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Land and Power: Land grabbing in CEE



Global food market

- **Rising food prices** - since 2007-2008 - doubling or tripling the cost of key food items (FAO, 2013)
- **Global rise in 'land grabs'** 2007-8 - 1000% rise in land purchases, compared with the previous 40 years
- **Fears**:
- China may become bankrupt and unable to feed its citizens
- **Vulnerable food supply**

Estimated inventories of areas involved in large-scale land investments, Committee on World Food Security, 2011

Amount of land (ha)	Coverage	Time period	Source	Method
2.5 million	Ethiopia, Ghana, Madagascar, Mali and Sudan	2004-2009	Cotula <i>et al.</i> 2009	Systematic inventories based on in-country research
51-63 million	27 countries in Africa	Until April 2010	Friis & Reenberg 2010	Systematic inventory of media reports
Approximately 1.5 million	Mali, Laos, Cambodia	Until 2009	Görge <i>et al.</i> 2009	Systematic inventories based on in-country research
>3.5 million	Kazakhstan, Ukraine, Russia	2006-2011	Visser & Spoor 2011	Media and web based
46.6 million	81 countries	2004-2009?	Deiniger <i>et al.</i> , 2011	Systematic inventory of media reports
4.3 million	Brazil	until 2008	Wilkinson <i>et al.</i> 2010	-
545,000	Mali	By end 2010	Baxtor, 2011	Field visits, govt documents
3.6 million	Ethiopia	2008-11	Horne, 2011	Field visits, govt documents
15-20 million	"poor countries"	2006-09	IFPRI 2009	-
> 80 million	Global	Since 2000	International Land Coalition	Systematic inventory of verified media reports
Approximately 15-20 million ha	Global	Since 2000	v. Braun and Meinzen-Dick (2009)	Estimate based on media reports
Not identified	Global	2007-2008	GRAIN 2008	Media and web based

Who is making international investments in land?

- Over the last fifty years, **multi-national companies** have grown and expanded their global reach on supplies of food, animal feed, biofuels, timber and minerals (Weis 2010, White and Dasgupta 2010).
- Recently, there are **new international players, including governments**
- Land is also being bought by a wide range of interests to produce **biofuels, forestry products and minerals, expanding the range of old and new actors in the global scramble for resources.**
- The EU estimates 20-30 million hectares is needed to meet its target of 10% biofuel use by 2020. It expects 60% of its supplies will be grown outside its borders (Franco *et al.* 2010).

Investor Expectations

- Returns are expected to be **reasonably steady, and improve over time**, as the relative prices of land and agricultural commodities are expected to rise in the medium to long term.
- It would be —virtually impossible to obtain more than **6% or 7%** return on investment for an optimized production of cereals or soybean without the **exceptionally favourable socio-economic terms that currently characterize land grabbing** (Combastet, 2010);
- Investors —usually aim for an **annual return of 15% to 20%** (Bourdoncle 2009, Combastet 2010, Dromard 2010).

Deals at multiple levels

- Land deals occur at multiple levels, within and between regions.
- USA, Israel, Oman, UK
- Agribusiness Partners International, L.P. (API or Fund) was a \$100 million limited partnership formed in 1995 to invest in agribusiness and food processing companies in the countries of the former Soviet Union.
- The Fund had **a guaranty from the Overseas Private Investment Corporation, an agency of the United States government** and was fully invested in companies located in Russia, Kazakhstan, Ukraine, Moldova and Georgia.

Transnational agri-food conglomerates (TNACs)

- **Cargill (USA)**

- ranks 1st in the multinational grain warehousing category, which is related to grain transportation and sales,
- 2nd in processing soybeans and corn.

- Revenue 136.65 bln USD (2013)
- Net income 2.31 bln USD
- Total Assets 59.88 bln USD
- Owners Cargill family (90%)



Criticism:

Human Right Abuses

Food Contamination

Deforestation



Reported \$4 billion will give the Margaret A. Cargill Foundation instant clout to attack global problems – e.g. deforestation, sustainable agriculture to help farmers improve production.

Only 8 USA foundations have \$5 billion or more in assets.

