



Global trade and investment: its implications for forest landscapes

[A perspective from Latin America]

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WFC 2009. Buenos Aires, Argentina

THINKING beyond the canopy



Messages to highlight

- Large-scale land appropriation is not new in Latin America and has taken place through different ways [e.g., grabbing of public lands and land transactions]
- Large-scale land acquisition is currently unfolding as part of a broader process of agribusiness development in the region stimulated by global trade and investment
- Biofuel production stimulate large-scale agriculture and thereby reinforces the commercial pressures on land
- The implications of agribusiness are contradictory. While it may provide significant economic benefits, it also carries considerable risks for forests and society

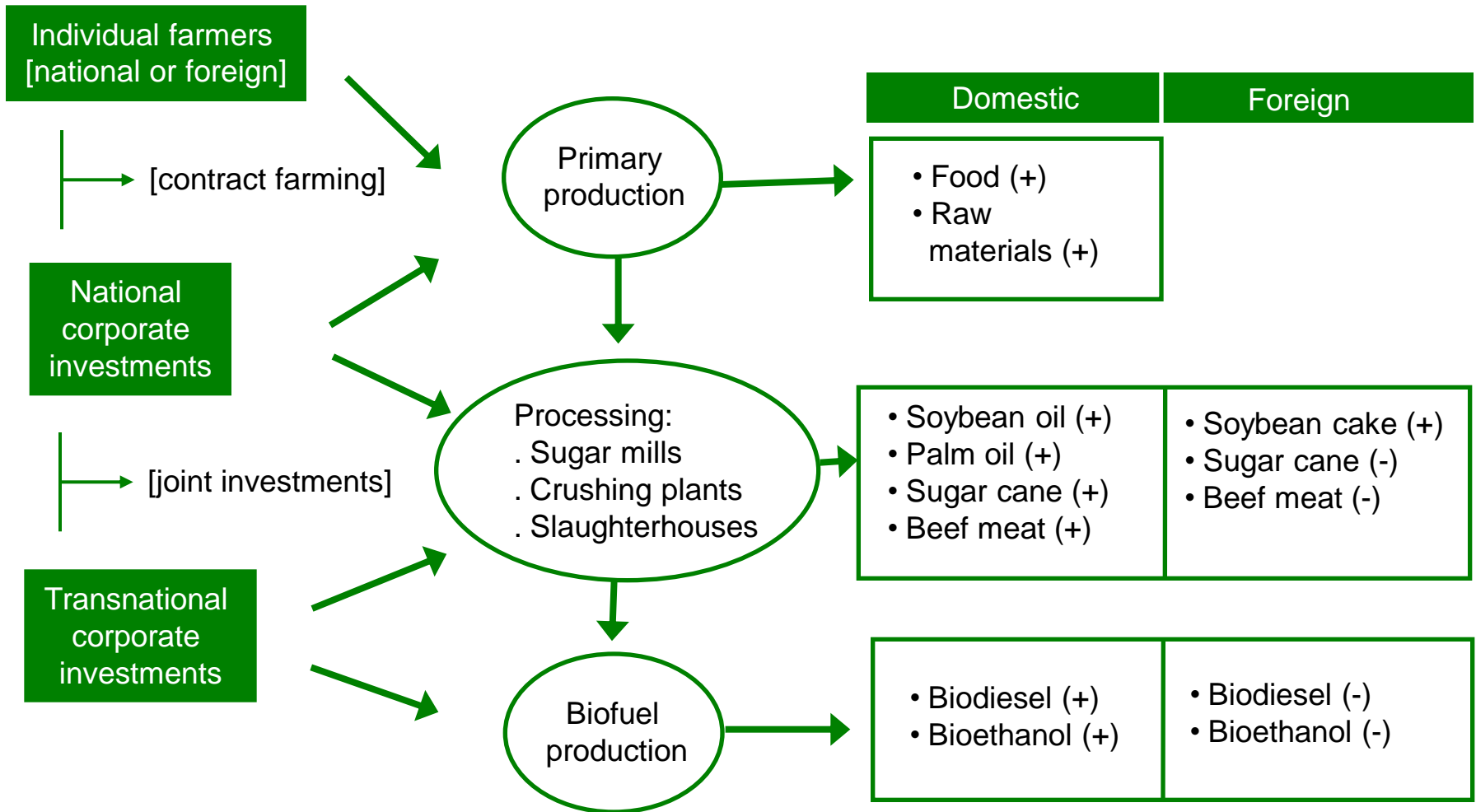
Main drivers of change

- Increasing demand in the food and feed markets [mainly China]
- The rise of biofuel production linked to the definition of blending targets, and states incentives for biofuel feedstocks production
- Transnational companies' interest to invest on agricultural activities with relatively high profit margins
- Resurgence of "developmentalist" approaches to attend increasing fiscal needs and social demands

