

GLOBAL RUSH FOR AGRICULTURAL LAND: INTRODUCTORY SNAPSHOT

Hdeel Abdelhady

MassPoint

LEGAL AND STRATEGY ADVISORY PLLC

habelhady@masspointpllc.com

ABA International Spring Meeting • April 23, 2013

Land Acquisitions:

Who, What, When, Where, Why...

- Governments, for-profit entities acquiring agricultural land to secure food supplies for home jurisdictions and for commercial purposes.
 - Governments look overseas due to inability to produce at home (e.g., Middle Eastern states, particularly in the Gulf).
 - For-profit entities see the near- and long-term for profit opportunity.
- Local governments often are counter-parties.
- Small farmers and local communities affected, often adversely or in ways that are not clear (for various reasons).
- Land deals in Africa, East, South, and Central Asia, etc.
- Terms of land deals and effects often are opaque.

Issues:

Legal, Political, Social, Environmental

- ❑ Lack of coordinated investment, poor or absent environmental planning, insufficient protection of (or clarity as to) rights of affected communities, and absence of financial and legal inclusiveness complicate issues.
- ❑ Agriculture, land, food, and particularly agricultural land have qualitative/sentimental value for local land owners, small farmers, communities, and nations, which compounds the issues.
- ❑ Land acquisitions (labeled “land grabs” by some) are politically risky; see e.g., Madagascar, Vietnam, Australia, Arab Spring.
- ❑ Land acquisitions are fraught with legal risk at the local (unclear land/other rights, lack of transparency), national, and international levels.
- ❑ Usage of large tracts of land and water resources by acquirer parties raises questions as to environmental impact and sustainability, including from the perspective of international law and other states (e.g., permanent sovereignty over natural resources).

And Economic Issues:

Food Insecurity: % of Spending on Food

Source: AEI, April 22, 2013 (<http://www.aei-ideas.org/2013/03/chart-of-the-day-as-a-share-of-household-spending-the-us-has-the-most-affordable-food-in-world/>) (Compiling USDA International Data for 2011).

RANK 2011	COUNTRY	% CONSUMPTION SPENDING ON FOOD	HOUSEHOLD CONSUMPTION PER PERSON	SPENDING PER CAPITA ON FOOD
1	U.S.	6.7%	\$33,575	\$2,239
2	Singapore	7.4%	\$18,874	\$1,393
3	U.K.	9.4%	\$23,728	\$2,225
4	Canada	9.7%	\$27,632	\$2,688
5	Switzerland	10.2%	\$45,317	\$4,608
6	Ireland	10.2%	\$22,153	\$2,260
7	Australia	10.7%	\$36,292	\$3,880
8	Austria	10.9%	\$27,479	\$2,997
9	Germany	11.1%	\$23,937	\$2,658
10	Denmark	11.2%	\$28,592	\$3,200
11	Netherlands	11.8%	\$22,148	\$2,612
12	Finland	12.0%	\$25,857	\$3,109
13	Qatar	12.3%	\$13,672	\$1,683