Companies - Cargill

- Romania, the Black sea port of Constata – now the biggest regional hub for grain exports from Romania, Bulgaria, Hungary and Serbia
 - Cargill, Archer-Daniels-Midland Co and CHS - own stakes in Constanta grain-export terminals. ADM is the world's largest corn processor, and CHS is the largest U.S. grain cooperative (Bloomberg)
- 2013 Cargill acquired stakes in the construction of the deep-water terminal in the Black Sea Port of Novorosyisk

● **Financial crisis opens great opportunities for foreign companies to expand their business!**

● Market Place Trading, Ukraine, Russia



- Watch some pictures of agricultural land, which can be yours!
 - Market Place Trading, Ukraine, Russia



Objective

- Understand the social construction of the post-socialist land market
- The discussion analyses the discursive frames characteristic of the Polanyian **double-movement of land commodification** in Eastern European setting.
- The discussion provides an insight into the **collective identities** supportive of the neo-liberal expansion and the ones, opposing it within the post-socialist states.

The agricultural sectors of China, Ukraine and Bulgaria



Chinese Agricultural Sector

- Agriculture - 16% of GDP; 50% percent of the employment (WB 2000).
- **Fear**
 - > 9% of world's arable land, but 1/5 of the world's population
 - 'foreign countries will be gradually taking over a larger share of the Chinese food market' (Ching, 2007: 29).
 - Food too expensive to buy on the market!
- **Vulnerable food supply - goal of 95% self-sufficiency**

Ukraine - 'China's largest overseas farmer'

- Lease of 3 million hectares of farmland worth more than US \$2.6 billion
- **5% of the territory and 9% of the arable land.**
- 99 years with the right of either party to terminate the contract, but not before the expiration of the first stage (50 years)
- Ukrainian territories will acquire 'the **status of extraterritoriality**' for China

Bulgarian Agricultural Sector

- Post-socialist **decline**
- Total area of the Bulgaria state - 11,099,000 ha; Agricultural land - 5,326 million ha of which **461,000 or 9% is abandoned** (2003).
- Agriculture contributes 5.2% of the GDP (2007), a **dramatic decline** since its peak of 26.6% in 1997 (2007)

Country Case Studies



Ukraine: Geographic Location



Ukraine



В Госзембанке надеются увеличить стоимость сельхозземель до 4 тыс. евро за гектар



Ukrainian Agricultural Sector

- The **granary** of Soviet Union
- Chernozem – the '**black gold**' of Ukraine
- Post-socialist **decline**
- 42 million ha of land (69% of the total land area) under agricultural production. Agriculture - 10% of the Ukrainian GDP
- Agricultural exports - 3.14 billion USD (2005)
- Direct foreign investments in the agrarian segment in 2004-2010 amounted to \$834 million.

More than Land Grabs - Earth Grabs

- The **illegal extraction** of chernozem
- *It takes 350- 400 years for the soil to recover, after its top layer has been taken.*



Ukraine – the agrarian oligopoly

- ‘Land as a commodity’
 - ‘In order to achieve the most **efficient** use of the agricultural potential, the land in Ukraine must become a **commodity**,’
 - Victor Yanukovich, former president of Ukraine
- "In my opinion, the bill that [*prohibited land sales*] can be described only as '**cheap populism**'... It will have negative effect for the development of the country's **agroindustrial segment**.
 - Alex Lissitsa , President of the Ukrainian Agribusiness Club Association, 2011

Counter-movement frames

- ‘For the Ukrainian foreign creditors, the creation of a full-fledged **land market** will become **an instrument of reinsurance** in the event of default of the Ukrainian state. Then it will be possible to withdraw real assets for the debt, primarily **land as the most important asset of Ukraine,**’

- Romanenko, 2013, the Ukrainian newspaper Hvylya

Counter-movement frames

- **Social justice** – fairness
- **Realpolitik** - the land is perceived as a 'state asset,' a poker chip to be traded during the 'debt games' between the state and powerful international investors
- **Moral agent frame** - 'Ukraine is trading with its body'

