

Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast Asia

An international academic conference
5-6 June 2015, Chiang Mai University

Conference Paper No. 55

The neoliberal agricultural modernization model: A fundamental cause for large-scale land acquisition and counter land reform policies in the Mekong region

Christian Castellanet and Jean-Christophe Diepart

May 2015



BICAS

www.plaas.org.za/bicas

www.iss.nl/bicas



In collaboration with:

Demeter (Droits et Egalite pour une Meilleure Economie de la Terre), Geneva Graduate Institute
University of Amsterdam WOTRO/AISSR Project on Land Investments (Indonesia/Philippines)
Université de Montréal – REINVENTERRA (Asia) Project
Mekong Research Group, University of Sydney (AMRC)
University of Wisconsin-Madison

With funding support from:



The neoliberal agricultural modernization model: A fundamental cause for large-scale land acquisition and counter land reform policies in the Mekong region
by Christian Castellanet and Jean-Christophe Diepart

Published by:

BRICS Initiatives for Critical Agrarian Studies (BICAS)

Email: bricsagrarianstudies@gmail.com

Websites: www.plaas.org.za/bicas | www.iss.nl/bicas

MOSAIC Research Project

Website: www.iss.nl/mosaic

Land Deal Politics Initiative (LDPI)

Email: landpolitics@gmail.com

Website: www.iss.nl/ldpi

RCSO Chiang Mai University

Faculty of Social Sciences, Chiang Mai University Chiang Mai 50200 THAILAND

Tel. 66-53-943595/6 | Fax. 66-53-893279

Email : rscsd@cmu.ac.th | Website : <http://rscsd.soc.cmu.ac.th>

Transnational Institute

PO Box 14656, 1001 LD Amsterdam, The Netherlands

Tel: +31 20 662 66 08 | Fax: +31 20 675 71 76

E-mail: tni@tni.org | Website: www.tni.org

May 2015

Published with financial support from Ford Foundation, Transnational Institute, NWO and DFID.

Abstract

Large-scale land acquisition are not new in the Mekong region but have been encouraged and have gathered momentum since the end of the 90s, particularly Cambodia, Laos, and Myanmar. These acquisitions are realized by national and foreign companies from the region, particularly China, Vietnam, and Thailand in a movement strongly associated with economic globalization and neo-liberal policies which promote free flow of capital at the regional and global level and the adaptation of national spaces to the requirement of liberal and global markets (Peemans, 2013). It is striking to see how Cambodia, Laos and Myanmar, with different political regimes and histories, have shifted radically from a model based on land ownership by the State' with a relatively egalitarian land access by family farmers, to a model encouraging long term land leases that favor the emergence of large capitalist private and corporate owners and the abandon of land national sovereignty principles, sensu Borrás and Franco (2012). In fact, the present policies favoring large scale concessions (largely at the expense of small holders and of indigenous peoples / ethnic minorities) can be considered as a "counter agrarian reform", the opposite of land reform policies promoted by both socialist countries and by the USA (Alliance for Peace) in the 60s, although with very different modalities and objectives. Although different factors can explain these policy shifts, in particular widespread corruption and patrimonial practices of the political elites, on the one hand and geo-strategy and political influence of regional powers on the other hand, this paper argues that this model of agricultural modernization through FDI and large scale land acquisition is being promoted through the convergence of actors such as the international agro-industrial complex, International Financial institutions (IFI), some bi-lateral donor or government state owned funds/enterprises. The claims of this model, largely shared by the region's middle class and intellectuals, can be outlined as follows: 1) an inflow of FDI – Foreign Direct Investment - is essential for economic development; 2) large-scale agriculture is more efficient than family farming in terms of economic development; 3) privatizing land facilitates investments and therefore increases land and labor productivity; 4) subsistence peasant and ethnic minority farmers are structurally incapable of agricultural development progress and would be better off if they become wage workers; and 5) the growing 'modern economy' will naturally absorb the work force coming out of agriculture and that of general population growth. All these assertions can be challenged to various degrees, both from a theoretical and empirical point of view. Available evidence indicates that economic benefits have not accrued at the level expected – either to family farmers or to the state treasuries – as cash benefits have been 'privatized' by domestic power elites hidden behind non-transparent one-party states, but also because many investments have produced disappointing results. The increase in number of landless farmers and rising number of land conflicts poses a serious challenge to the legitimacy and stability of the concerned states. However, although numerous case studies can be found, the aggregated information available on the impacts of large-scale agricultural investments is scarce. This paper will conclude by proposing as a strategy aiming to challenge the dominant 'paradigm' of agricultural modernization based on large scale agriculture and FDI, by research-based initiatives and policy dialogue at the regional level, as a way to improve land policies in favor of family farmers and ethnic minorities.

Introduction

Large-scale land acquisition are not new in the Mekong region¹ but have been encouraged and have gathered momentum since the end of the 90s, particularly Cambodia, Laos, and Myanmar. These acquisitions are realized by national and foreign companies from the region, particularly China, Vietnam, and Thailand in a movement strongly associated with economic globalization and neo-liberal policies which promote free flow of capital at the regional and global level and the adaptation of national spaces to the requirement of liberal and global markets (Peemans, 2013).

