



GRAIN
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NEW AGRICULTURAL AGREEMENT IN ARGENTINA: A LAND GRABBER'S "INSTRUCTION MANUAL"

What are the implications when one of China's most powerful agribusiness firms starts acquiring thousands of hectares of land in the Province of Río Negro, Argentina for the production of soybeans, wheat, and oilseed rape to ship back to China? What are the consequences for the local communities that live in the region who were never consulted about these investments and commercial agreements? Why is the government paving the way for these deals, with all sorts of privileges promised to the Chinese investors, and not considering the implications for the region's food sovereignty?

An *instruction manual*: That's the way Argentine civil society organisations such as Foro Permanente por una Vida Digna, a community organisation based in the city of Viedma in Río Negro province, are describing an agreement signed by the provincial governor during his recent trip to China.¹ The agreement hands over thousands of hectares to Beidahuang, a Chinese state-owned corporation, for production of soybeans, wheat, and oilseed rape, among other crops.

The land will be leased so that the firm can install irrigation systems. Initially, Beidahuang will invest \$20 million to irrigate and grow crops on 3000 ha. But the project aims to reach a total investment of \$1.45 billion over twenty years and to cover 320,000 ha. Simply put, Beidahuang is trying to get its hands on a twenty-year food supply.

1 Soja: China y Río Negro hacen acuerdo ilegal, <http://farmlandgrab.org/17299> 15-10-2010

What is Beidahuang?

Beidahuang Group is a conglomerate of state-owned agribusinesses based in Harbin, province of Heilongjiang. It is one of China's largest rice millers and, through its subsidiary Jiusan Oil and Grain Group, one of the five largest soy processors.

According to the company's website, it owns nearly 5.5 million hectares (12% of the total area of Heilongjiang province), 418,094 head of beef cattle, 267,266 dairy cows, 1,315,000 breeding sows, 2,062,000 goats, and 6,352,000 head of poultry. It also owns 54 airports and 30 agricultural aircraft, 198 grain processing centres, 59 seed processing facilities, and 24,151 tractors.

Beidahuang is one of the few domestic soy processing companies in China that survived the country's entry into the World Trade Organisation (WTO) in 2001, when the government relinquished price controls on soybeans and imports. China became the world's largest soybean importer, and the country's domestic soy processing industry was taken over by the corporations that control world trade in soybeans: Wilmar, Cargill, ADM, Bunge, and Louis Dreyfus. Foreign companies now hold a stake in 64 of the 97 largest Chinese soy processors and control 80% of the country's total soy processing capacity.

The powerful Beidahuang Group has itself considered an alliance with foreign companies. However, the company's CEO, Tian Renli, made it clear that such an alliance would be premised on maintaining a Chinese controlling stake in the company, and that no "unfair additional terms" imposed by foreign enterprises would be accepted. In 2009 he told the Economic Observer (China) that if foreign companies disagree with him on this, he would rather build a global sales and purchasing network by himself, and complete the company's internationalisation process independently.

This appears to be the alternative for which the company has now opted. The agreement to produce soybeans in Argentina is not the only one of its kind. In 2008, Beidahuang reported that it had signed agreements with the Philippine government to develop 200,000 ha of rice, corn, and other crops in the province of Luzon. The current status of these agreements is unknown.

The global land grab took off as a new phenomenon in 2007–08 when food-importing governments and profit-seeking companies began to buy up or lease vast areas of farmland in Africa, Asia, and Latin America. This new land grab differs from historical examples of the phenomenon in terms of its broader scope and stampede-like pace; its use of the land to grow staples rather than luxury crops; the fact that it is led by the private sector (though governments have a supporting role), and, most important, the fact that it has nothing to do with development. It is a matter of expanding and consolidating agribusiness control, nothing more.

The Río Negro provincial government has touted this project as a "food production agreement" and as an investment in irrigation for the province's lower valley. It says this is a necessity given the national government's refusal to fund irrigation infrastructure.² But in reality, the agreement is just a land giveaway for industrial soy production. The Chinese state-owned company gets a long list of unconditional benefits for free.

