



Paolo De Castro
CHAIRMAN

COMMITTEE ON AGRICULTURE AND RURAL DEVELOPEMENT

Round Table

LAND GRABBING IN AFRICA AND EUROPE'S ROLE IN GLOBAL FOOD SECURITY

The multiple consequences of land grabbing in Africa Key Note Speech

GREETINGS

I wish to thank Mazungumzo – the African Forum in Brussels, for having organized this Round Table. And of course I wish to thank all the guests that accepted to be here. Since 2008, when I heard of the "land grabbing" issue for the first time, I have been thinking that such a phenomenon deserved more attention in the policy making arena and in the public opinion. After more than three years it is happening, also thanks to initiatives like this one.

In these years the most successful, of immediate understanding, definition of the "land grabbing" has been related to the expression "neo-colonialism", a sort of history repeating. Although this definition is useful because it makes the concept and the urgent need to take action in a political perspective easily comprehensible, the first step to do approaching the phenomenon is to admit that it has different and complex causes, it expresses many displays and pose multifaceted questions, as it is one of the most striking symptoms of a new scenario.

We are instead facing a phenomenon that is totally new under some respects. To understand land grabbing we should focus on the economic and political conditions of food production and consumption in the current scenario. In this respect, land grabbing must be interpreted as a sign of the new scarcity era, with the return of food security issue at top of global political agenda.

ORIGINS and BACKGROUND

The Land grabbing in Africa is part of a more general increase of demand of farmland all over the world. This "land rush" is a direct appearance of the uncertainty that nowadays rules the food supply system on a global level. After decades of stability in a declining trend of agricultural prices, from the mid-Nineties onwards agricultural markets have entered a new era, in which the long term trend is the increase of prices, with price shocks that are likely to be recurrent.

There are many causes of this trend. We are in a phase of demographic growth, with a growing demand for food that reflects the mutation of diets of in emergent economies. There is an imbalance of demand and supply of food at a global level. The increasing food demand is amplified by the competition on soil exploitation due to the rush to energetic crops and by the growing urbanization. Looking at these phenomena, and at the need of preserving the paramount forest heritage, we can argue that land has become more and more a scarce resource.

To satisfy the demand we should produce more, but environmental constraints have called into question the way we produce. We simply cannot think that producing more can solve problems if

we utilize natural resources with a rhythm that, on the long term, will impair our ability itself to produce.

We should not forget the declining trend of investments in agricultural research & development, which has taken to a slower increase of productivity in recent years. It is an important aspect related to land exploitation as well.

The increase of food prices will have different effects on individuals and on States in different areas of the world. Let's make the example of the Gulf States, States with large expenditure capacity but with scarce national agricultural output and farmland extension. In 2003, in those Countries the public expenditure for acquiring food was around 8 billions dollars per year. After the peaks of food prices, in 2008 and 2010, this figure augmented to 25,8 billions dollars per year and the forecasts for 2050 fix the budget for satisfying food demand up to 53,1 billions dollars! With a so expensive food basket for those States is more convenient to purchase or lease directly the land where it is affordable at low prices. Specifically, in the Sub-Saharan Africa, where, in some areas, the rental of one hectare is reported cost 5 \$ per year. If the commodities exchanged on a malfunctioning global market are too expensive, States purchase directly the asset to produce them, that is the land. It is a radical change of era, from abundance to scarcity, with the land at the centre of the stage. Land acquisition has become a target for Sovereign Funds, State enterprises, big agricultural corporations, financial actors.

Leasing or buying land, especially the one of the so called "global south", is the last haven for investors, and the assurance of a stable food and energy supplies for States rich in liquidity but poor of natural resources. The land is the deal of the century!

LAND GRABBING IN AFRICA

Land grabbing in Africa is part of a wider scenario, but it has some peculiar, risky, features. I would say that in the issue of increasing demand of land, the events occurring in Africa, and in some areas of South East Asia, are the most alarming. First, the size of the land negotiated. In some Countries like Ethiopia or Sudan the negotiations of millions of hectares have been reported. When we talk of land grabbing in Africa, we have to acknowledge a general lack of shared data and figures on the actual size of the phenomenon. In one of last media report based attempts to assess the volume of foreign land interests in Africa, they were estimated affecting around 60 millions hectares. These figure include announced deals, negotiations and deals actually signed.

