

## **BRAZIL: Growing Foreign Appetite for Land**

**Mario Osava**

**RIO DE JANEIRO, Mar 24 (IPS) - It is a question of "national sovereignty, not xenophobia," said the president of Brazil's land reform agency, INCRA, explaining the need to regulate foreign land ownership in Brazil.**

The biofuel frenzy has driven growing purchases of land in Brazil in the last few years, by local and foreign investors alike. Global financier George Soros, Microsoft chairman Bill Gates, the owners of Google and former U.S. president Bill Clinton (1993-2001) have all bought land or are partners in companies dedicated to the development of bioenergy in this country.

As a result, land prices have climbed. The price per hectare rose by an average of 18 percent in 2007, and much more than that in areas where cultivation of grains and sugar cane is expanding, according to the Instituto FNP, an agribusiness consulting firm in Sao Paulo.

Some measure of control must be exerted over rural property in the hands of foreign owners, in order for the country to be fully aware of the extent of the phenomenon and to have power over how land is used, the head of INCRA, Rolf Hackbart, told IPS.

"It's not a question of prohibiting foreign investment," he clarified.

A Brazilian law has regulated sales of land to foreigners since 1971, restricting purchases to residents or companies operating in the country and setting size limits on the areas that can be purchased.

The sale of properties over a certain size to foreigners requires congressional approval, and foreign nationals cannot own more than one-quarter of any municipality.

In addition, any foreigner wishing to buy land within 150 km of the border must first obtain special authorisation from the National Security Council.

But "there is a vacuum" caused by a 1995 constitutional amendment that eliminated the distinction between national and foreign companies, said Hackbart. That led to the disappearance of regulation of land occupied by companies that are partly foreign-owned.

Since last year, an interministerial working group has been studying alternatives for regulating growing purchases of land by companies that are majority foreign-owned, particularly in the Amazon jungle, where even international environmental organisations are promoting purchases of land by foreigners, in this case for conservation purposes.

Agribusiness sectors and the "rural" bloc in Congress, especially members of the conservative Democratic Party, are opposed to such regulations.

Brazil already has the necessary laws, and should guarantee "the right to property, free of xenophobia," argued Leoncio Brito, chairman of the agrarian affairs commission in Brazil's Confederation of Agriculture and Livestock (CNA)

Just as the government sets no restrictions on the speculative capital that moves freely in and out of Brazil, it has no reason to place limitations on "those who invest in production, setting up shop in the country, bringing in technology and paying taxes. That would be double standards," Brito remarked to IPS.

He maintains that it makes little sense to control the areas in foreign hands, which amount to less than one percent of the total, while 320 million hectares, or 38 percent of the national territory, have been dedicated to conservation, indigenous reservations and peasant settlements, and only 62 million hectares to agriculture.

But João Pedro Stédile, one of the leaders of the powerful Landless Workers Movement (MST) that is pressing for faster and broader agrarian reform, argues that it is necessary to limit foreign-owned property in the Brazilian countryside "to 1,000 hectares, for example, as a question of justice and to improve the lives of Brazilians."

Immigrants "who come to Brazil to work should have the same rights as Brazilian workers," in the land reform process, which means they should be entitled to farms of up to 100 hectares, but foreign companies should be subject to limitations on how much property they can purchase, just as they are "in every country in the world," he told IPS.

"All developed countries control their land," and in Brazil, the regularisation of land ownership is an enormous challenge, indispensable for "economically, socially and environmentally sustainable development," argued Hackbart, the head of INCRA, which is the Development Ministry body in charge of agrarian reform.

INCRA's land registry, which is still incomplete, shows 33,228 foreign-owned rural properties covering 5.58 million hectares, which amounts to 0.97 percent of the total area that has been formally registered, Hackbart informed the agriculture and environment committees in the Senate, which held a hearing to discuss the issue on Mar. 5.

Control over land ownership in Brazil is precarious not only in relation to foreigners. Just four percent of the Amazon jungle is legally owned by private interests, while 31 percent -- 158 million hectares -- is in private hands, but without formal title, according to studies by the non-profit Amazon Institute of People and the Environment (IMAZON).

And in the 65 percent of the Amazon region that is publicly owned, control is also uncertain because of extensive illegal occupations of land.

In the last few years, INCRA has become more active and has carried out a major land titling effort, starting with 36 municipalities in the Amazon region where deforestation has increased since last year, said Hackbart.

The agency now has more technological resources, like georeferencing -- assigning map coordinates to an image, crucial to making aerial and satellite imagery.

The alarm sounded over foreign ownership of land also focuses on the country's borders. There have been worried reports that the Finnish-Swedish forest products company Stora Enso wants to purchase large areas in southern Brazil to plant eucalyptus trees to provide the raw materials for its paper pulp plants.

A draft law sponsored by Senator Sergio Zambiasi would reduce the area along the border defined by the constitution for national security purposes from 150 to 50 kilometres.

But Stédile defends the 150-km definition and says the government should expropriate land that has been purchased by foreign companies within this restricted zone in violation of the constitution, and assign it to landless rural workers as part of the official land reform programme.

He called the draft law "an affront to the country and a blatant favour to Stora Enso."

Brito, however, said no restricted zone makes sense in today's world, where information is available immediately in real time around the globe, and weapons are inter-continental and space-based. He argued that such restrictions amount to "a false defence of sovereignty."

Lucia Ortiz, with Friends of the Earth-Brazil, said that expanding the possibilities for transnational corporations to purchase land in this country would aggravate the already heavy concentration of land ownership, while accentuating environmental problems.

Sovereignty is not limited to security issues, but requires "diversification of production, based on local potential," she added. (END/2008)