It is striking to see how Cambodia, Laos and Myanmar, with different political regimes and histories, have shifted radically from a model based on land ownership by the State' with a relatively egalitarian land access by family farmers, to a model encouraging long term land leases that favor the emergence of large capitalist private and corporate owners and the abandon of land national sovereignty principles, *sensu* Boras and Franco (2012)

In fact, the present policies favoring large scale concessions (largely at the expense of small holders and of indigenous peoples / ethnic minorities) can be considered as a “counter agrarian reform”, the opposite of land reform policies promoted by both socialist countries and by the USA (Alliance for Peace) in the 60s, although with very different modalities and objectives.

Although different factors can explain these policy shifts, in particular widespread corruption and patrimonial practices of the political elites, on the one hand and geo-strategy and political influence of regional powers on the other hand, this paper argues that this model of agricultural modernization through FDI and large scale land acquisition is being promoted through the convergence of actors such as the international agro-industrial complex, International Financial institutions (IFI), some bi-lateral donor or government state owned funds/enterprises. The claims of this model, largely shared by the region's middle class and intellectuals, can be outlined as follows: 1) an inflow of FDI – Foreign Direct Investment - is essential for economic development; 2) large-scale agriculture is more efficient than family farming in terms of economic development; 3) privatizing land facilitates investments and therefore increases land and labor productivity; 4) subsistence peasant and ethnic minority farmers are structurally incapable of agricultural development progress and would be better off if they become wage workers; and 5) the growing ‘modern economy’ will naturally absorb the work force coming out of agriculture and that of general population growth.

All these assertions can be challenged to various degrees, both from a theoretical and empirical point of view. Available evidence indicates that economic benefits have not accrued at the level expected – either to family farmers or to the state treasuries – as cash benefits have been ‘privatized’ by domestic power elites hidden behind non-transparent one-party states, but also because many investments have produced disappointing results. The increase in number of landless farmers and rising number of land conflicts poses a serious challenge to the legitimacy and stability of the concerned states. However, although numerous case studies can be found, the aggregated information available on the impacts of large-scale agricultural investments is scarce.

This paper will conclude by proposing as a strategy aiming to challenge the dominant ‘paradigm’ of agricultural modernization based on large scale agriculture and FDI, by research-based initiatives and policy dialogue at the regional level, as a way to improve land policies in favor of family farmers and ethnic minorities.

¹ We focus in this paper on four countries (Cambodia, Laos, Myanmar, Vietnam), however Thailand and Yunnan are also part of the Mekong Region and are important “sources” of FDI in the region

The agrarian development paradigm shift in South East Asia

The Mekong region countries (particularly Cambodia, Laos and to a lesser degree Vietnam) have evolved from a socialist vision of land ownership and rural development to a neoliberal paradigm in a relatively short time span (from the end of the 80s to today).

The redistribution of land to the farmers was one of the main flagships of communist Parties in Asia, following China's example, and was one of the main sources of the popular support they obtained in the rural areas. In terms of national economic development policies, the stress was put, during the 60 s, on self development (internal accumulation) and family farmers were encouraged to develop more intensive production through access to infrastructure (irrigation in particular, but also roads and electricity) and also to inputs and credit.

The collectivization of land and agricultural equipment took place under the control of the state. The land and equipment were allocated to farmer's families or production cooperatives which consisted of several farming households and was based on pooling of labor and income in accordance with theoretical principles of cooperative organization. In Vietnam, Laos and Cambodia, the periods of collectivization were followed by de-collectivisation policies (e.g. Do Moi in Vietnam) during which land was redistributed to farmers families in a relatively equitably manner. Land was not considered as private property *stricto sensu* but as the object of "occupation/use rights" which became more and more long term rights as the countries progressively shifted to private property or quasi-private property systems (Mellac, 2014).

At the end of the eighties, the international context has radically changed in South East Asia. The end of the cold war marks the end of Soviet support. The consolidation of neo-liberalism driven by increasingly global interest and actors has become the central reference of agricultural policies promoted by Nation-States. As the policy shifted towards a market economy (in order to increase the productivity, which was slow growing during the collectivist period), companies were encouraged to invest in the agro-industrial sector. But this opening took very different forms in Vietnam and in its neighboring countries.

In Vietnam, the support to small-scale agriculture has remained a long -term policy of the State. As in China, farmers were not encouraged to migrate to cities as the government wanted to manage these fluxes and avoid the creation of vast groups of under employed workers in the city slums by allowing migrants to come only when they had a secure job in town (therefore adapting the migration to the growing needs of industry).

The Vietnamese government encouraged the development of rural agro industries, which were then passing contracts with the surrounding farmers to produce the raw material (for example, sugar factories, tea factories, fruit processing, and so on). The State both strongly encouraged the farmers to specialize in the needed production, but also made sure that the companies were respecting their contracts, or at least were not "letting farmers down" as happened quite often in other environments, because of poor planning, market fluctuations, etc...

