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# Land grabbing: the Vietnamese case

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## Abstract

Il mio lavoro cercherà di analizzare il fenomeno di acquisizione di terra su larga scala e andrà ad approfondire il caso specifico del Viet Nam. La crisi mondiale alimentare del 2007-2008 ha generato un fenomeno di ampia diffusione a livello mondiale che ha avuto enormi conseguenze geopolitiche, economiche e sociali. Questo fenomeno è stato definito in innumerevoli modi dalla letteratura specializzata, assumendo dei significati molto diversi tra loro in base allo scopo dell'investimento e alle conseguenze legate ad esso. C'è chi lo considera una nuova forma di neocoloniasmo e chi un'opportunità di crescita per investitore e *target country*, dando vita alla formula del *win win*. Investitori pubblici e privati, ansiosi di potersi assicurare la sicurezza energetica ed alimentare, hanno iniziato una vera e propria corsa alla terra senza freni, spesso irrispettosi delle leggi dei diversi Paesi *target*, generando forti impatti negativi a livello economico e sociale quali il diritto all'autodeterminazione, lo sfruttamento delle risorse naturali e delle comunità locali e il diritto al cibo.

Nella mia tesi condividerò la definizione di acquisizione di terra su larga scala fornita da OXFAM (2012) ritenendo tale un'acquisizione di terra di minimo 200 ettari, venduta o affittata da investitori stranieri. Inoltre, segnerò la netta differenza tra acquisizione di terra su larga scala e land grabbing, definendo quest'ultimo come un'acquisizione di terra dove importanti condizioni vengono a mancare come, il rispetto dei diritti umani, parità di genere, trasparenza dei dati, attenzione agli aspetti sociali ed ambientali. Per meglio capire cosa sia il land grabbing verrà fornito l'esempio del Viet Nam, uno dei maggiori attori in acquisizioni di terra su larga scala del sud est asiatico, che promette di divenire ancor più rilevante in un futuro non troppo lontano. La maggior parte delle acquisizioni in Viet Nam sono effettuate da due compagnie in particolare: Vietnam Rubber Group (VRG) and Hoang Anh Gia Lai (HAGL). Le acquisizioni fatte da queste compagnie sono dei veri e propri casi di land grabbing.

Il mio lavoro è diviso in quattro capitoli. Il primo analizza la bibliografia sulle acquisizioni di terra su larga scala evidenziando i driver che stanno dietro a questo fenomeno e specificando tipi di attori e loro interessi. Di solito le ragioni sono per gli attori pubblici di garantire sicurezza alimentare, mentre per gli attori privati produrre biocarburanti ed assicurarsi così sussidi finanziari. Ci sono anche

ragioni ambientali che spingono gli investitori, ma queste sono in minoranza e comunque non sempre a favore delle comunità locali. Effetti negativi sulle comunità locali sono espropriazione della terra e spostamento in altri territori, privi delle condizioni necessarie per il loro auto sostentamento, quindi insicurezza alimentare e perdita di identità.

Per quanto riguarda il secondo capitolo, verrà introdotto il Viet Nam, fornendo una panoramica politica ed economica del Paese in particolare analizzando il sistema di *land tenure*. La peculiarità che presenta il Viet Nam è la sua condizione storica che lo ha portato ad essere oggi una Repubblica Socialista. Questo significa che la terra appartiene al popolo ed è gestita dallo Stato. Lo Stato quindi è stato in grado di imporre limiti al consumo di suolo per determinate colture e questo ha fatto sì che molte compagnie rivolgersero alle terre del Laos e della Cambogia i propri interessi.

Nel terzo capitolo verranno fornite tabelle complete sugli investimenti in Viet Nam e su quelli che le compagnie vietnamite effettuano all'estero. Queste daranno modo di evidenziare i casi più eclatanti di land grabbing che verranno immediatamente analizzati.

Nel quarto capitolo verrà presentato il caso studio degli investimenti sulla gomma in Laos e Cambogia guidati dalle compagnie vietnamite Vietnam Rubber Group (VRG) and Hoang Anh Gia Lai (HAGL) a loro volta finanziate dalla Deutsche Bank e dalla Corporazione Finanziaria Internazionale (International Finance Corporation IFC).

In conclusione, verrà messo in evidenza come il land grabbing è destinato ad avere effetti nel lungo periodo, ancora poco prevedibili a causa della mancanza di trasparenza nei dati. Sarà bene adottare delle misure di protezione volte ad impedire che le fasce più deboli della popolazione non vengano colpite pesantemente da questo fenomeno.

