Case:

Corporate agriculture farming in Pakistan

Society for Conservation and Protection of the Environment (SCOPE)

Pakistan is a vulnerable country for the worldwide trend of land grabbing due to its fertile land, abundant water supply and insecure tenurial system. The official corporate agriculture farming policy (CAF) to attract foreign investment is a magnet to land grabbers from the corporate sector and other entities that produce food for export back to their countries. Large-scale acquisition of land continues in the country, although official data are hard to come by for the civil society organizations who are working against this trend.

Overview: drivers of land grabbing

Pakistan is country of about 80 million people, with around 47 million below the food poverty line. Agriculture is the mainstay of the country's economy, accounting for 25% of GDP, 60% of export earnings and 48% of employment. Some 20.9 million ha. of land (26% of the country) are cultivated, of which 76% are irrigated by a vast network of canals, dams and barrages of the Indus River System. The land ownership pattern in Pakistan is highly disproportionate, as about 25% of big land owners own 75% of land and, conversely, 75% of small farmers have access to only 25% of the land.

The main constraints facing the poor include: inadequate access to productive resources, i.e. agricultural land and farm credit; illiteracy and poor skill levels; weak rural infrastructure; inefficient technical support services; and poor organization and empowerment.

Corporate Agriculture Farming (CAF)

The issue of corporate agriculture farming (CAF) surfaced when the annual budget for 2000-2001, drawn up by the then military-backed government of President Pervez Musharraf, announced policy measures to facilitate corporate farming in order to increase much needed foreign investments in the country. The policy was made extremely attractive and lucrative to investors by offering generous concessions and exemptions by the Pakistani government.

The policy included a 50-year lease of government-owned lands to foreign companies, renewable by another 49 years. In July 2002, the federal cabinet decided to allow duty and sales tax-free import of equipment for use in corporate farming. A tax holiday for irrigated, rain-fed and cultivable areas was announced. Under the 1977 Land Reforms Act, the land ownership ceiling was 100 acres (40.47 ha). In order to lure investors, an amendment to the law was proposed to do away with the maximum limit. The country has a primitive system of agriculture, with low productivity per hectare. Therefore planners believe that Pakistan needs a technological revolution, which may be brought in via the CAF.

Process

In order to implement CAF, the government moved fast to remove obstacles in the business, making it favorable to investors. Attractive incentives were put in place.

The Ministry of Food, Agriculture and Livestock (MINFAL) asked all provinces to provide details of cultivable barren lands in their respective areas for utilization in corporate farming. Although the media has been constantly speculating on the government's offer of millions of hectares to prospective investors, and there were press reports of large-scale land deals, the government has not officially confirmed any land deal.

An eight-point concept paper on corporate farming was prepared. The Federal Ministry of Industries and Production, the Board of Investment (BOI) and the Ministry of Food, Agriculture and Livestock (MINFAL) were supposed to look after the industrial part of the plan. Local and foreign companies incorporated under the Companies' Ordinance Act of 1984 will be entitled to corporate farming. Provincial revenue departments were to take care of taxation as corporate farming is to be covered by the provincial agriculture income tax law. The ministry of labor and MINFAL were put in charge of drafting special laws to deal with possible labor problems.

Out of the country's total land area of 79 million ha, 57 million ha have already been surveyed. The remaining 22 million ha have yet to be adequately documented. The initial results of the survey show that there are about eight million ha of fertile, cultivable land in four provinces, aside from barren land, which can be used for corporate farming.

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The Board of Investment (BOI) came up with a list of landholdings available all over Pakistan, in compact blocks of (202.34 ha.) or more, which have been reserved for corporate farming in the districts of Muzaffargarh, Rajanpur, Bahawalpur and D.G. Khan, all in Punjab Province. The total area available is 31,111 acres (12,590.18 ha.). In addition, 6.6 million acres (2,670,925.24 ha.) of land are available in Cholistan, of which two million acres (809,371.28 ha.) are relatively flat land but without irrigation. The Punjab Board of Revenue has identified a compact block of 25,000 acres (10,117.14 ha.) for corporate farming in Cholistan (a desert inhabited mostly by nomadic pastoral communities).