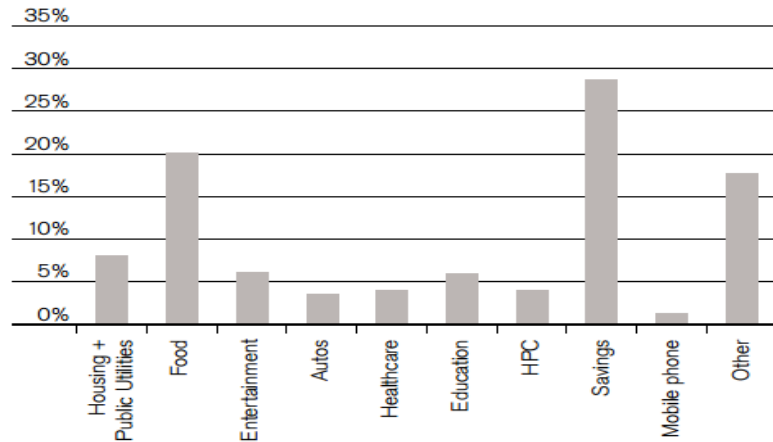
Food Insecurity: % of Spending on Food

CHINA

Figure 34

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey

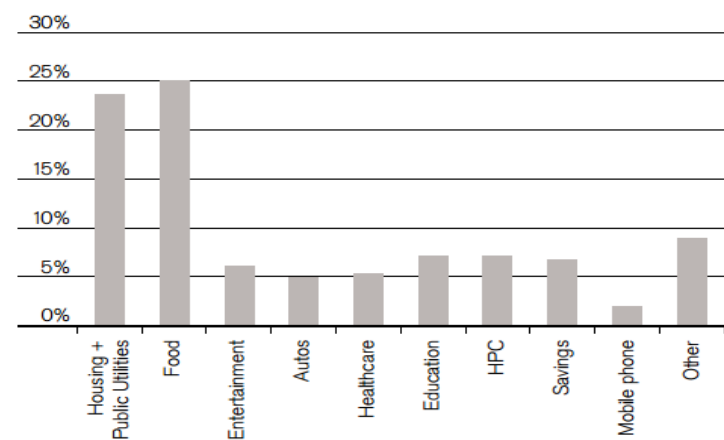


TURKEY

Figure 76

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey



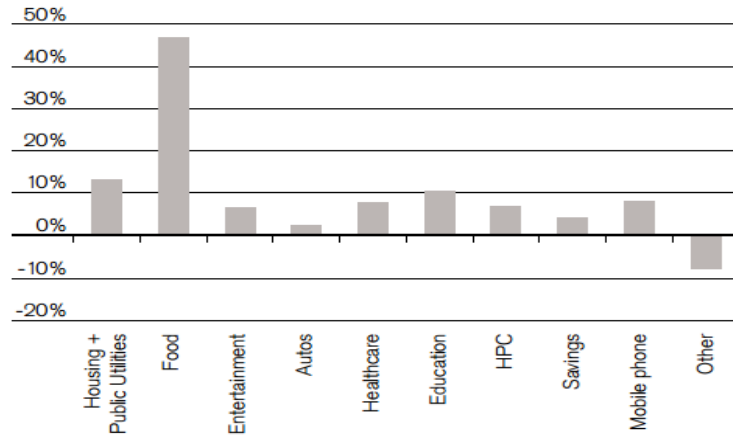
Food Insecurity: % of Spending on Food

EGYPT

Figure 41

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey

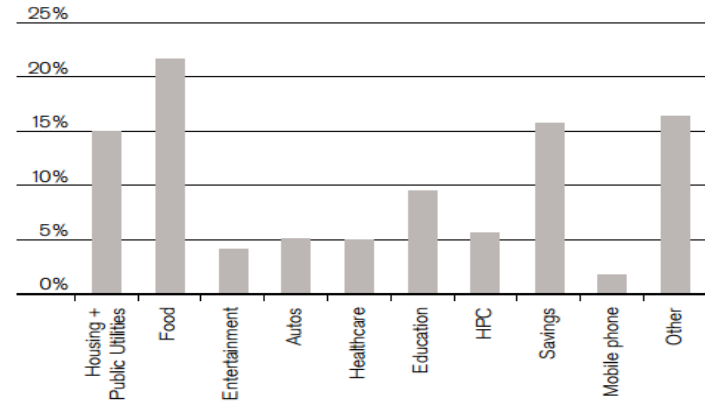


INDIA

Figure 48

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey



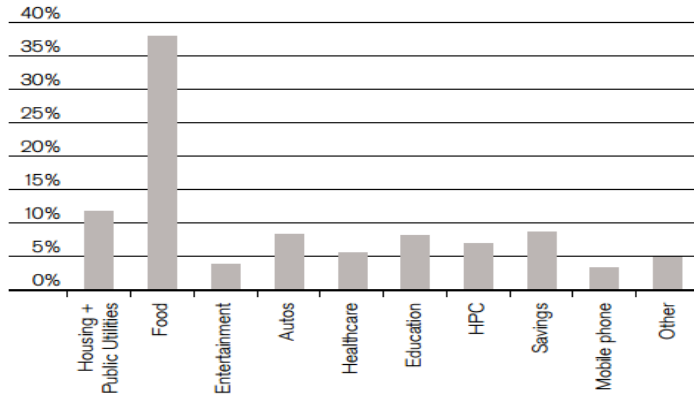
Food Insecurity: % of Spending on Food

INDONESIA

Figure 55

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey

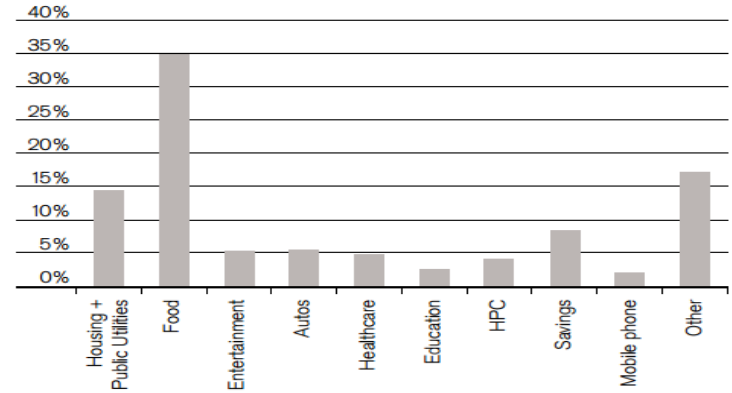


RUSSIA

Figure 62

Monthly spending by category (%)