By contrast, in Cambodia and Laos, the State encouraged private companies to acquire large areas of "unused land" (usually classified as forest) in the form of land concessions, with the objective to develop modern large-scale agro industrial and forestry production. In Cambodia, during a first stage starting in 1991, forest concessions were given to logging companies with the objective to create the conditions for sustainable management of forest resources. This was initially encouraged by the World Bank, as a promising form of "Public-Private Partnership" (Hibou, 2004). However, the result was disastrous, as in fact it resulted in widespread overexploitation of forests, massive exports of timber and widespread corruption (Independent Forest Sector Review, 2004). In a second stage, most forest concessions (which had in fact no more timber to extract) were cancelled and the government encouraged a new type of concession: Economic Land Concessions (ELC) which were attributed to

companies presenting a development plan for converting the forest (often degraded forest) into forestry plantations, such as eucalyptus, rubber, or agricultural production domains such as sugar cane or mechanized cassava or corn production.

In Laos, the same policy was developed starting in early 2000s, with the explicit objective of “turning land into capital”. The rationale was that vast areas of land remain “underproductive” due to the lack of investments and modern technologies; as a matter of fact, Laos has a low population density and has large sparsely populated areas, especially in the uplands where shifting cultivation remains the main form of agriculture for local populations, most of them belonging to ethnic minorities. In addition, the government was frustrated by the slow pace of agricultural development in the previous decades. To obtain the necessary capital and technology to develop these areas, the government developed land concessions as a way to attract Foreign Direct investment (FDI) in agriculture and forestry (Dwyer, 2007; Baird, 2011).

In both countries, the demarcation of these land concessions has been the source of numerous conflicts and debates. The process that was supposed to be followed in order to ensure that the land to be allocated as concessions was effectively vacant was never properly followed. In Cambodia, although the sub decree on land concessions specifies that all concession should be preceded by an environmental and social impact assessment, this was often bypassed by the administration itself. In Laos, the exact limits of concessions were often not clear and varied between the attribution and the demarcation. In both cases, the populations which in fact were living in the concession area were generally not considered as “legitimate” occupants, since in Cambodia new forest clearing (i.e. appropriation of public state land) was declared illegal after 2001 (Diepart, 2015), and in Laos the practice of shifting cultivation was also severely restricted by the authorities. In both countries, land registration and titling programs, which were started in the 90s with the support of international institutions focused on permanent rice plots for Laos, and on central plains area for Cambodia, with the same result: the upland agriculture and agroforestry farmlands were not registered². In addition, their right to use of natural resources from the forest (non-forest timber products), which are an important source of nutrition for the upland communities, were not recognized or severely restricted.

As a result, many concessions owners discovered that the area that they had received (and paid for, even if the fees were often very low) was in fact not free from occupants. In Laos, for example, it was estimated that 45 % of the lands allocated for concessions were in fact degraded forests and “rai”, typically occupied by subsistence farmers under shifting cultivation (Schönweger et al, 2012). They then could adopt two strategies, the first one was simply to call on the authorities to expel the “illegal occupants”, the other one was to negotiate with the concerned populations some “compensation measures” to help their relocation in other areas. Often however, the agreed compensations were not fully paid later on.

The consequences of these imposition of Land Concessions are now sufficiently known not to need detailing: the affected populations frequently lose part of their livelihood and their cultural environment, often they are given small land holdings which cannot cover their needs, they suffer increased poverty and malnutrition, and often they are condemned to migrate in search for survival, if not a better living. The promises of regular employment on the new plantations remain elusive or distant, and salaries are low (Gironde and al 2014).

² In Cambodia, a Review mission from the World bank concluded that the LMAP project had “... delivered undisputed benefits, including the registering and titling of nearly one million parcels of land” in addition to “... institutional strengthening, enhancing the land policy and legal framework, and strengthening the Cadastral Commissions”. However, there was considered to be a “disconnect” between these achievements and “... (the) insecurity of land tenure for the poor, especially in urban areas, and for indigenous people.”(Cited in World Bank, Implementation completion and results report for the Land management and administration project. December 27, 2011)

This is a massive and quick phenomena, as Land Concessions in Laos have reached a total of 1,1 M ha (on which 450 000 ha are agroforestry concessions, the rest is mostly mining concessions), more than the total area of permanent rice lands in Laos (Swönweger et al, 2012), and in Cambodia agroforestry land concessions represent 2,5 M ha (owned by 277 companies, to be compared to 3.1 M ha of agricultural land owned by 1,9 million farmers families (Diepart, 2015). In addition, an estimated 28 % of rural families are landless (Phann et al, 2015). Landlessness in Laos is not known, but is probably much lower.