Baserò la mia ricerca su diverse fonti, come il Phnom Penh Post e Vientiane Times che danno informazioni di carattere generale sul land grabbing. In effetti, i loro articoli rappresentano solo la punta dell'iceberg. Perciò, queste informazioni saranno esaminate in modo approfondito utilizzando Land Matrix, FAO, GRAIN e Global Witness.

# Introduction

The global food crisis in 2007-2008 provoked an increase in food prices. The hike in food prices is driven by the rise in oil and energy prices, which affect the entire food chain production; economic boom in some emerging countries and a consequent change on diet (such as the introduction of meat); competition between food and fuel; policy choices consisting in exports ban and subsidy in biofuel; increasing urbanization; dollar depreciation and speculation (Gilbert, 2010, Mitchell, 2008, Andreosso and Zolin, 2013).

As a consequence, land started attracting private and public investors, which began to invest in large land scale acquisitions in order to achieve food and energy security. The contemporary bibliography gave several names to this trend, such as: commercial pressure on land, land investments, land acquisitions, land grabbing and so forth. Large scale land acquisition is nowadays an ongoing phenomenon spreading around the world. Investors, either public or private, are grabbing vast areas of land for their own food production and energy security, ensuring high returns. Investors are mostly net food importing countries and concentrated their attention in the sub regions. Large scale land acquisition affected the right to food, the right to self-determination, exploitation of natural resources and local communities.

The aim of this dissertation is to furnish a Vietnamese perspective in the Large scale land acquisition phenomenon. To reach this goal I divided my work into four chapters.

Firstly, the large scale land acquisition's phenomenon will be explained deeply evidencing the different bibliography about its definition to better orient ourselves in the complexity of this process. Later, the drivers behind the land deals will be listed and explained. An overview of the large scale land acquisition will be given specifying actors and type of land. Motivations which push drivers to invest in land will be analyzed. Furthermore, benefits and impacts in the socioeconomic and environment sector of large scale land acquisition will be explored.

Secondly, the thesis will go into the Vietnamese case. In the second chapter will be given a political and economic overview of the Vietnamese country, in

particular focusing in Foreign Direct Investment and Land Laws. In the third chapter will be provided a panoramic above Vietnamese investments and acquisitions involved in Land grabbing cases. In the fourth chapter, it will be finally analyzed land grabbing cases driven by HAGL and VRG in Cambodia and Laos, which planned to convert intact forests in rubber plantations, supported by local governments, the International Finance Corporation (IFC) and the Deutsche Bank.

It will become evident as the land grabbing phenomenon seems destined to expand in the long term period. It will be highlighted how all the investments should be controlled not to allow to economic interests to destroy our only world and step on human rights or it will continuing turning in a new form of neocolonialism. We must considerate that we cannot change the way of life of others just to satisfy our needs coming from a lifestyle based on the capitalist system. Held responsible of the fold that will take this phenomenon will be governments and the civil society, denouncing and giving attention to the problem, adopting appropriate laws and most of all respecting them, trying to eliminate the corruption, unfortunately the real obstacle in many countries.

I will base my research on different sources such as the Phnom Penh Post and the Vientiane Times which give general information about land grab and Large scale land acquisition. Indeed, their articles represent just the peak of the iceberg. This information will be examine in depth using Land Matrix Database, FAO, GRAIN and Global Witness reports to estimate the actual state of Large scale land acquisitions and individuate where there are cases of land grab.

# Chapter 1

## The large scale land acquisition phenomenon

### 1.1 What large scale land acquisition is?

#### Disambiguation about terms

The conquest of land is something that has always belonged to the history of human being. However, we can see that there are some differences in between the phenomenon in the past and the current phenomenon. For instance, while in the past the stronger country used to conquer the weaker, nowadays it does not happen anymore. In fact, as we can see from Land Matrix database, Asia is the continent investing more in land acquisition than the others.

Table 1.1. Top 10 investor countries

<b>Investor countries (concluded deals)</b>	<b>Million hectares</b>	<b>Percentage of total (%)</b>
<b>Usa</b>	7,7	27,5
<b>Malaysia</b>	3,6	12,9
<b>Singapore</b>	3,0	10,7
<b>Arab Emirates</b>	2,8	10,0
<b>Uk</b>	2,4	8,6
<b>Canada</b>	2,1	7,5
<b>India</b>	1,7	6,1
<b>Russian Fed</b>	1,6	5,7
<b>Saudi Arabia</b>	1,6	5,7
<b>China</b>	1,5	5,3
<b>Tot</b>	<b>28,0</b>	<b>100,00%</b>

*Source:* Land Matrix, 2015

Emerged from data, that countries which does not have energetic self sufficiency look for new fonts of profits and this is usually land, land to sell or to lease.

