Research-based Policy Dialogue on FDI and LSLA
Objective: Take stock of 20 years of large-scale land acquisitions with a regional perspective
Rise, fall and rise again of large agricultural plantations

- Introduction of agro-industrial plantations: 1830
- Agrarian reform, Collectivization, Land-to-the-tiller: 1950
- Reemergence of plantation: 1990

**C**
1860 - 1953 - 1989

**L**
1890 - 1954 - 1986

**M**
1830 - 1947 - 1988

**V**
1860 - 1954 - 1986

- PRK
- NEM
- SLORC
- Doi Moi
The rise again of large agricultural plantations
Why?

→ Ups (and downs) in the agricultural commodity price

Real price, Index 2010=100

Data: World Bank
The Large-Scale Agricultural Development Model

- Large Scale is an option in countries with yield gap and land availability (Deininger et al 2011)
- Underlying assumptions: investment, scale, labour, revenue and agro-processing
- Seek complementarity between large-scale and small-scale models

Opportunities for governments: promote development, territorial control and geo-strategic interests
Changing regional context

- Structural economic transformations in CLMV countries

- Economic asymmetries and the central role of China in regional agricultural commodity trade flows

- Convergence of investments and trade negotiations
Structural transformations in CLMV countries

GDP Growth - Cambodia (constant price)
+ 6.9 % (2006-2016)

GDP Growth - Myanmar (constant price)
+ 8.9 % (2006-2016)

GDP Growth - Lao PDR (constant price)
+ 7.8 % (2006-2016)

GDP Growth - Vietnam (constant price)
+ 6.1 % (2006-2016)

Data: World Bank
Structural transformations in CLMV countries

GDP Structure - Cambodia

GDP Structure - Myanmar

GDP Structure - Laos

GDP Structure - Vietnam

Data: World Bank
Asymmetries of economic power

2016 Balance of Trade, billion USD

<table>
<thead>
<tr>
<th>Country</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>+485</td>
</tr>
<tr>
<td>South Korea</td>
<td>+120</td>
</tr>
<tr>
<td>Singapore</td>
<td>+83</td>
</tr>
<tr>
<td>Japan</td>
<td>+38</td>
</tr>
<tr>
<td>Thailand</td>
<td>+36</td>
</tr>
<tr>
<td>Malaysia</td>
<td>+24</td>
</tr>
<tr>
<td>Indonesia</td>
<td>+15</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>+14</td>
</tr>
<tr>
<td>Brunei</td>
<td>+2</td>
</tr>
<tr>
<td>Cambodia</td>
<td>-3</td>
</tr>
<tr>
<td>Laos</td>
<td>-4</td>
</tr>
<tr>
<td>Myanmar</td>
<td>-7</td>
</tr>
<tr>
<td>Philippines</td>
<td>-34</td>
</tr>
<tr>
<td>India</td>
<td>-104</td>
</tr>
</tbody>
</table>

(BT=Exports-Imports)

Data: ADB, 2017
Mapping: J.-C. Diepart

Agricultural commodities trade flows?
China–Mekong trade relations: only one part of a much wider picture

From World

From CLMV + T

4.5%

Chinese imports
All commodities

To World

To CLMV + T + China

22%

Total exports from CLMV+T
All commodities

Data source: Comtrade, 2015
But trade of agricultural commodities is more important regionally.

Data source: Comtrade, 2015
2006-2015 Aggregate trade flows of agricultural commodities (2 levels)

<table>
<thead>
<tr>
<th>Destination</th>
<th>Value (billion $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand to China</td>
<td>77.5</td>
</tr>
<tr>
<td>Viet Nam to China</td>
<td>29.9</td>
</tr>
<tr>
<td>Thailand to Viet Nam</td>
<td>6.6</td>
</tr>
<tr>
<td>Myanmar to China</td>
<td>5.4</td>
</tr>
<tr>
<td>Cambodia to Viet Nam</td>
<td>3.7</td>
</tr>
<tr>
<td>Laos to China</td>
<td>3.4</td>
</tr>
<tr>
<td>Laos to Viet Nam</td>
<td>3.0</td>
</tr>
<tr>
<td>Viet Nam to Thailand</td>
<td>2.7</td>
</tr>
<tr>
<td>Myanmar to Thailand</td>
<td>1.9</td>
</tr>
<tr>
<td>Laos to Thailand</td>
<td>1.1</td>
</tr>
<tr>
<td>Cambodia to China</td>
<td>0.9</td>
</tr>
<tr>
<td>Cambodia to Thailand</td>
<td>0.8</td>
</tr>
<tr>
<td>Myanmar to Viet Nam</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Data source: Comtrade, 2015

Source: Comtrade, 2015
Mapping: J.-C. Diepart
Increase in FDI but FDI in agriculture is small

Share of agriculture, forestry and fisheries in FDI

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>10.38%</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>4.20%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>2.09%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>0.41%</td>
</tr>
</tbody>
</table>

Data: ASEAN Secretariat, 2016

Data: UNCTAD
Convergence of trade and investment agreements as part of regional integration