Several livestock farms are also on offer in Punjab. These include a 1,538 acre (622.40 ha.) farm in Sargodha, a 900 acre (364.22 ha.) farm in Khushab, four farms totaling 8,943 acres (3,619.10 ha.) in Bhakkar, two farms with a total area of 3,488 acres (1,411.54 ha.) in Bahawalpur and two farms totaling 1,639 acres (663.28 ha.) in Khanewal. Total land area of available livestock farms available is 22,170 acres (8,971.88 ha.).

In Sindh province, the total cultivable area being offered is 29,841 acres (12,076.22 ha.), mostly forest land. Balochistan has the largest area being offered at 1.4 million acres (566,559.90 ha.), but most of them are cultivable waste, meaning land that has not yet been used for agriculture.

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Most of the companies interested in acquiring large tracts of land for CAF in Pakistan are from the Gulf in the Middle East, as these countries have limited land for cultivation and water for irrigation. Such constraints create priority concern for food security among these countries. With limited land for growing food, these countries are concerned about their food security. They are also concerned about the high cost of their food imports, which is a huge dent on their petro-dollar reserves. Thus, these sultanates are switching from being food importers to food growers. The fact that they have little arable land is not an obstacle since their poorer neighbors, like Pakistan, are only too willing to accommodate them.

A case in point: the United Arab Emirates (UAE), which imports 85% of its food, purchased 324,000 ha. of farmland in the Punjab and Sindh provinces of Pakistan in June 2008.(Kerr, S. and Bok, F. "UAE investors buy Pakistan farmland." *Financial Times.* May 11, 2008.)

In Pakistan, farmers do not have strong institutional representation. However, a small but vibrant civil society sector represents small farmers and peasants. This sector has been severely criticizing the CAF.

The Sustainable Agriculture Action Group (SAAG), an umbrella organization of 15 civil society organizations working for the rights of farmers, has expressed concern over the introduction of CAF in the country. According to SAAG, the CAF goes against land reform and the labor laws of Pakistan. There is no limit to how much land can be bought by corporations and labor laws could not be observed. Also, no duties will be imposed on agricultural equipment imported by the corporate farms. The CAF essentially gives transnational corporations (TNCs) and feudal lords a free hand to take full advantage and make as much profit, while denying poor peasants their right to food.

The Punjab Communist Mazdoor Kissan Party (PCMKF) has strongly condemned the CAF, arguing that it will only strengthen the multinational corporations (MNCs). The PCMKP claimed that CAF will also change the status of tenants from agricultural labor to "slavery", and added that it would help the feudal lords to "corporatize" their big landholdings, depriving the tenants of their rights under the 1997 Tenancy Act. The PCMKF further said that the CAF negated the concept of agricultural reforms, that the introduction of mechanized farming would increase unemployment on one hand and reduce the fertility of land on the other.

Recommendations

Many critics of CAF stress the need to make it more responsive to the needs and interests of Pakistani farmers. Pakistan needs to protect its poor and small-scale farmers from the onslaught of globalization and CAF by making policies pro-poor.

Some experts suggest "contract farming" rather than corporate farming. The Gulf countries and their corporate entities should buy crops like wheat, rice, vegetables and fruit produced by Pakistani farmers; under an agreement that these customers will be allowed to take a stipulated portion of the produced food items in return for providing technology. This approach will also help Pakistan incorporate new technologies in irrigation systems, seeds, farm management and food supply management into its own agriculture sector.

Pakistan and Gulf countries, along with other interested corporate entities, may sign bilateral deals to form companies that will establish farms on barren lands with small farmers as their shareholders.

The current CAF policy requires serious overhauling to make it more in line with Pakistani interests and conditions. Agricultural land must not be treated as a commodity; sale to a foreign or local entity must be banned. Leasing must only be allowed in cases where small farmers are also shareholders.

The policy of offering concessions to investors must also be revised. This policy is a disadvantage to domestic industries. There are many industries in Pakistan that badly need concessions from banks and other financial institutions to be able to compete in the world market.

Concessions like exemptions from labor laws and income taxes will have a negative impact on the local people so this policy must be reviewed and revised. The government cannot allow foreign entities to make huge profits from Pakistan without paying taxes and duties. CAF must be brought under the national tax net to help increase Pakistan's annual revenues.

Finally, CAF must conform to the long-term policy framework of the country, which provides a coherent approach to the economy, such as the Vision 2030 Program of Pakistan.

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