² Accatino confirma el plan, molesto con los críticos, 13-10-2010 <http://www.rocaportal.com.ar/blog/accatino-confirma-el-plan-molesto-con-los-criticos/>

It's important to realize that when the agreement was finally made public at the end of 2010, it had already been signed. The substance of the talks with the Chinese government was kept secret for over a year after the opening of the talks were announced.

The cooperation agreement is composed of two sub-agreements: one for the agrifood investment project, and one covering the submission of an investment proposal to build a new terminal in the port area of San Antonio Oeste. There is also a schedule to the agreement whose purpose is to expedite the "cooperation timeline."

The "instruction manual" contains a set of clauses entrenching a business model that maximises the company's profits and leaves it free of liability. Some of the detailed aspects of the deal are:

- Investment guarantees: The Río Negro government offers "the best investment policy, including legislated guarantees."
- Establishment in Río Negro: The provincial government undertakes to provide office space at no cost whatsoever as well as housing in "the domicile of the provincial government." It also offers transportation and office equipment.
- Free "viability studies": The Río Negro government undertakes to defray all costs related to "investment viability" studies. These comprise "the investment environment, available resources, investment policy, and economic benefits."
- Free land: To begin, the government will provide 3000 ha "at no charge" for experimental high-yield cropping. Also to be made available immediately are 20,000 ha of "idle land equipped with irrigation channels in the region under the governance of Idevi [Instituto de Desarrollo del Valle Inferior del Río Negro, a government agency responsible for development of the lower valley]." The great giveaway continues with the provision of information on 234,000 ha in various valleys of the province (Colonia Josefa, Negro Muerto, Guardia Mitre, Margen Norte, and La Japonesa on the Río Colorado) for future exploitation.
- Tax exemptions: The Río Negro government will make all the necessary arrangements so that it can apply rules "exempting [the company] from all provincial income taxes and other taxes or charges, such as on gross revenues, stamps, patent fees, etc." At the same time, the government undertakes to apply to the national government for the company's investments to be exempted from "reserve requirements."
- Technical support: The Río Negro government assures Beidahuang the cooperation of all the technicians working for its water authority, and will make available all previous engineering studies and other preliminary work done on developing the port project.
- Use of the port: Until such time as the future port covered by the agreement is built, the Río Negro government offers part of the San Antonio Oeste port zone free of charge, and will allot 5 ha for the company's use. Here the wording is unclear, and the obligation to build the new port itself appears to rest with the company.



It is important to remember that Beidahuang is not even registered in the province, and, until that situation changes, "Strong Energy," an unknown firm, will act as its representative.³

Once again we see the same situation as in the majority of land grabs: governments cave in to the demands of other countries or companies to occupy our land without fair

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Se vienen los Chinos http://www.multimedios2deabril.com.ar/?direccion_del_navegador.294.7209 , 31-1-2010

compensation. No community consultation, no impact assessment: the people's interests are simply disregarded and trod upon.

And of course, when the company departs after twenty years (the term of the concession, although the port is being given away for fifty years, automatically renewable for another fifty), the land to be inherited by future generations will be degraded and depopulated. Such is the provincial government's unequivocal commitment to our descendants.

The lower Río Negro valley

The Río Negro is an Argentinean watercourse flowing southeast to the Argentine Sea. The watershed is divided into upper, middle, and lower portions, this last being the one located closest to the mouth of the river. At that point the river enters a flat plain where it meanders, creating a maze of channels (some of them now dry) before reaching the ocean.

All this land was under the control of the original peoples (the Mapuche) until 1879, when the genocide known as the "Conquest of the Desert" entered its final phase. That was when this land began to be occupied by an export-oriented model of agriculture under the impetus of the governing elite of Argentina, known from that time on as the "Generation of '80."

One factor that changed the entire agricultural profile of the valley was the construction of irrigation systems. The first channels were built in 1884, allowing for eventual conversion of the upper valley into an export-oriented fruit and vegetable production zone (apples, pears, and grapes are some of the main crops). This infrastructure was not built in the lower valley, and that is the provincial government's official excuse for the current agreement with China.