Features of the agricultural growth

- Greater cultivated area under industrial crops
- Expansion of roads and processing facilities:
 - Meat packing plants
 - Crushing plants
 - Biofuel plants
- Growing occupation of forest landscapes

Actors & agricultural value-chain



(+) Principal market (-) secondary market

Land appropriation in the past

- Dominated by a notion of “frontier development” [which led to the occupation of what were considered empty lands]
- Greatly promoted by state incentives adopted as part of an import substitution model
- Large-scale landholdings were largely privileged [often due to the use of patronage practices]
- Land appropriation was also driven by speculative aims to capture institutional rents

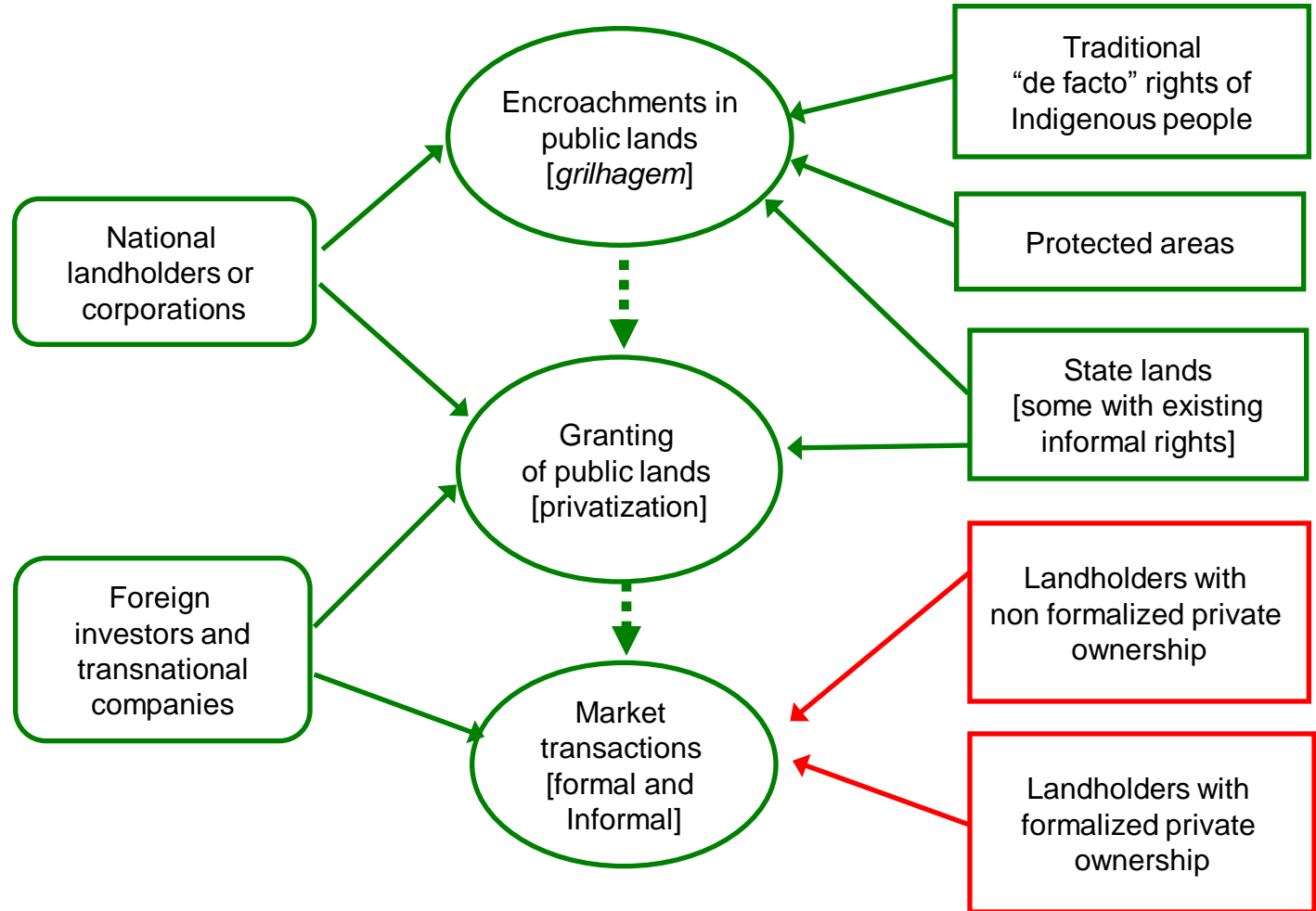
The resultant land tenure

- A significant amount of land has been concentrated in a few hands [though it varies across the countries]
- The rights of local people have often been neglected, situation that has partially being reverted nowadays
- Forest clearing has often been the most effective way to justify land ownership rights and „social use“
- Agrarian reforms [by redistribution or market-assisted] have proven ineffective to halt land concentration