In terms of land distribution, although precise global data are lacking, it means that a very uneven and inequitable distribution of land has been encouraged by both governments, to the contrary of earlier redistribution policies of the 60 s and 70s. These new policies can be therefore labeled as “counter agrarian reforms”

In Myanmar, the historical background is different and land allocations to domestic companies were encouraged by the government on “vacant and fallow lands” as far back as 1991, as part of the “Myanmar way to capitalism”. However, this never really materialized in large-scale production development (most concession holders were in fact interested in logging and extracting natural resources) until 2011. The new transition government encouraged investors (including foreign investors) to invest in large scale economic concessions, with a resulting boost from 800.000 ha in 2011 to 2,1 M ha of concessions in 2013, mostly located in “peripheral” frontier states such as Kachin and Thaninthary (Kevin Woods, 2015). Although most of the 800 companies are registered as Burmese, in fact foreign investors (Chinese in particular) control part of these companies. Many of these concessions are located in conflict zones, where local ethnic populations have fled or are expelled by military groups (either from government or from the insurgent). In addition, 5 M ha has been identified as available for future concessions by the Myanmar government.

Again considering that the rate of landlessness in the central plain of Myanmar (the one mostly occupied by the ethnic Burmese majority farmers) is close to 50 % according to recent estimates (LIFT 2012), it is quite obvious that the present policies are also favoring a massive and rapid increase in land inequality.

This policy could be compounded by land redistribution policies aiming for the landless and nearly landless farmers, but to our knowledge, there is no large-scale land distribution program at this moment in Myanmar. In Cambodia, a “social land concession program” which has received strong support from foreign donors have remained anecdotal and did not reach its targets, denoting a lack of political will as well as a difficulty to identify “remaining vacant lands” after allocating most apparently vacant areas in concessions (Diepart, 2015). Similarly, in Laos, some government authorities have complained in the press that they cannot identify any more available land to reallocate to farmers displaced because of mining and hydroelectric projects.

The role of the “agricultural modernization narrative” in these agrarian development shifts

What are the underlying causes for these profound shifts in public policies?

First, one has to recognize some commonalities in the three countries which are presently encouraging large scale investments in agriculture: their territory is divided between a central plain/ lowland agriculture and rice farming area occupied by the ethnic majority, and hilly/ mountainous surrounding areas occupied largely by ethnic minorities where population densities are lower and shifting cultivation is predominant. Generally speaking, because of lower population densities, agricultural practices are more extensive and less productive (in terms of yield per ha, not necessarily in terms of income per laborer) than in neighboring high-density countries, especially China and

Vietnam, and to a lesser extent Thailand. This by itself explains the strong trend of Vietnamese and Chinese companies to invest in these “underused lands” (whose price remains quite low as compared to the ones in their own country). Available statistics show that the majority of FDI in agriculture in Laos and Cambodia comes from these three countries.

Secondly, International Finance Institutions - IFI - have strongly promoted FDI as a way to modernize the countries’ economies for more than 30 years, as part of the prevailing neoliberal agenda (Görge et al, 2009). They have promoted trade liberalization and the opening of international capital flows. They have also promoted agricultural modernization with debate between supporters of small-scale agriculture and supporters of larger farms. Investment is essential for this intensification to happen, so on one hand the IFI have promoted land titling as a way to access to credit, using land as collateral (in line with de Soto theory). Considering that the States don’t have any more the capacities to invest themselves in agricultural development (or to support small farmers investments through appropriate credit systems), the IFI consider that investments can only come from private sectors investors. Two models are proposed to attract these investors, the first one is the promotion of large-scale investments in land for agricultural production, the second one is the promotion of contract farming. Concerning the large scale investments, in an influential paper, Deininger and Byerlee (2010) whilst cautioning about the institutional conditions that allow a proper public control over the way large scale land acquisitions are made, suggest that for countries “with large tracts of suitable land, but also a large proportion of smallholders with very low productivity, if labor supply constrains smallholder expansion and in-migration is limited, larger farm sizes enabled through mechanization could be a viable strategy. This situation could create opportunities for outside investors.”

As a result, large-scale investments have been supported by a range of international donors, among whom the International Finance Corporation (IFC) in particular has been pointed out as supporting large-scale investments without proper safeguards measures (Oxfam, 2015). The international consensus is that large-scale land acquisition can benefit at least some of the developing countries with “large tracks of suitable land (ie uncultivated)” at the condition that both investors and governments adhere to a set of principles, such as the “Principles for Responsible Agricultural Investment”.

Thirdly, other factors since the 2007/2008 food crisis have accelerated land concessions in favor of corporate (foreign, national and state) investors (CTFD, 2010). These include: anticipated food insecurity; food/fuel price volatility, climatic uncertainty; green land enclosures; infrastructure & special economic zones; and speculative activity (hedge, sovereign wealth, asset funds). As a result of these other factors, some countries have realized that they have a strategic interest in securing land concessions or properties at the international level, for the purpose of their own food security but also raw material supply security. It goes hand in hand with the rush for mines and energy sources...

Fourthly, it is quite obvious that granting concessions has been a source of quick and easy money, not only to the State treasuries, but also to various types of intermediaries and brokers, therefore fueling corruption and creating strong vested interests in some of the local elites.

