One of the lingering effects of the food price crisis of 2007–08 on the world food system is the proliferating acquisition of farmland in developing countries by other countries seeking to ensure their food supplies. Increased pressures on natural resources, water scarcity, export restrictions imposed by major producers when food prices were high, and growing distrust in the functioning of regional and global markets have pushed countries short in land and water to find alternative means of producing food. These land acquisitions have the potential to inject much-needed investment into agriculture and rural areas in poor developing countries, but they also raise concerns about the impacts on poor local people, who risk losing access to and control over land on which they depend. It is crucial to ensure that these land deals, and the environment within which they take place, are designed in ways that will reduce the threats and facilitate the opportunities for all parties involved.

Rising Land Acquisition in Developing Countries

Food-importing countries with land and water constraints but rich in capital, such as the Gulf States, are at the forefront of new investments in farmland abroad. In addition, countries with large populations and food security concerns such as China, South Korea, and India are seeking opportunities to produce food overseas. These investments are targeted toward developing countries where production costs are much lower and where land and water are more abundant. Other factors that influence investments include geographic proximity and climatic conditions for preferred staple crops. In addition to acquiring land for food, many countries are seeking land for the production of biofuel crops.

Many governments, either directly or through state-owned entities and public-private partnerships, are in negotiations for or have already closed deals on arable land leases, concessions, or purchases abroad. The size and terms of contracts differ widely. Some agreements do not involve direct land acquisition, but seek to secure food supplies through contract farming and investment in rural and agricultural infrastructure, including irrigation systems and roads.

In past decades, land acquisition abroad has been driven by the profit-making motives of the private sector in developed countries and has often focused on perennial tropical cash crops rather than basic staples. China started leasing land for food production in Cuba and Mexico 10 years ago and continues to search for new opportunities to feed its large population.

More recent transnational land deals are partly an effect of the larger changing economic valuation of land and water. Higher agricultural prices generally result in higher land prices, because the expected returns to land increase when profits per unit of land increase. Given that the food price crisis has increased competition for land and water resources for agriculture, it is not surprising that farmland prices have risen throughout the world in recent years. In 2007 alone, farmland prices jumped by 16 percent in Brazil, by 31 percent in Poland, and by 15 percent in the Midwestern United States. In many countries, developed water sources are almost fully utilized, but agricultural demand for water is expected to increase drastically in the future.

Although additional investments in agriculture in developing countries by the private and the public sector should be welcome in principle, the scale, the terms, and the speed of land acquisition have provoked opposition in some target countries. According to news reports, the Philippines blocked a land contract with China because of serious concerns about its terms and legal validity, as well as about its impact on local food security. Mozambicans have resisted the settlement of thousands of Chinese agricultural workers on leased lands—a situation that would limit the involvement of local labor in the new agricultural investments. In Madagascar, negotiations with Daewoo Logistics Corporation to lease 1.3 million hectares for maize and oil palm reportedly played a role in the political conflicts that led to the overthrow of the government in 2009.

News reports have helped shed light on these developments, but details about the status of the deals, the size of land purchased or leased, and the amount invested are often still murky. Well-documented examples are scarce, and some reports are contradictory. This lack of transparency limits the involvement of civil society in negotiating and implementing deals and the ability of local stakeholders to respond to new challenges and opportunities. Table 1 summarizes some typical examples of reports on large land acquisitions by different investor countries.

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