Current land occupation trends

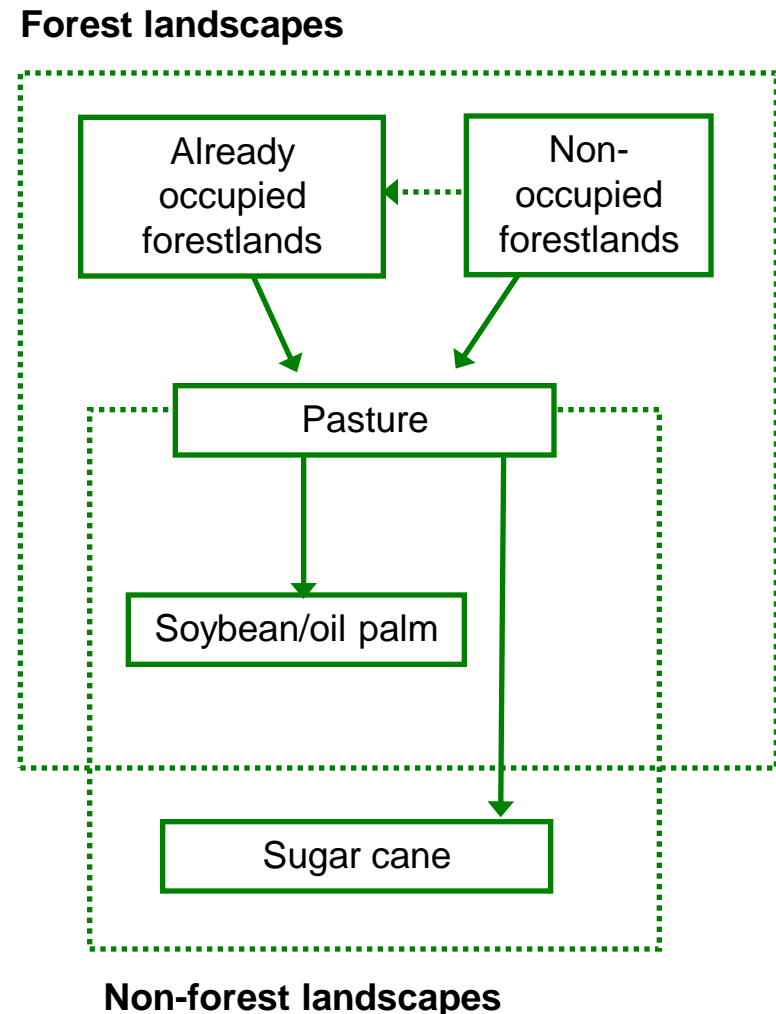
- Greater pressures on the land related to the simultaneous growth in:
 - Global demand [food/feed and biofuel]
 - Infrastructure development [roads]
 - Expansion of processing capacity
- Largely market-driven but state incentives are still significant [mainly to stimulate biofuel production]
- National investors have a larger role in production, but active role of foreign companies in processing and trade

Diverse ways of land acquisition



Investment & land-use implications

- Growing investments on agricultural production [food/feed and biofuel] contributes to a process of land-use displacement
- A portion takes place in already occupied lands [often under pasture]
- Another portion places additional pressures on public [state] lands which are primarily forestlands



Main emerging situations

- Foreign investors take advantage of land grabbing by nationals and stimulate informal market transactions that favor land concentration [Bolivia]
- Transnational companies coordinate agricultural value chains prompting landholders and investors to expand the most profitable land uses [Mato Grosso]
- National investors modernize and expand their operations linked to non-food markets [Colombia]

Implications for local tenure rights

- Encroachment of state forestlands persists
- Informal land and rental markets are very active, which favor investments
- Indigenous lands are threatened by expansion of commercial agriculture
- Cash crops are used to justify land ownership [a role that was played by pasture in the past]

Legalized invasion of the indigenous territory of Guarayos – Santa Cruz, Bolivia

Implications for forest conversion

- Expansion of most profitable land uses [e.g., soybean, oil palm] often taking place over pasture lands
- Cattle herds tend to be displaced further into new forestlands which are converted to pasture [this is known as indirect land-use change]
- Deforestation continues [although with oscillations over time which also depend on other factors]

Conclusions

- An important expansion of agribusiness is taking place in the region, trend that has been accelerated by growing investments in biofuels with a large participation of transnational companies
- Agricultural growth is mainly taking place outside the forest landscapes, but it indirectly creates pressures on forestland occupation, and thus on deforestation
- While agribusiness growth provides a significant source of revenue, it tends to undermine smallholder farming and threatens indigenous tenure rights