



India's land grab deals in Ethiopia: Food security or global politics?



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ABSTRACT

The so called “land grabbing” has gained increased attention since the outburst of the global financial and food crisis triggering a new trend of acquiring land for outsourcing production of food, feed and agrofuels. India as one of the newly emerging economies is investing heavily in farmland as it faces enormous challenges to sustain its rising population and growing energy demands. This paper analyses Indian land acquisitions in Ethiopia, looking into India's motivations to acquire farmland and what incentives does Ethiopia have to lease out land to large investors. The paper draws on trade data between India and Ethiopia, expert interviews, studies and reports on the use and productivity of grabbed land. In view of the land grabbing and food security debate, the paper critically evaluates whether acquiring farmland in Ethiopia can indeed contribute to food and energy security in India.

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1. Introduction

The recent surge of global large-scale land investments, has led to a number of publications by scholars and activists to document causes, trends, scope and impact of this relatively new phenomenon, often termed “land-grabbing”. Highlighted first in a report by GRAIN (2008), and in a number of publications thereafter, heated debates among scholars has evolved around the impacts of large-scale land investments. The main concern in discussions is whether such land investments are opportunities to promote rural and agriculture development, or is it “land-grabbing” (Cotula et al., 2009), where investments are designed for profits through exploitation of the environment and the displacement of local livelihoods by restricting access to resources and causing food insecurity (Messerli et al., 2013). Commonly land grabbing refers to the purchase or long-term lease of vast tracts of lands by foreign and/or national state-owned or private investors primarily to produce (flex) crops for regional and international markets. Often these acquisitions are accompanied by controversy and resistance by the local population due to several factors such as the secret nature of the deals, and often involving displacement of people, changes in land use, or around the intended outcomes including employment generation, infrastructure development, or enhancing food secu-

rity (Hules, 2013). In recent literature, the terms ‘land-grabbing’ and ‘large-scale land acquisition’ have often been used interchangeably in discussing this phenomenon. In this paper we are concerned with large-scale land investments in Ethiopia by Indian companies. We question the motivations and drivers for such investments and aim to clarify the extent to which these investments qualify as land-grabbing.

Triggered by the 2008 global financial crisis, the food crisis and energy crisis, land grabs (according to the description above) are usually attributed to foreign investors and local elites of developing countries in Asia, Africa, Latin America and Eastern Europe (Kugelman and Levenstein, 2009). The drivers of land grabbing range from the purpose of a ‘bio-economy’ to produce ‘food, feed, agro-fuels and general biomass to serve the needs of a (minority) global class of consumers distributed across an increasingly multi-centric global food system’ (McMichael, 2012; 684) to ‘green-grabbing’ for purposes such as biodiversity conservation, carbon sequestration, and other ecosystem services (Fairhead et al., 2012), to land acquired for non-biomass purposes such as tourism, infrastructure development, mining, and the creation of special economic zones (Cotula et al., 2009; Levien 2012).

Land grabbing as such has existed for centuries and is not an entirely new phenomenon (Kugelman and Levenstein, 2009; Stephens, 2011), yet never before has there been such an interest in the speculation of food commodity markets and farmland being regarded as safe places to invest (GRAIN et al., 2014). Both private (equity, pension or hedge funds) and public (state owned enterprises, sovereign wealth funds, government min-

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istries) institutions invest in land, with the majority of reported land acquisitions involving the private sector and increasingly government-to-government deals (Cotula et al., 2009). Thus, recent land grabs distinguish themselves in three ways: the scope and size, rise of a 'bio-economy' and the involvement of new actors and alliances (GRAIN et al., 2014).

The Land Matrix Portal tried to document the number, scale and scope of land acquisitions. However, the collection of accurate data is difficult given the secrecy behind most of these land deals (Oya, 2013). According to the Land Matrix Portal, as of 2016, 1234 deals with the size of 43.7 million hectares were sealed globally (Land Matrix, 2016). This is almost equal to the size of France and Italy's farmland combined, or around 21% of the total farmland in the European Union (Eurostat, 2015). The European project EJOLT¹ states in one of their studies (GRAIN et al., 2014) that as of 2014, land grabbing occurs on 83.2 million ha of land, comprising 1217 deals worldwide. The hotspot of land investments is in developing countries, most notably in Africa.

One country that has increased its investments in Africa is India. With an economic growth rate of around 7% in the last two years (World Bank, 2015), predictions of becoming the most populous country in the world around 2028 (World Population Prospects, 2013) and the third largest consumer of energy by 2030 (Cheru and Obi, 2010b), India's biomass requirements are rising rapidly. Between 1961 and 2008, India's biomass extraction doubled from 1 Gigaton/year to 2 Gigaton/year, much of it agriculture biomass. Moreover, on a per capita basis, India's biomass consumption is already very modest at 3.6 tons/cap/year, which is far below the world average biomass consumption of 8 tons/cap/year. Population growth and changing dietary patterns combined, by 2050 India's biomass demand is expected to be 2.4 Gigaton/year, which will not only put pressure on India's agricultural land, but will also increase world biomass extraction by 3% (Singh, 2010).