Source: Credit Suisse Emerging Consumer Survey



A Multi-Dimensional, Growing Problem

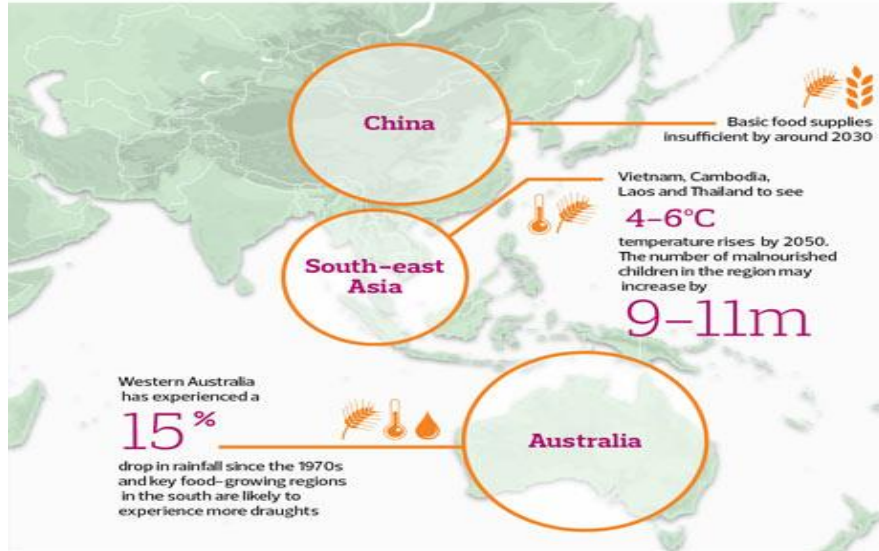
- ▣ Global population projected at 9 billion by 2050. (FAO)
- ▣ Food production must double by 2050. (FAO)
- ▣ Price rises and instability, impact on governments and consumers, without commensurate rises in income/economic growth.
- ▣ Sub-optimal, reactive policy responses.
- ▣ Insufficient credit/finance for small farmers and other small-scale parties in the food chain.
- ▣ Water scarcity.
- ▣ Climate conditions, e.g., “Millions Face Starvation as World Warms” The Guardian (April 13, 2013).

Climate Change and Food Insecurity

ASIA AND OCEANIA

One in five people live in China – if temperatures rise as forecast, it may not be able to feed itself within 20 years. China could escape the worst

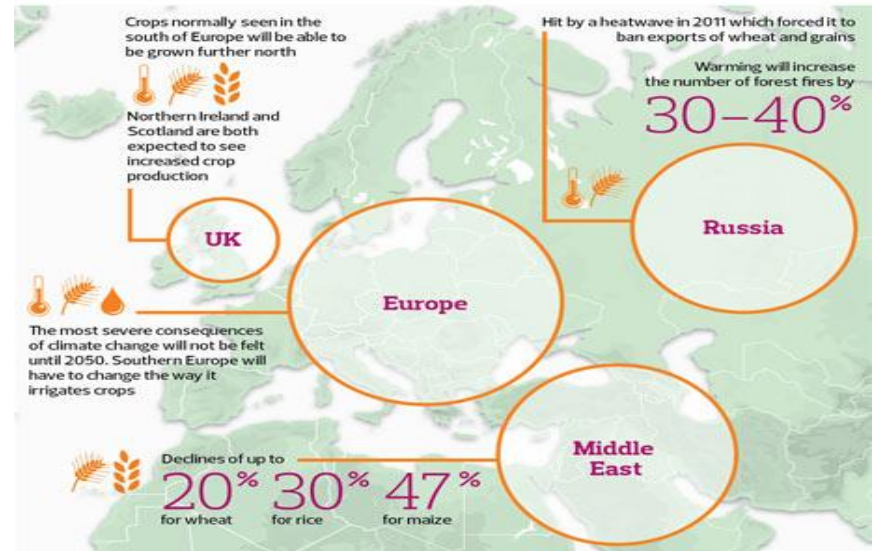
consequences of extreme climate change for food security because its wealth will allow it to buy food on the international markets.



EUROPE AND MIDDLE EAST

Water will be crucial in the south where even a 2°C temperature rise will ruin crops. Britain and Scandinavia may benefit as new crops grow, but

with the global nature of the food system, a climate disaster on one side of the planet can mean food price shocks everywhere.