The central question remains: why have States accommodated these processes – shifting support from smallholder farmers to corporate land users? We contend that this has been made possible through the adoption of a development narrative that has its own rationality and justifies the profound policy changes made by the concerned governments.³

³ For example, the Cambodian government has formulated his strategy in its second socio-economic development plan as follows: “...continuing regional and global markets integration and agriculture liberalization raises a question mark about the long-term sustainability of small farmer agriculture. Anticipated greater exposure to competitive pressures imply that the future of Cambodia’s agriculture is almost certainly one of accelerated commercialization and development of larger farms with greater use of markets know-how and lower unit costs”. RGC (2002), SEDP II, 2001-2005, 38. (cited by Sperfeld, 2012).

This broad narrative (or ‘model’) can be outlined as follows: 1) FDI (accommodated by the state) is essential for economic development; 2) large-scale agriculture is more efficient than small holder farming in terms of economic development (especially where available land is plentiful; 3) privatizing land facilitates investments and therefore increases in productivity; 4) subsistence farming and swidden agricultural practices are outmoded and environmentally destructive; ethnic minority and smallholder farmers need to be absorbed into the mainstream to benefit from market forces; and 5) the developing ‘modern economy’ will absorb the agrarian work force and that of general population growth.

It is not supported only by some of the Mekong region governments, it also has the support of a significant part of the international community and donors. This is why this narrative is so powerful and widespread. Whilst many donors and governments will easily recognize that large scale investments are creating problems in terms of human rights and may have negative impacts (“externalities”) at the local level, they often blame the inadequate processes which were used (lack of recognition of local rights, lack of public consultation and proper compensation policies, lack of FPIC policies), but do not question the policy itself⁴.

Considering the scale and speed of the on going “counter agrarian reform”, a systematic research on the impacts of large-scale agricultural investments is urgently needed in the region. Although many case studies are available, they are not sufficient as they reflect the variability of the concessions and investors in the field. The aggregated data are relatively scarce and partly confidential.

The available evidence as well as various theoretical considerations however indicates that this neoliberal agricultural development model is flawed on several accounts:

1) FDI (accommodated by the state) is essential for economic development:

As non-specialists in macroeconomics, we will not discuss this assertion in this paper. The idea that foreign direct investment is essential for development of agriculture in Southeast Asian countries has been promoted and imposed by a convergence of new hegemonic global actors. The pressures these new actors have imposed notably through adjustment policies, has redefined the role of national State in agricultural development policies. Particularly striking is the way national state legislations have been adjusted to pave the way to facilitate the intervention of actors in large-scale land acquisitions (Sassen, 2014). Additionally, one can question if all FDIs are equally useful for development, and what is the net return for the country of some of these large investments. The concerned governments are increasingly asking this question, for example the Lao government in 2012 decided a partial moratorium on land investments, and directed the government agencies to assess the quality of investments so far realized⁵. Conversely, the investment of national savings in the real economy (as opposed to speculation of various types) is a real challenge and opportunity for developing countries.

2) Large-scale agriculture is more efficient and productive than small-scale farming

As noted earlier, the World Bank agro economists (Deninger et al, 2010) have been cautious to specify that large-scale agriculture should be considered as an option only in countries where available agricultural land is plentiful. However, for a large part of public opinion, and for many classical economists, the question of the superiority of large-scale agriculture is unquestioned, as it is seen as synonym of modernity, mechanization, efficiency and productivity..

At short term, large-scale investors might develop production faster than small-scale farmers, especially if these small-scale farmers do not have access to credit facility. However, as observed

⁴ This is quite the same pattern that the one through which World Bank supported forest concessions in Cambodia in the 90s, and then entered in open conflict with the government about its “inadequate application” which led to the contrary result to what was expected.

⁵ Through Prime Minister Decree #13.

above, in practice many investors failed so far to develop the areas that they committed to.

On the long term, it is generally recognized that small and medium scale agriculture practiced by family farmers is more productive (in terms of yields per ha) than large scale mechanized agriculture. In Vietnam for example, studies indicate that small farmers have higher production per ha than larger farmers (Vu et al, 2012). The reason is simple: they apply more labor per ha, diversify their production, multiply cropping cycles, etc... Besides, family farmers are more likely to resist to periodic market crisis (because they are diversified and usually produce their own food) than large estates. Small and medium Farms are more efficient than large-scale farms in producing most agricultural products (Lipton, 2009), and successful development experiences in Asia and elsewhere have amply demonstrated the success of a growth strategy based on SME (Byerlee, 2014). At the national level, the comparison between countries that have supported family farmer type of agriculture and the ones that have supported large plantations is quite eloquent: the development of Thailand and Vietnam is largely based on the success of their smallholder based rural and agricultural development strategy (see Byerlee, 2014 comparing Myanmar and Thailand).

The question of the supposed “efficiency” and “productivity” of large scale plantations and farms deserves particular attention: which productivity are we talking about ? For a private investor, the desired productivity is capital productivity, in other words profit. Profit is generally maximized by reducing the labour input needed for a given production, through mechanization, on one hand, and by reducing the wages of workers whenever it is possible. As a result, the quantity of labour created by a large-scale plantation is generally smaller than the one that a small farmers plantation scheme would mobilize. Because they tend to mechanize most operations in order to increase labor and capital productivity, large farms always employ less people than small or medium size farms which would occupy the same area. For example, a large hevea plantation of 1000 ha provides less employment than 200 medium size plantations of 5 ha each.