In the face of such a provocation, the people of Río Negro are not sitting quietly. Students, environmental organisations, unions, church groups, and others are joining in what has now become a worldwide clamour: NO to land grabs! YES to land for peasants, native peoples, workers, and small farmers! YES to food sovereignty!

Environmental experts in the province have denounced the project as a form of "ecocide". They have raised the alarm in regard to the high environmental and health impacts that can be expected in an area characterised by low natural precipitation (200 mm annually) and extremely limited water availability. They also point to irregularities in the Province's zoning of native forests (National Forests Law no. 26.331), which make it possible for the project to go ahead.⁴

Prior to the signing of the agreement, the environmental organisation Piuke de Bariloche stated that "decisions over what will be produced on our lands will be subject to the needs of the country making the infrastructure investment. No alternative to the foreign take-over

⁴ Ecocidio en la Provincia de Río Negro. En el año internacional de la biodiversidad. <http://www.losquesevan.com/ecocidio-en-la-provincia-de-rio-negro.-en-el-ano-internacional-de-la-biodiversidad..724c>

("extranjerización") of our agricultural production is being contemplated. China needs soybeans? Then soybeans will be planted. This policy flies in the face of our food sovereignty. It's not even so much the market that's deciding what we will produce: it's China, a powerful and growing global actor."

China's role in the land grab

China is ostensibly self-sufficient in food, but its population is gigantic, its farmland is disappearing under the encroachment of industry, its water supply is under intense pressure, and the Communist Party has a long-term future to think about. With 40% of the world's farmers but only 9% of its farmland, China has understandably made food security one of the main points on its agenda. And with over \$1.8 trillion in currency reserves, China has enough money to invest in its own food security overseas. As numerous Southeast Asian peasant leaders and activists are well aware, Beijing has been gradually offshoring its food production since before the eruption of the world food crisis in 2007. China's new geopolitical diplomacy and its aggressive foreign investment strategy have led, in recent years, to some thirty agricultural cooperation treaties giving Chinese companies access to farmland in "friendly countries" in exchange for technology, training, and infrastructure funding. This is happening not only in Asia but all over Africa, with a number of highly diverse and complex projects. From Kazakhstan to Queensland and from Mozambique to the Philippines, a systematic and well-described process is taking place whereby Chinese companies lease or purchase land, set up large agricultural establishments, and send their farmers, scientists, and extension workers there to produce crops. The largest part of Chinese offshore agriculture is dedicated to producing rice, soybeans, and corn along with agrofuel crops such as sugarcane, manioc (cassava), and sorghum.

In essence, the Chinese land grab strategy is conservative: the government is using financial mechanisms to protect its investments and maximize its domestic food supply options in the long term. The pressures caused by the loss of farmland and fresh water supplies in China are so great that "China has no option but to go abroad," says one member of the Chinese Academy of Agricultural Sciences. Food, side by side with energy and minerals, is occupying an increasingly prominent place in China's overall foreign investment strategy.⁵

Rural Grupo de Reflexión Rural, an Argentine civil society group that analyzes agricultural policy and proposes alternatives, also denounced the agreement, stating that "unconditional set-asides of land for China to produce Roundup Ready soy represent an immeasurably greater risk than the impacts of large-scale chemical agriculture itself. If this project goes ahead, an enclave would be formed in Patagonia on a scale similar to what China and several European countries are doing in Africa; namely, they are buying up and taking vast areas of land out of circulation to meet their own food and forage production demands."⁶

Students have reacted with equal vehemence. Asociación Biológica del Comahue, a member group of the Argentine Federation of Biology Students, along with more than 450 students from the 12 provinces in attendance at the *Ninth National Biology and Environmental Science Students Fair* in the city of Bariloche (8–12 October 2010), unconditionally rejected the agreement on the grounds that it furthers the invasion of Argentina by transgenic soybeans, as well as causing grave environmental and health impacts for the local communities as a result of massive glyphosate spraying.⁷ Likewise,

⁵ Seized: The 2008 Landgrab for Food and Financial Security. GRAIN, October 2008, <http://www.grain.org/briefings/?id=214>

