their name. They found willing buyers in Radar Propriedades, the Brazilian real-estate branch of COSAN, controlled by TIAA-CREF (Rede et al, 2015). Meyer was surprised by the deal, and added:

> Radar is out there buying land really cheap. They are the arm of TIAA that goes out and buys land – they buy land as cheap as they can find it, from distressed situations or from big-time guys that have lots of land in undeveloped regions, sometimes with questionable land grabs.

They bought the land in Piauí from Meyer, knowing well that the land was legally disputed. Within the year, Meyer added, Radar had cleared the land and rented it to publicly traded Brazilian agribusiness SLC Agrícola.[8] The distressed status of the situation, rather than thwarting investors with large institutional capital behind them, incentivized them to act. The case speaks to the growing role that institutional investors play in the Brazilian countryside and to the risky behavior engaged in by investors that are protected by complex company structures. Additionally, it speaks to the inadequacy of current policy to capture the transnational nature of capital entering rural Brazil.

In October 2016, the simmering case of Campos Lindos came to a head in a corner of rural Tocantins. More than 40 families were ordered off of land that, some 20 years prior, had been public land, auctioned at barrel-bottom prices to local politicians and members of the business elite. It was public land ripe for distribution to the country’s landless, not in the least because some of the peasants occupying it had been there for upwards of 40 years. In 1997, according to the Federal Public Ministry, there were 150 families living on the land. Among the 27 beneficiaries in the auction were the former Minister of Agriculture and current Senator from Tocantins, Katia Abreu, as well as her

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[7] In their field research, Pereira and Pauli (2016, p. 203-204) mapped over 29 companies dealing with land in the Matopiba region. Most of them are considered Brazilian, having a large share of foreign investments, especially the United State of America’s capital, but an increasing tendency of Chinese investments.

[8] The SLC Agrícola, the largest producer of soy and cotton in Brazil, claims to control a total area of 467 thousand hectares (between its own and rented farmlands) mainly in the Cerrado. Its land business includes joint ventures with Mutsui (a Japanese company that control several farmlands in the Matopiba) and with other investment and pension funds (Pereira and Pauli, 2016).

brother. Emiliano Botelho, the state president of the Agricultural Promotion Company (Campo) took over the largest portion, at 1,700 hectares.

The families that were there were relegated to the legal reserves the Planters Association of High Tocantins (*Associação Plantadores do Alto do Tocantins*), which represents soy planters in the area, brought a legal case against the families living on the land. Better known as Planalto[9], the association alleged that they had invaded the required legal reserve in violation of environmental law. While the lawsuit was headed by Planalto, on behalf of the planters it represents, the eventual expulsion of the families came by the same state authorities that had sold the land from underneath these families nearly two decades earlier.

While a complete list of association members is unknown, one of the partners that signed off on the lawsuit to evict the families was Sollus Capital, an investment company that describes itself as positioned to capitalize on "attractive agricultural land dynamics in South America." They hold more than 6,000 hectares in Campos Lindos and 30,000 across the Matopiba region. They hold land in Argentina, Uruguay and Paraguay and have been implicated in deals in Africa.[10]

Speaking to the complex nature of such companies and the futility of national denominations in quantifying the geographic origins of capital, Sollus is a partnership between the United States hedge fund Touradhi Capital and Brazilian investment firm Vinci Partners. The portfolio of Vinci includes, among others, PDG Realty and Equatorial Energy, which operates in the Brazilian electrical sector. Another high-profile partner of Sollus is Los Grobo, an agribusiness empire operating throughout South America. Most of Sollus' land, however, is operated by Ceagro, which is owned by Japanese conglomerate Mitsubishi (Rede et al, 2015; Pereira and Pauli, 2016).

The case depicts an alliance between private transnational capital and the Brazilian state and, in doing so, describes the evolving nature of the threat currently posed to traditional communities and peasant families in the Cerrado and, in this case specifically, the Matopiba region.

4 Recent government actions to consolidate land and expand agribusiness

The entrance of foreign and increasingly transnational capital into the Cerrado has been monitored – if not facilitated – by the Brazilian state. The government has played a central role in developing and promoting policies that have led to the expansion of agribusiness, the concentration of land, the deforestation of the Cerrado. Likewise, agribusiness development policies have systematically excluded traditional families that depend on the land, acting instead to hasten their departure from sites of agribusiness capital generation.

While agribusiness has long fit into political strategies for rural modernization and development across Brazil, the evolution of the role of the Brazilian state in the countryside gives important context to the current political juncture and its consequences for land in the Cerrado and more specifically for the advancement of the Matopiba agribusiness frontier and the communities that reside there.