ASEAN
Association of Southeast Asian Nations

RCEP
Regional Comprehensive Economic Partnership

TPP
Trans-Pacific Partnership

APEC
Asia-Pacific Economic Cooperation
National institutional frameworks for LSLA

Cambodia:
- Contracting Authority
  - Council Development Cambodia (one stop service)
  - Provincial Investment Committee
- Technical Secretariat for Economic Land Concessions
  - MAFF, MEF, MLMUPC, MoC, CoJ, CDC

Myanmar:
- Land Authority
  - Military and Regional Commander
  - MoALI, CCVFV, MoNREC
  - Myanmar Investment Commission
  - 1951 Waste Law, Land Act, Fresh Water Fisheries Law
  - Land Use Permit for Large Scale Agricultural Land Concessions
  - Investment law, EIA procedures

Vietnam:
- MPI
  - Law on investment 2014
  - Law on Enterprises 2014
  - MARD
  - MoNRE
  - 2014 Law on Environmental Protection
  - 2005 Law on Forest Protection and Development
  - 2003 Law on Fisheries
  - 2013 Law on Water Resources
  - Lease, Sub-Lease, Contract Farming
Characteristics of land deals

→ Spatiality of land deals

→ Agrarian structure: large-scale versus smallholder

→ Intra-regional flows of investments on land

→ Cluster of investments
Transformation of agrarian structures

Myanmar

**Agro-Business Concessions:**
Area: 2.08 M. ha
# Deals: 3,603

**Smallholders:**
Area: 13.1 M ha
Population: 64%

Sources:
Concessions: ODC 2017 (+MRLG)
Smallholders: FAO, 2014

Viet-Nam

**Agro-Business Concessions:**
Area: 0.25 M. ha
# Deals: 7

**Smallholders:**
Area: 10.0 M ha
Population: 61%

Sources:
Concessions: Land Matrix, 2017
Smallholders: FAO, 2014

Cambodia

**Agro-Business Concessions:**
Area: 2.03 M ha
# Deals: 245

**Smallholders:**
Area: 3.2 M. ha
Population: 64%

Sources:
Concessions: MRLG, 2017
Smallholders: FAO, 2014

Laos

**Agro-Business Concessions:**
Area: 0.44 M ha
# Deals: 571

**Smallholders:**
Area: 1.1 M. ha
Population: 74%

Sources:
Concessions: NAFRI-CDE, 2012
Smallholders: FAO, 2014
Intra-regional flows of investment in land and economic securitization

Data source: ODC, CDE, MoALI
Mapping: J.-C. Diepart
Geo-politics: GMS corridors and land concessions

Data source: ODC, CDE, MoALI
Mapping: J.-C. Diepart
Clusters of investments

1. Chinese-domestic investments in rubber
2. Thai-domestic investments in rubber
3. Chinese-domestic investments in rubber
4. Chinese-domestic investments in banana
5. Vietnamese-domestic investments in rubber
6. Thai-domestic investments in sugar cane
7. Thai-domestic investments in sugar cane
8. Thai-Vietnamese investments in coffee/cassava/rubber

Data source: ODC, CDE, MoALI
Mapping: J.-C. Diepart
Expansion of commercial agriculture is a leading driver of deforestation (Woods 2015)

Land acquisitions (ELC) can act as powerful drivers of deforestation (Davis et al 2015)
Deforestation and ELC in Cambodia

Tree loss 2002-2016 (since 2002 log ban)

Land Concession up to 2016

Data source: Hansen et al.
Mapping: J.-C. Diepart
Impacts - land use [in]efficiency

C  - Area planted represent only 20 percent of the total land area allocated (Fella et al, 2017)

L

M  - 23% of concession area planted (Woods, 2015)
    - 14.5% of concession on VFV land are planted (U San Thein and Diepart 2017)

V
Impacts - land use [in]efficiency

Source: San Thein and Diepart 2017

\[ y = -0.0457x + 0.6496 \]

\[ R^2 = 0.802 \]
Impacts - land [in]availability and land conflicts

C - 770,000 people affected by ‘land grab’ between 2000-2013 (Adhoc 2014)

L - ‘Facilitated’ Dispossession (Kenney Lazar 2012)

M - Use of force by military (LIOH, 2015)

V - Dispossession through ‘constrained’ land allocation to large scale rubber scheme (Dao 2015)
Impacts - economic returns

Impacts on livelihood
✓ Job creation: quite limited for locals, working conditions questionable and seasonality issues (Kenney Lazar 2012)
✓ Wage labor and new income formation mechanisms (Diepart and Sem 2016, Kenney-Lazar 2012, Dao 2015)
✓ Negative impacts outweigh positive ones (Gironde et al., 2015)

Small contribution to national revenue
✓ Cambodia: 0.14 % national budget in 2015 (PPP, 2016)

Counter-movements: Communities and civil society
Evaluations by the State ....

Cambodia

Order 01

Myanmar

‘Return of land’

Laos

Moratoria and Evaluation

Viet Nam
... the fall again of large scale plantations?

Thank you
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