Source: The Guardian, Climate change: how a warming world is a threat to our food supplies, April 13, 2013

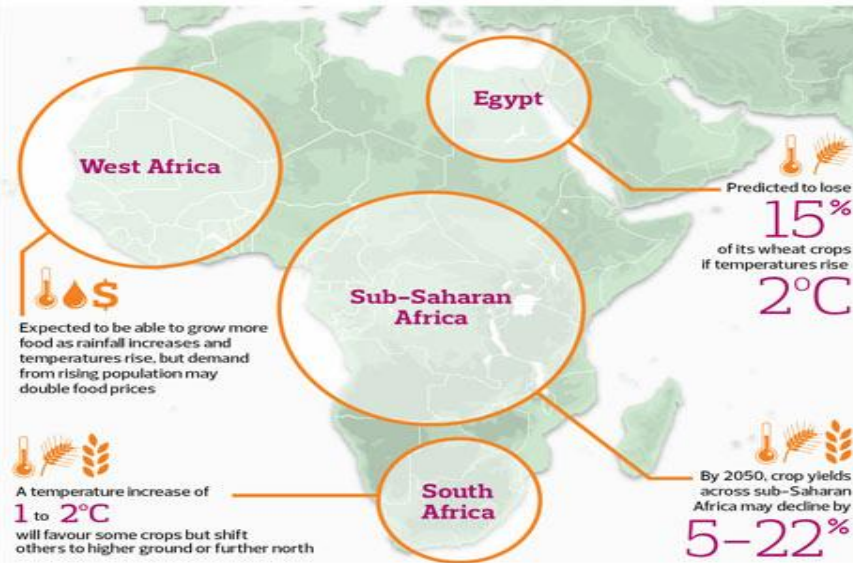
(<http://www.guardian.co.uk/environment/2013/apr/13/climate-change-threat-food-supplies>)

Climate Change and Food Insecurity

AFRICA

Africa will be the worst hit by climate change. It has the most hungry people, the fewest resources to adapt and its population will double

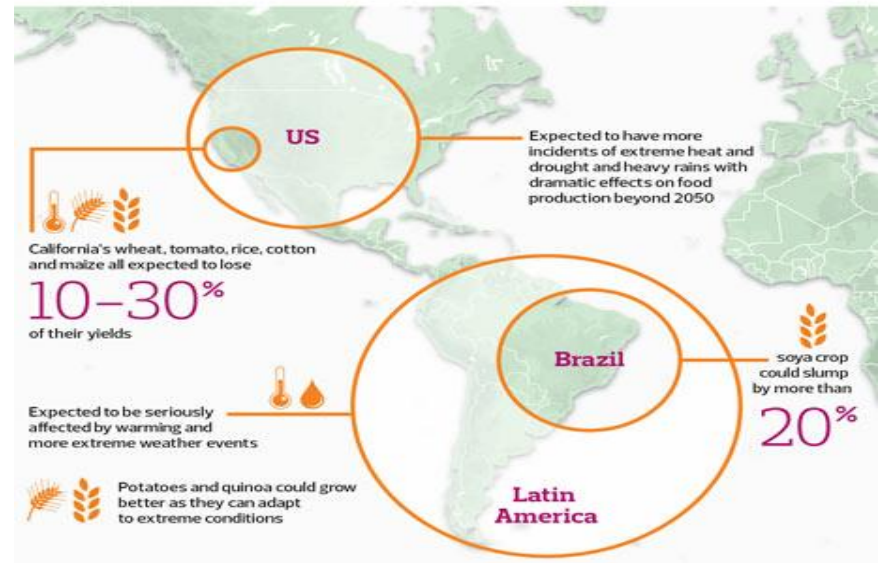
in the next 40 years. Some countries may be able to grow more, but others may come to depend on food aid.



AMERICAS

Canada will be a winner as crops move north but much of the US will be ravaged by more intense droughts, heatwaves and floods. Areas such as

California will see crop yields decline fast after 2050. In Latin America, potatoes and quinoa could be the best crops to grow.



Source: The Guardian, Climate change: how a warming world is a threat to our food supplies, April 13, 2013

(<http://www.guardian.co.uk/environment/2013/apr/13/climate-change-threat-food-supplies>)

Responses, Potential Responses

□ **Legal and Policy**

- Principles for Responsible Agricultural Investment.
- Guidelines for food export (repatriation) by foreign investment at times of local food shortages.
- Multi-lateral efforts to enforce local rights.
- Multi-lateral efforts to define and enshrine local rights.
- Bilateral, multi-lateral frameworks governing agricultural land use by third parties in states sharing a common resource, such as a waterway.

□ **Practical**

- Infrastructure building (e.g., delivery and storage).
- Training, know-how, technology; e.g., storage, delivery, agricultural practices.
- Proper allocation of resources and long-term outlook, rather than short-term approaches that ultimately are unsustainable (e.g., Saudi Arabia).
- Structure agricultural investment in ways that are inherently inclusive, financially, environmentally, and legally.

Thank You

Global Rush for Agricultural Land • April 23, 2013

Hdeel Abdelhady

MassPoint

LEGAL AND STRATEGY ADVISORY PLLC

habdelhady@masspointpllc.com