In terms of the employment provided by the new agribusiness in large concessions in the Mekong region, most observations show that the number of jobs created (and their quality) is generally not sufficient to absorb even a part of the farmers displaced by these LEC. Obviously, there is a diversity of situations in the field, and all investments do not have the same impacts. In some cases some local stakeholders, mostly from the rural elites, can benefit from the development of new agro industries, but in general the impact of concessions is to accentuate the differentiation in the rural communities, and they do not benefit the bulk of the population, *ie* the poor (Gironde et al, 2014).

Furthermore, the distribution of value-added (wealth created during the agricultural production process) between the company shareholders and the wage labor workers is much more unequal than the distribution of value added amongst small and medium family plantations (Cochet & Merlet, 2011). In other words, the contribution of large plantations to poverty reduction is extremely questionable. Tania Li (2011) made a detailed demonstration of this fact in the case of Indonesian palm oil plantations.

3) Privatizing land facilitates investments and therefore increases production and productivity

This is de Soto theory. Land titles should encourage access to credit. However, the link is not always demonstrated in practice. Land titling (or rather land privatization) tends to encourage speculation on peri-urban lands, for the benefit of the urban middle class rather than for farmers. Besides, when communities have traditions of managing common pool resources in an efficient way, privatization of these particular resources might cause a long-term decline of these resources (in fisheries for example or community forests).

Going back to the land concessions, they do not necessarily provide sufficient security to the investors to engage in long-term investment. The fact that they have to deal with local community claims and complaints, that the concession limits are not clearly defined, and that the concession

contracts not always respected all create insecurity for the investors.

The present record of land concessions in terms of effective investment remains questionable: In Myanmar, only 23 % of the concessions allocated have been effectively planted by mid 2013 (Woods, 2015). In Cambodia, in 2005 a survey from UNDP reported that only 2 percent of the land allocated was being cultivated (Sperfeldt et al, 2012). It is certainly more now, but precise figures are hard to obtain. Obviously, investors need time to develop their concessions, so a low figure at one given time is not sufficient to draw conclusions. More in depth studies are needed to look not only at absolute figures but also at the present trends.

4) Subsistence farming and swidden agricultural practices are outmoded and environmentally destructive

Swidden agriculture is based on long term rotations with slash and burn every 8 to 10 years. As long as the fallow is sufficient, this agriculture can remain productive. Furthermore, the fallows are an important source of NTFPs, contributing to the nutrition and income of the communities. It is well adapted to areas of low human densities. However, swidden agriculture has not been seen favorably in Southeast Asia, where governments generally associate it with deforestation and degradation of soil and water resources (Ducourtieux 2006). When human density increases swidden agriculture needs to adapt to the new conditions, through various types of investments and changes (agro-ecology, permanent pastures, agroforestry). The pathway from subsistence agriculture to small scale diversified agriculture can be progressive, given adequate support from the state in terms of infrastructure, support to producers organizations, credit and extension (Ducourtieux, 2006). Contract farming properly monitored and controlled by the state can also contribute to this transition (Li, 2012).

5) The developing 'modern economy' will absorb the agrarian work force liberated by modernization

This is perhaps the most compelling argument of the five tenets of agricultural modernization. Why should the State prevent farmers from leaving their farms in order to improve their living through employment in the modern economy? Even if some farmers lose their land at one stage, they are anyway so poor that they will benefit in future when they get better employment in town or in the agroindustry created by the investor.

This point of view does not take into consideration the realities of the economic transition pathways. The CLMV countries population remains in majority rural. In this rural majority, the majority of active people depend on agriculture as their main source of income. The workforce in agriculture still represents in 2012 between 61 % (in Vietnam) to 74 % (in Laos) of the total workforce⁶. There is a natural trend, observed at the international level, for growing economies to see the gradual decrease of the workforce employed in the agricultural sector as employment in the secondary and tertiary sector grows. However, this transition takes time and does not happen overnight. In most of today's developed countries, this transition took approximately a hundred years. Even in the fastest growing economies of the emergent countries, this transition still took 50 years. In China, for example, the decrease of the agricultural labor force from 69 to 35 % of the total labor force took 32 years (from 1980 to 2012), meaning roughly a reduction of 1% per year⁽⁷⁾. This is probably the fastest decrease in agricultural labor force in history.

As we said earlier, this transition was somehow controlled by the Chinese government who supported for a long time family agriculture through various means (including market protection and control to maintain stable farm gate prices) and imposed a control on rural migrants as well as a strict birth control policy. A study of the economic and demographic transition supported by World bank, Rural Struc (Losch et al, 2012), showed that in the case of most African countries, even with fast

⁶ Source : FaoStat : <http://faostat3.fao.org>

⁷ Source : World Bank : <http://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?page=6>

growing economies, there is no way that the urban employment could rise quickly enough in the next 30 years to absorb all the work force coming out of agriculture, even if the number of farms remain constant. In other words, investing in family farming and developing rural employment is the only way these countries can avoid massive underemployment in future. It is quite likely that the same conclusions would apply to CMLV countries. Even if outmigration to neighboring counties can provide a short-term solution for some of these workers, in medium or long term it is quite unlikely that the demand for migrant workers will increase sufficiently (or even stay stable) to absorb all of the new workforce.