In the 1990s, the administration of Fernando Henrique Cardoso (1995-2002) championed trade liberalization and deregulations as well as the re-education of agricultural credit.
Agriculture would become what Delgado (2010) referred to as the "anchor of the Real," which reflected the hope that low agricultural prices would curb inflation and stabilized the newly created currency. In the second part of his term, Cardoso would push for a reinvigoration of the export-

[9] To add information about the association PLANALTO.
[10]
https://books.google.it/books?id=C0DUBQAAQBAJ&lpg=PA126&dq=sollus%20capital&pg=PP1#v=onepage&q=sollus% 20capital&f=false

oriented agricultural marked, referring to it as a “re-launch of agribusiness” (Delgado, 2010, p. 32). Simultaneously, land conflicts expanded across the country as support for agrarian reform grew. In response to this, Cardoso created the Ministry of Agrarian Development (MDA) in the late 1990s. And while he maintained his commitments to agribusiness, according to official data, Cardoso also managed to successfully settle 500,000 families through agrarian reform between 1995 and 2002. There were some criticisms of the quality of land being received by families, however, and Cardoso maintained a contentious relationship with social movements throughout his presidencies.

When Ignacio “Lula” da Silva came to office with the Workers’ Party in 2002, the aesthetic was markedly different. As a former union leader and ally to social movements, Lula called for a more socially inclusive economy and is credited with implementing pro-poor policies – such as Zero Hunger and Bolsa Familia – that pulled millions of Brazilians out of poverty, both in urban and rural areas. Both of his terms would be characterized by greater social sensitivity, but Lula nonetheless maintained the status quo in regards to agribusiness development, meeting international demand for agricultural commodities (Sauer and Leite, 2012) and stabilizing the trade balance of Brazil while in effect promoting what Delgado (2010) describes as an “agribusiness economy.” Even though Lula made an effort in 2010 to limit foreign ownership of land, citing concerns of food security, sovereignty, and commitments to agrarian reform, the policy did little to stop investment and land concentration in the Brazilian countryside.

These policies were retained and the relationship with agribusiness deepened during the administration of Dilma Rousseff (2010-2016). Land reform was no longer a government priority, demarcation of indigenous and quilombola territories slowed, and the country became more dependent on agribusiness trade and exports during this period. Yet despite her amicable position towards agribusiness, its most avid supporters in Congress were among those who voted to impeach Rousseff in 2016.

While Rousseff was not by any means a champion of social policies for the rural poor, the entrance of Michel Temer to the presidency has had immediate consequences for rural Brazil. Among the measures that Temer indicated he would support as president was the removal on limits to foreign ownership of land. Additional legislation (source?) has been introduced – as passed – that would allow for the privatization of and eventual sale of public land held in frontier regions, including plots granted under agrarian reform. This includes the regularization of plots measuring up to 2,500 hectares in the Amazon and Matopiba regions.

The administration also acted, with moderate success, to pass two Provisional Measures – MP 756 and MP 758 – aimed to lower environmental protection levels for the Jamanxim National Park and the Jamanxim National Forest, the latter being reduced by 37% over its original size. Both conservation areas are located in the southwestern part of the Amazon state of Pará. In addition, the measures would have cut the smaller São Joaquim National Park to 80% of its original size. While dismantling the national parks and forests, the legislation proposed the creation of so-called Environmental Protection Areas, which are much less regulated in terms of development. Reduction of the two forests would facilitate facilitate the construction of a railway through the Amazon that will help funnel grains – primarily soy – bound for China and Europe (source?).

The measures enjoyed overwhelming support from the Rural Caucus, the agribusiness lobby in Brazil’s congress that has tightened ties to the presidency with the entrance of Temer and newly appointed Minister of Agriculture Blairo Maggi, the world’s largest soybean producer and owner of the Amaggi Group. The group is currently considered to be the most powerful interest group in the Congress and Temer has been strategically aware of the role they play in his own longevity.

A bill that has been revived with the entrance of Temer to office is Bill 4.059, which seeks to loosen restrictions on foreign ownership of land. First proposed in 2012 by the current president of the Rural Caucus, the bill was sponsored by the Agricultural Commission and has been fast tracked through the

House of Representatives. It has sparked a new round of controversy and is expected to receive strong support from the administration, as it seeks to open the rural market to foreign investors in a stated attempt to revert the economic crisis.

Maggi has offered his support for the bill, saying his concern is not "ownership of the land" but rather the "use of the land."[11] The military has opposed such moves, reiterating concerns of territorial sovereignty. But beyond threats to sovereignty, these measures tend to cause a spike in the demand for land, resulting in an increase to land prices that, in turn, become another reason for not implementing agrarian policies considered to be burdensome. In addition, elevated prices tend to worsen conflicts – disputes that include the presence of other subjects and companies.

As these measures are taken together with the liberalization of foreign investment in land, pressure on the Matopiba and the traditional and peasant communities that hold land in the region, is expected to increase. It is an evolving scenario that pits Brazil's landless and small holders against increasingly large and transnational investors that are likely to find support in the state.

5 Conclusions

(to be written)

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[11] http://www.reuters.com/article/us-brazil-agriculture-exclusive/exclusive-brazil-to-ease-foreign-land-ownership-with-restrictions-minister-idUSKBN15H1TG

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