⁶ ¡Se Colonias del Siglo XXI: alimentos, especulación y arrebato territorial <http://www.grr.org.ar/documentos/coloniasxxi.htm>

⁷ Río Negro: profesionales y estudiantes de Biología rechazan la producción de soja en la provincia <http://puertae.blogspot.com/2010/10/rio-negro-profesionales-y-estudiantes.html>

high school students in the cities of Viedma and Patagones stated, “The high school students of our cities oppose the ‘soy megaproject’ slated to be carried out in the middle and lower Río Negro valleys. This project unscrupulously hands over 320,000 ha of our provincial and national heritage to foreign invaders, threatening to destroy its productive value.”⁸

A group of residents consisting of members of community organisations, teachers, students, and ex-students of Escuela Secundaria de Formación Agraria, an agricultural high school, along with members of the Foro Permanente por una Vida Digna, the Consejo Asesor Indígena (CAI) Viedma, the Centro Universitario Regional Zona Atlántica (CURZA), and various political parties met in the month of December 2010 and issued the following statement:⁹

“We firmly reject the ‘Framework Agreement’ recently signed by the current executive of the province of Río Negro with Chinese companies and/or the Chinese government, which allows for the use of vast areas of the lower and middle Río Negro valley by Chinese companies to grow transgenic soybeans. The agreement was not even made public in Spanish.”

The Mapuche people, too, publicly rejected the agreement and are contemplating legal action: “The idea is to start by filing an amparo [constitutional relief] action in court to try to stop this, since in none of these cases were any of the rights of the original peoples taken into account, much less the right to free prior informed consent. This right is enshrined in ILO Convention 169, which Argentina has ratified (Law 24.071). So the idea is to begin by asserting this right since, though it has not yet been given full legal protection, we think that it’s already possible to start filing amparos.”¹⁰

Another voice speaking up is that of the provincial Pastoral Care Ministry of the Catholic Church, which expressed disapproval of the “leasing of public or private lands, whether to large organisers of contract agriculture (pools de siembra), be they Argentine or foreign, or to provinces of a country like China.” The Ministry added that “soy and other industrial crops will not be welcomed under the conditions created by this agreement, which clearly jeopardises the future of Río Negro residents.”¹¹

Foro Permanente por una Vida Digna has launched a campaign under the banner “NO SOYA, NO CHINA: land and food sovereignty for Argentina.” The organisation states, “We oppose the agricultural export megaproject being carried out by the national and provincial governments, which jeopardises 320,000 ha of land and nature in our province by handing it over to the Republic of China to do with it as it sees fit. This violates our sovereign laws, posits a future of farming without farmers, and contaminates us with pesticides. It is a project that does great harm to this generation and the ones to come.” (To join this

⁸ Manifiesto de estudiantes secundarios del Viedma y Patagones, 20-11-2010, <http://rionegrocontaminada.blogspot.com/2010/11/ni-soja-ni-china-soberania-territorial.html>

⁹ Argentina: declaración en contra del cultivo de soja transgénica y del modelo herbicida de glifosato, diciembre 2010, http://www.biodiversidadla.org/Principal/Contenido/Documentos/Argentina_declaracion_en_contra_del_cultivo_de_soja_transgenica_y_del_modelo_herbicida_de_glifosato

¹⁰ <http://www.originarios.org.ar/index.php?pageid=13¬iciaid=6782>

¹¹ Argentina: La iglesia rionegrina planteó sus críticas al proyecto de sojización con China, 25-12-.2010, <http://farmlandgrab.org/post/view/17922>

campaign, write to Foro Permanente por una Vida Digna at nisojanichina@gmail.com.)

Governor Saiz has turned a deaf ear to all these objections: he signed the agreement and is proceeding to put it into action. But organised opponents of the agreement are saying clearly and publicly that the last word has yet to be spoken.

GRAIN is a small international non-profit organisation that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems. "Against the grain" is a series of short opinion pieces on recent trends and developments in the issues that GRAIN works on. Each one focuses on a specific and timely topic. All GRAIN's publications are available on our website: www.grain.org