Conclusions

The development of large-scale land concessions, largely driven by FDI, in the Mekong region countries (most specifically Cambodia, Laos, and Myanmar) has been quite massive during the last decade. It can be analyzed as a “counter agrarian reform” which is increasing rapidly the inequity of land distribution in these countries. This is particularly striking in a context where landless farmers or very small farmers numbers are growing. It has translated into growing conflicts and resistance mechanisms in these counties, and has largely become a hot topic in the political sphere. It is also ironic that this is happening in countries which comes from a similar socialist historical background.

This is happening in a context of international land grabbing, explained by many factors, exacerbated since the 2007/2008 food crisis. It is also the result of the opening of markets in a context of differential advantages in the region. However, it could not happen without the support of the concerned governments, and of many development partners, who provided the narrative and the economic justification for such a policy, based on an agricultural modernization model based on large-scale agriculture and FDI. Our thesis is that these arguments do not hold both for theoretical and empirical reasons, as indicated by various case studies, and by the few aggregated or statistical data already available.

Consolidated empirical research is however needed to confirm or infirm this thesis, and to produce aggregated data on the impacts of large-scale investments in agriculture at the national and regional level. It will require an in depth comparative and coordinated research program. The questions that deserve particular attention include:

- What are the outputs in terms of production of the agro forestry concessions? What percentage of the lands allocated have been put into production?
- How many jobs did they create?
- What is the income distribution pattern (share of the added value) between the investors, the supply chain, the government, and the employees?
- What were the losses for the local farmers who lost some land of natural resources because of the concessions? What part of their lands and resources did they loose?
- What are the impacts of large-scale concessions in terms of poverty reduction (or increase)?
- How do small and medium size plantations performance compare to large scale plantations
- How do contract-farming systems compare with large-scale plantations development?

In addition to these questions, a specific research concerning the transition pathways scenario in the next 30 years, and the capacity of the national and regional economies to absorb the rural migrants coming out of agriculture would be extremely useful to inform governments and the international community on the challenges ahead in terms of rural development and employment. The question of the landless farmers deserves particular attention.

In the context of ASEAN integration, these questions deserve particular attention from the concerned governments, as they will determine the type of development chosen, and the future of the farmers families who represent the vast majority of the population.

Various research initiatives are already on their way to answer some of these questions, at the national level in particular. The Mekong Region Land Governance Project⁸, which has been initiated in 2014 with the support of the Swiss and German Governments intends to contribute to this research effort, in the framework of a multi-stakeholder research and evidence based dialogue with the four countries governments representatives.

References

- Baird Ian G. 2011. Turning Land into Capital, turning people into labour : Primitive accumulation and the arrival of large scale land economic concessions in the LAO PDR. New Proposals, Journal of Marxism and interdisciplinary enquiry, vol 5-1
- Borras, S., & Franco, J. (2012). Global Land Grabbing and Trajectories of Agrarian Change: A Preliminary Analysis. *Journal of Agrarian Change*, 12(1), 26.
- Byerlee D, Kyaw et al. 2014. Agribusiness models for inclusive growth in Myanmar : diagnosis and ways forward. Paper presented at the annual World Bank conference. Washington march 24-27
- Cochet, H., & Merlet, M. (2011). Land grabbing and share of the value added in agricultural processes. A new look at the distribution of land revenues. Paper presented at the International Conference on Global Land Grabbing. Brighton
- CTFD (Comité Technique Foncier Développement), 2010. Large-scale land appropriations. Analysis of the phenomenon and proposed guidelines for future action. Paris: Agence Française pour le Développement
- Deininger, Klaus, Derek Byerlee, Jonathan Lindsay, Andrew Norton, Haris Selod, and Mercedes Stickler. 2010. *Rising Global Interest in Farmland. Can it yield sustainable and equitable benefits?* Washington: World Bank.
- de Soto, Hernando. 2000. *Mystery of Capital*. New York: Basic Books.
- Diepart Jean Christophe (2015) The fragmentation of land tenure systems in Cambodia: peasants and the formalisation of land rights. Communication to the Technical Committee "Land Tenure and Development", March 2015
- Ducourtieux, O. (2006). Is the diversity of shifting cultivation held in high enough esteem in Lao PDR? In M. Dufumier (Ed.), *The Agriculture in Southeast Asia: An Update* (pp. 61-86). Paris/Aix: EDISUD.
- Dwyer, M. (2007). Turning Land into Capital. A review of recent research on land concessions for investment in Lao PDR. Part 1 of 2 – Existing literature Working Group on Land Issues (pp. 50): CIDSE-Laos.
- Görgen, M., Rudloff, B., Simons, J., Üllenberg, A., Våth, S., & Wimmer, L. (2009). Foreign Direct Investment (FDI) in Land in developing countries (pp. 73). Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit
- Hibou, Béatrice. 2004. "Cambodge: quel modèle concessionnaire?" In *Le Royaume Concessionnaire. libéralisation économique et violence politique au Cambodge*, edited by Jean-François Bayart, 77. Paris: Fonds d'Analyse des Sociétés Politiques (FASOPO).
- Independent Forest Sector Review. (2004). *The Forest Sector in Cambodia. Policy choices, issues and options*. Phnom Penh
- Li Tania M. 2011. Centering labor in the land grab debate. *The Journal of Peasant Studies*, 38-2.
- Lipton M. 2009. *Land reform in developing countries ; properties right and properties wrong*. New York, Routledge.