Missing Discourse

- **Sustainability** - No references to 'sustainable land use practices,' or about the goals of sustainable agriculture
- Social significance, '**embeddedness**' of the land

Bulgaria - Boynitsa



Bulgaria

- Rented 20,000 dka of land for 20 years
- **Abandoned** after the first year, because the actual yields did not correspond to the projected
- The Chinese **investment did not amount even close to the promised sum** of 30 million euros

The Foreign Investor

- Tianjin State Farms Agribusiness Group Company
- 'the new **carers** of the old land'
- the reasons for the investment: '**romantically-nostalgic**' of the former socialist connections between Bulgaria and China
- if the ceiling of the direct payments per hectare per annum is estimated at 25.70 leva (EU funds + additional payment from the Bulgarian state), then the combined subsidy from the Bulgarian state and the EU would nearly cover the rent paid
 - Capital, 2011

Neo-liberal discourse

- **Superior** - **Rich** and **active** foreign investor
- **Inferior** - **Poor**, **lazy** and **undeserving** locals, requiring the **constant supervision** of the Chinese managers in order to satisfactorily fulfil their duties
- **Missing analysis**
 - Direct access to the EU market
 - The EU subsidies which would nearly cover the rent paid by the Chinese company

Neo-liberal discourse

- **‘The benevolent investor’**
 - ‘Romantically-nostalgic’ reasons to invest – old socialist ties between Bulgaria and China
 - **Formal legalistic contractarian frame** –
 - Bulgaria’s ‘legal obligation, as an EU member;’
 - ‘We would be a bad party to a contract which we have signed’
 - ‘This would harm the external image of Bulgaria’
 - ‘In this way we defend the European orientation of Bulgaria’

Alignment with neo-liberal discourse

- The moratorium on the sale of land in Bulgaria - the Minister of Agriculture
 - First **supports** the extension of the moratorium - 'earth and gold are sold only in the end of one's life;'
 - The moratorium is '**absurd**;'
 - The Ministry will develop **rules** for the sale of land to foreigners.

Counter-movement

- **Realist/realpolitik' frame** – upholding the moratorium is a 'citizen and patriotic duty' and issue of 'national interest.'
- **Opportunity-cost frame**
- **Humanistic - anthropocentric frame** - emphasis is placed on the 'people'

Conclusions – land deals or no deals?



Comparative analysis

- Diverse nature of the Ukrainian discursive counter-movement frames - **more comprehensive perspective for resistance**
- Due to the more diverse nature of the frames, which I found, the counter-movement for land protection has possibly mobilized **more diverse social groups in Ukraine**, than in Bulgaria

Comparative Analysis

- The Bulgarian **political space is hierarchically more differentiated** than the one in Ukraine (as it includes the EU-scale)
- This **hierarchical complexity has not** yet been utilized in the counter-movement, pro-protection discursive frames.
- **Horizontal disembeddedness – no solidarity**

Comparative analysis - neoliberalism

- Commercialization movement frames the land grabs in terms of **neoliberal economic gains**
- Also characterized by the emergent **Orientalist construct** of the rich investor/poor native
- Moral framework - the poor locals are **deservedly poor**, and it is **right** that the land should be taken away from them

Conclusion

- The parsimonious nature of the neo-liberal discourse **narrows the discursive horizon** to a singular, de-contextualizing, functionalist (purely materialist/agrarian) dimension.
- Against it, a **rich set of opposing frames** of the counter-movement mobilize wide array of social actors
- The diverse sets of opposing frames indicate that there is **broad social basis of resistance to land commodification within the two post-socialist states**
- **Weakness – no formal institutional opposition, ad hoc opposition and protests**
- **No political party formally engages** with the issue
- **Disenfranchisement** - the people who are most directly concerned by the land grabs currently have little or no say.

Conclusion – land and power

- There is distinct **asymmetry in power** wielded by local land users, governments and large commercial interests.
- The mega land deals in both Bulgaria and Ukraine have currently been put on hold, yet **'land grab' mentality** is still very much present in the highest levels of the political establishment of the two states.
- Resistance, which draws on networks of support from **regional transnational alliances**

Thank you!

