

THE EMERGING POLITICS OF FOOD SCARCITY¹

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A dangerous geopolitics of food scarcity is emerging in which individual countries, acting in their narrowly defined self-interest, reinforce the trends causing global food security to deteriorate. This began in late 2007 when wheat-exporting countries, such as Russia and Argentina, attempted to counter domestic food-price rises by limiting or banning exports. Viet Nam banned rice exports for several months, and several other minor exporters also restricted exports. While these moves reassured those living in the exporting countries, they created panic in the scores of countries that import grain.

At that point, as world market prices for grain and soybeans were tripling, governments in food-importing countries suddenly realized that they could no longer rely on the market for supplies. In response, some countries tried to nail down long-term bilateral trade agreements that would lock up future grain supplies. The Philippines, a leading rice importer, negotiated a three-year deal with Viet Nam for a guaranteed 1.5 million tons of rice each year. A delegation from Yemen, which now imports most of its wheat, traveled to Australia with the hope of negotiating a long-term wheat import deal. Egypt has reached a long-term agreement with Russia for more than 3 million tons of wheat each year. Other importers sought similar arrangements. But in a seller's market, few were successful.

The inability to negotiate long-term trade agreements was accompanied by an entirely new genre of responses among the more affluent food-importing countries as they sought to buy or lease large blocks of land to farm in other countries. As food supplies tighten, we are witnessing an unprecedented scramble for land that crosses national boundaries. Libya, importing 90 percent of its grain and worried about access to supplies, was one of the first to look abroad for land. After more than a year of negotiations it reached an agreement to farm 100,000 hectares (250,000 acres) of land in the Ukraine to grow wheat for its own people.

What is so surprising is the sheer number of land acquisition agreements that have been negotiated or are under consideration. In 2009 the International Food Policy Research Institute (IFPRI) compiled a list of nearly 50 agreements, based largely on a worldwide review of press reports. No one knows for sure how many such agreements there are or how many there will eventually be. This massive acquisition of land to grow food in other countries is one of the largest geopolitical experiments ever conducted.

The role of government in land acquisition varies. In some cases, government-owned corporations are acquiring the land. In others, private entities are the buyers, with the government of the investing country using its diplomatic resources to achieve an agreement favorable to the investors. The land-buying countries are mostly those whose populations have outrun their own land and water resources. Among them are Saudi Arabia, South Korea, China, Kuwait, Libya, India, Egypt, Jordan, the United Arab Emirates, and Qatar. Saudi Arabia is looking to buy or lease land in at least 11 countries, including Ethiopia, Turkey, Ukraine, Sudan, Kazakhstan, the Philippines, Viet Nam, and Brazil.

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In contrast, countries selling or leasing their land are often low-income countries and, more often than not, those where chronic hunger and malnutrition are commonplace. Some depend on the World Food Programme (WFP) for part of their food supply. In March 2009 the Saudis celebrated the arrival of the first shipment of rice produced on land they had acquired in Ethiopia, a country where the WFP is working to feed some 5 million people. Another major acquisition site for the Saudis and several other grain importing countries is the Sudan—ironically the site of the WFP’s largest famine relief effort.

For sheer size of investment, China stands out. The Chinese firm ZTE International has secured rights to 2.8 million hectares (6.9 million acres) in the Democratic Republic of the Congo on which to produce palm oil, which can be used either for cooking or to produce biodiesel fuel—indicating that the competition between food and fuel is also showing up in land acquisitions. This compares with the 1.9 million hectares used by the Congo’s 66 million people to produce corn, their food staple. As with Ethiopia and Sudan, the Congo also depends on a WFP lifeline. Among the other countries in which China has acquired land or has plans to do so are Australia, Russia, Brazil, Kazakhstan, and Myanmar.

South Korea, a leading world corn importer, is a major investor in several countries. With deals signed for some 690,000 hectares (1.7 million acres) in the Sudan for growing wheat, South Korea is one of the leaders in this food security push. For perspective, this land acquisition is nearly three-fourths the size of the area South Korea now uses at home to produce rice, its staple food. The Koreans are also looking at the Russian Far East, where they plan to grow corn and soybeans.

One little noticed characteristic of these land acquisitions is that they are also water acquisitions. Whether the land is rain-fed or irrigated, it represents a claim on the water resources in the host country. Land acquisitions in the Sudan that tap water from the Nile, which is already fully utilized, may mean that Egypt will get less water from the river—making it even more dependent on imported grain.

These bilateral land acquisitions raise many questions. To begin with, these negotiations and the agreements they lead to lack transparency. Typically only a few high-ranking officials are involved and the terms are confidential. Not only are many stakeholders such as farmers not at the table when the agreements are negotiated, they often do not even learn about the deals until after they have been signed. And since there is rarely idle productive land in these countries, many local farmers may simply be displaced. This helps explain the public hostility that often arises within host countries.

China, for example, signed an agreement with the Philippine government to lease over a million hectares of land on which to produce crops that would be shipped home. Once word leaked out, the public outcry—much of it from Filipino farmers—forced the government to suspend the agreement. A similar situation developed in Madagascar, where South Korea’s Daewoo Logistics had pursued rights to more than 1 million hectares of land, an area half the size of Belgium. This helped stoke the political furor that led to a change in government and cancellation of the agreement. China is also running into on-the-ground opposition over its quest for 2 million hectares in Zambia.

This new approach to achieving food security also raises questions about the effects on employment. At least two countries, China and South Korea, are planning in some cases to bring in their own farm workers. Is the introduction of large-scale commercial, heavily mechanized

farming operations what is needed by the recipient countries, where unemployment is widespread?

If food prices are rising in the host country, will the investing country have to hire security forces to ensure that the harvests can be brought home? Aware of this potential problem, the government of Pakistan, which is trying to sell or lease 400,000 hectares, is offering to provide a security force of 100,000 men to protect the land and assets of investors.

Another disturbing dimension of many land investments is that they are taking place in countries such as Indonesia, Brazil, and the Democratic Republic of the Congo, where expanding cropland typically means clearing tropical rainforests that sequester large quantities of carbon. This could measurably raise global carbon emissions, increasing the climate threat to world food security.

The Japanese government, IFPRI, and others have suggested the need for an investment code that would govern these land acquisition agreements, a code that would respect the rights of those living in the countries of land acquisition as well as the rights of investors. The World Bank, the International Fund for Agricultural Development, the U.N. Food and Agriculture Organization, and the U.N. Conference on Trade and Development have drafted a set of recommended principles for responsible investment in agriculture. This will likely evolve as these agreements move forward.

Growing world food insecurity is ushering in a new geopolitics of food scarcity, one where competition for land and water is crossing national boundaries. The risk is that this will increase hunger and political instability, which could lead to even more failing states.