So how will India meet its growing biomass requirements? Land grab literature suggests that land grabbing is often a phenomenon to address food security problems in the investor or host country (Cotula et al., 2009; Rowden, 2011; Shepard and Anuradha, 2009; Lavers, 2012a). This paper explores Indian land acquisitions in Ethiopia and tries to evaluate whether these investments are aimed to address India's agriculture biomass requirements in the future through exports back. Our methods include literature review (scientific and grey literature from credible sources, e.g. The Oakland Institute, GRAIN, International Food Policy Research Institute). We also searched various databases (e.g. World Bank database, FAO, India's Ministry of Commerce and Industry, the Land Matrix Portal). They served as a basis to understand export/import relations between India and Ethiopia, crop productivity, and concentration of land investment in Ethiopia. A number of direct contacts via email and skype were established with scholars and practitioners working on or exposed to land grabbing in Ethiopia, as well as contacts to Indian companies operating there. The scholars interviewed will be presented via footnotes in the text. Skype interviews were held in September 2014, were open ended, lasting several hours to draw on observations and documentation available on land grab trends in Gambella, a region in Ethiopia where Indian companies are concentrated. Valuable insights were gained in the process to reveal the complex political situation in Ethiopia, the viewpoints of the local population, and on future outlook regarding land investments in Ethiopia. The next section begins with a brief sketch of India's historical relationship with Africa and Ethiopia, before discussing land grabbing and biomass trade patterns in this context.

2. India-Africa relations

India and Africa share a long history of trade relations dating back to the fourteenth century. Under British rule (1858–1947) thousands of Indian's were sent to Africa to work on plantations. Today more than 2 million people of Indian origin (PIO) live in Africa, the largest community living in South Africa, around the city of Durban – making it the largest Indian city outside of India. They are mostly businessmen, doctors or engineers playing a vital role in India's foreign policy to engage Africa (Bhattacharya, 2010).

The common struggle against colonialism and imperialism tied India and Africa closer together. Mahatma Gandhi, the leader of the Indian independence movement further evoked connections to South Africa (from where he migrated back) in the Indian consciousness. Gandhi had also inspired African leaders with the principles of non-violence and passive resistance to the colonial rule. Nehru, the first Prime Minister of India, played an active role in the Non-Aligned-Movement (NAM), which has its roots in the Bandung Conference of 1955, where most newly independent African and Asian states gathered to deepen their relations and together spoke out against colonialism and imperialism (Bhattacharya, 2010; Beri, 2008; Naidu, 2010). After the end of Nehru's tenure, Indo-African relations were at a low point, due to the Sino-Indian war in 1962 (also known as Sino-Indian border conflict) and India's position in it. In the 1960s, under Indira Gandhi, Indo-African relations intensified and as early as 1964 the Indian Technical and Economic Cooperation (ITEC) programme was established, providing scholarships to Africans and offering training programmes in various fields, ranging from telecommunication, engineering, and education, as well as offering courses in consultancy and project assistance. In the 1960/70s India helped to fight the apartheid regime in South Africa and Namibia, mostly through the UN and NAM (Beri, 2008).

Whereas until the 1990s Indo-African relations were driven by ideological motives, the period following the 1990s was characterized by a more pragmatic approach. In 1991 India introduced economic liberalization reforms in order to make its economy more market-oriented and to promote private and foreign investment (reduction of import tariffs, taxes and emphasis on foreign investment). Well aware of the fact that an engagement solely based on economic terms will turn out to be unfeasible in the long run, India has pursued a strategy based on a mix of ideological and pragmatic principles, better known under the name South-South cooperation. In other words, India's strategy is based on extracting key resources for its economy, while maintaining the principles of solidarity, respect, non-interference in domestic affairs and sustainable development. That way it portrayed itself as a better partner for Africa's development compared to European countries (Bhattacharya, 2010).

India's interests today are characterized by its rising energy and resource needs, which the country needs to sustain its growing economy and population. India is particularly interested in opening the African market for Indian commodities and in deepening diplomatic relations, including increasing development aid to Africa (Bhattacharya, 2010). India has set up many embassies in Sub-Saharan Africa, has launched high-level business conclaves and summits, such as the India-Africa summit in 2008, 2011, and 2015 to strengthen bilateral relations and discuss and deepen cooperation in development aid, infrastructure development and trade (Naidu, 2010). One of the main aims in India's diplomatic strategy is to find loyal African countries that help back India's quest for a permanent seat in the reformed United Nations Security Council (Bhattacharya, 2010). Africa is still traumatised by the negative impacts of the structural adjustment programmes introduced by the World Bank (WB) and International Monetary Fund (IMF) in the 1980s and relies on Chinese and Indian aid, which is said to be

¹ EJOLT stands for 'Environmental Justice Organizations, Liabilities and Trade' an FP7 project funded by the European Commission that concluded in 2015 (<http://www.ejolt.org>).

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