⁸ www.mrlg.org

- LIFT. Baseline Survey Results. July 2012. Yangon, Myanmar
- Losch Bruno, Sandrine Fréguin-Gresh, Eric Thomas White. 2012. Structural Transformation and Rural Change Revisited. Challenges for Late Developing Countries in a Globalizing World. African Development series. World Bank AFD
- McKenney, Bruce, and Tola Prom. 2002. *Natural Resources and Rural Livelihoods in Cambodia: A Baseline Assessment, Working Paper 23*. Phnom Penh: Cambodian Development Resources Institute.
- Mellac Marie. 2014. . Du socialisme au marché. Le tournant foncier en Asie du Sud-Est continentale (Cambodge, Laos et Viêt Nam). In Jammes, J. & F. Robinne (dir.), *L'Asie du Sud-Est 2014, Bilan, enjeux et perspectives*. Paris-Bangkok :Les Indes Savantes-Irasec, pp39-64.
- Oxfam International. 2015. The suffering of others. The human cost of the International Finance Corporation's lending through financial intermediaries. April 2015.
- Peemans, Jean-Philippe. 2013. A political economy of rural development in South East Asia in relation with the many versions of the disappearance of the peasantry. Working Paper, No 6, Groupe de Recherche Asie de l'Est et du Sud Est (GRAESE).
- Phann Dalis, Phay Sokcheng, Tong Kimsun and Pon Dorina (2015) Landlessness and Child Labour in Cambodia. Cambodia Development Resource Institute (CDRI) CDRI . Phnom Phen, February 2015
- Royal Government of Cambodia. 2005. National Strategic Development Plan 2006-2010. Phnom Penh.
- Sassen, S. (2014). *Expulsions. Brutality and Complexity in the Global Economy*. Cambridge-London: The Belknap Press of Harvard University Press.
- Schönweger O. Heiniman at al. 2012. Concession and lease in Lao PDR : Taking Stock of land Investments. CDE. University of Bern.
- Sperfeldt Christoph, Farrah Tek and Billy Chia-Lung Tai. 2012. An Examination of Policies Promoting Large-Scale Investments in Farmland in Cambodia. CHRAC, Phnom Penh,
- Vu Thi Hoa, Tung Phung Duc, Hermann Waibel, 2012. Farm size and Productivity: Empirical Evidence from Rural Vietnam. Conference on International Research on Food Security, Natural Resource Management and Rural Development Tropentag 2012, Göttingen; Germany
- World Bank, 2007. Cambodia Rural Sector Note and Business Plan. World Bank: East-Asia and Pacific Region, Sustainable Development Department.

Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast

An international academic conference
5-6 June 2015, Chiang Mai University

International Conference Paper Series

The purpose of the 2015 Chiang Mai conference is to contribute to *deepening* and *broadening* of our understanding of global land deals, resource conflict and agrarian-environmental transformations – in the specific regional context of Southeast and East Asia, with special attention to climate change mitigation and adaptation policies as well as the role of China and other middle income countries (MICs) within the region.

The Conference Paper Series aims to generate vibrant discussion around these issues in the build up towards the June 2015 conference – and beyond. We will keep these papers accessible through the websites of the main organizers before, during and after the conference.

About the Authors

Christian Castellanet is an agronomist and ecologist (PhD Institute of Ecology – UGA). He has been involved with Gret (an INGO based in France) in international cooperation in the field of action research for rural development and natural resource management in West Africa, the Caribbean, Brazil and Southeast Asia, and has been Visiting Professor in the Federal University of Para (Brasil) and C3ED (Paris) . He has published several books on the integration of environment and development. He is presently Deputy Team Leader of the Mekong Region Land Governance Project, based in Vientiane (Lao PDR) and funded by SDC. Email: castellanet@gret.org

Jean-Christophe Diepart is multidisciplinary agronomist. He has been a student of Cambodia since 2002 in the capacity of Scientific Collaborator with Gembloux Agro-Bio Tech (Université de Liège, Belgium). His research examines agrarian dynamics in Cambodia in an historical perspective and focuses on the transformations of household production systems, the political economy of agricultural colonization in the Northwest Cambodia and the resilience of peasant communities to environmental changes. jc.diepart@gmail.com