Despite the uncertainty on the precise dimension of land grabbing in Africa, that should make us reflect about the urgency of a rigorous benchmarking, we could mention a large number of acknowledged cases in which African States sold or leased surfaces large as Wales or Luxembourg.

The large-scale acquisition of farmland has the most potential dangerous consequences mainly in areas with weak land rights formalisation. And it is the case of many areas of Africa, where there is also a lack of acknowledgment of citizens' right to be involved in the decision-making as well. So the land deals are often signed with no environmental or social impact evaluation, they do not take in account the consuetudinary rights of local communities. One of the drivers of the land rush in Africa is the fact that large extensions of land are considered "empty" or "unutilized". At the opposite, the exploitation of many of these surfaces is vital to the livelihood of thousands of rural communities all across the global south.

FINDING SOLUTIONS: THE STARTING GUN OF LAND RUSH

The ongoing debate on land grabbing is currently polarizing on the "code of conduct" against "international rules" struggle. That is, between those who want a self-regulatory set of rules and those who consider necessary to have explicit laws at international level up to envisage a ban of land based investments in some areas of the planet. Others correctly underline the importance of establishing effective land governance, invoking more transparency on the land deals and the

support of intergovernmental organizations to empower local communities, enabling them to properly negotiate with the States and the private investors.

I am convinced that an economical kind of action should go side by side with juridical efforts included in these instances. Easing the economic conditions of the land rush means to reduce the pressure on the rights of populations affected by land grabbing. More specifically, I intend to focus on agricultural productivity, innovation, quality of investments, new framework for the global food policies.

1) **Productivity.** The land grabbing as a form of investment is based on a huge misunderstanding, that the main road to increase production to meet the growing food demand is in expanding farmland. Actually, there are two options to increase agricultural production: to increase the arable surfaces or to increase their productivity. Only the second of them is feasible. The competition on soil exploitation in the world led to a reduction of arable land pro-capita of 50% between 1963 and 2008. An expansion of arable land could be pursued mainly through a reduction of the current forest and woods assets, with environmental effects that, as mentioned, would jeopardise the ability itself of producing in wide areas of the planet. Expanding agricultural areas is a mirage and the land grabbing a wrong investment on the long term. The only feasible way to increase agricultural production is to increase productivity. The decline of productivity worldwide is one of the drivers to the farmland rush. To reverse this trend, focusing on sustainable productivity, should be a political priority.

2) **Innovation.** The decline of productivity is, mainly, related to the decline of investments in agricultural research and development occurred in the last decades. I think we could say that the decline of public engagement in agricultural research, ultimately, can be considered as an indirect cause of the land rush. We can increase productivity only by boosting agricultural R&D investments, both private and public, and adopting efficient innovation transfer model, allowing the technological improvement to reach the small-scale agriculture as well, especially in the South of the World.

3) **Quality of investments.** To boost agricultural R&D means to increase private and public investments. The issue of investments is deeply related to land grab in general: land grabbing is a bad investment. But not every investment on land is "land grabbing". Like not every foreign direct investment in Africa agriculture is bad. There are examples and case histories activating a virtuous local circuit through foreign investments in agriculture. Africa needs high quantity but also high quality investments in agriculture; it is the only way to trigger the development in the continent that is the symbol of the failure of the traditional politics of the "aid". In EU we are discussing the proposals to build a new strategic framework to aid politics. Maybe we have to acknowledge that involving all EU is only the starting point. We should use a global approach.

4) **A new framework for the politics of food.** The land governance issue has to be included in a global food governance framework. As an appearance of uncertainty of food supply and of the scarcity era, the land grabbing has to be put in the political agenda as part of the food security problem. It has been done for the first time by Japan in 2009, when asked to discuss at the G8 summit at l'Aquila the issue of responsible foreign agricultural investments. I think we should make efforts for keeping at the top of global political agenda this item. Then, we should work to increase the transparency of the agricultural markets and of land markets as well, revitalise the agricultural world trade, claim from States and supra-national entities more coordination among the local agricultural policy.

I am convinced that if land grabbing is the consequence of a global imbalance in food supply we cannot limit our actions to contain the phenomenon on a local level. We should take initiatives to slow down the land-rush acting on that level, but also intervene on the structural elements: the trigger of land rush the starting gun at global level.