Table 1.2. Top 10 target countries

<b>Target countries (concluded deals)</b>	<b>Million hectares</b>	<b>Percentage of total (%)</b>
<b>Papua New Guinea</b>	3,8	15,8
<b>Indonesia</b>	3,6	14,9
<b>South Sudan</b>	3,5	14,5
<b>DRC</b>	2,8	11,6
<b>Mozambique</b>	2,2	9,1
<b>Congo</b>	2,1	8,7
<b>Russian Fed</b>	1,8	7,5
<b>Ukraine</b>	1,7	7,1
<b>Liberia</b>	1,3	5,4
<b>Sudan</b>	1,3	5,4
<b>Tot</b>	<b>24,1</b>	<b>100,00%</b>

*Source:* Land Matrix, 2015

To identify the recent phenomenon, are used different terms, such as: “land grab”, “large scale land acquisition”, “land investment”, “land acquisition”, “land appropriation”, “rush for land”, “transnational corporate”, “commercial pressure on land”, “neo-colonialism”, “agri-colonialism”, “foreign investment in agriculture”, and so on. (Anseeuw et al., 2012; Blas, 2008; Cotula et al., 2009; Daley, 2011; Deininger et al., 2011; Graham et al., 2009; GRAIN, 2008; Hall D., 2011; Hall R., 2011; Mishra, 2011; Shepard and Mittal, 2009; Stephen, 2011; Zolin, 2013; Zoomers, 2010; Wisborg, 2011; Woodhouse and Ganho, 2011)

The difficulty in establishing a common definition comes from the intensifying of the phenomenon itself, the variety of actors, driving forces and sectors of investment involved (Zolin, 2013; Anseeuw et al., 2012).

According to Oxfam, “large scale land acquisition” (LSLA) is an acquisition of minimum 200 hectares of land, purchase or lease by foreign investors (Hazell, P., Poulton, C., Wiggins, S., Dorward, A., 2007). In line with Oxfam, stand several authors and others NGOs such as GRAIN (2008) and Zoomers (2010).

On the opposite side, some other authors underline how a such strict definition limit the phenomenon, not considering the domestic investors, national and sub-national governmental interest group (Hall D., 2011).

Ruth Hall (2011) says

The popular term 'land grabbing', while effective as activist terminology, obscures vast differences in the legality, structure, and outcomes of commercial land deals and deflects attention from the role of domestic elites and governments as partners, intermediaries, and beneficiaries.

However, for Oxfam, “land grab” is when some of these conditions occur: violation of human rights; the local communities are not previously consulted about the project of acquisition or lease of the land where they are living in, they must have the right of opposition to such investment; missing evaluation on social, economic and environmental impacts; lack of transparency of the acquisitions; lack in democratic planning, missing of an impartial supervision and a participate approach; women rights not respected (Oxfam, 2012, p.5).

As an evidence, several authors (Cotula et al., 2009; Graham et al., 2009; Mishra, 2011; Woodhouse and Ganho, 2011) prefer to use a more neutral definition of this phenomenon: “large scale land investment”.

Another definition used is “commercial pressure on land” (Daley, 2011), which includes not only agricultural land but also common properties such as forests, which are privatized for economic profits.

The possible definitions of this phenomenon are not finished yet. Some authors want to underline the benefits of land investment and so they prefer to use the terms: “rising interest in farmland” or “foreign investment in agriculture” (Deininger et al., 2011). On the other hand, “land grabbing”, “rush for land”, “bio-colonialism”, “agro-colonialism”, etc. are used from a more critical side composed of civil society and governmental and non governmental organizations, which want to highlight the negative impacts on local communities.

In fact, this phenomenon bring with itself positive and negative implications, for instance: new possibilities of work for local people, new technologies in the agricultural sector, attract foreign investment, but also radical long term changes in the use and ownership of land which have negative effects on local communities (Zoomers, 2010; Wisborg, 2011). The privatization of lands is not always the best choice for local communities, which are forced to adapt their life

style to the capitalist system.

These kind of transactions, do not purchase just the land but also everything on it, such as: water, minerals and labour (Anseeuw et al., 2012; Graham et al., 2011; GRAIN, 2008). As an evidence of fact, transactions can also put literally off the local communities living in that areas and force them to change life style, transforming them in work force for large scale cultivated areas and be a real risk for human rights violations (Stephen, 2011), depriving people of vital resources and leading into poverty populations (Shepard and Mittal, 2009).

Jacques Diouf, the UN Food and Agriculture Organization (FAO) General director, declare that the current rush on land lead to a new form of neo-colonialism (Blas, 2008) forcing people to accept unacceptable work conditions for agricultural workers.

Due to the lack of transparency on available data it is hard to have reliable information about transactions and so identify the right position.

In my thesis, according to OXFAM (2012) I will adopt the definition large scale land acquisition intended as an acquisition of minimum 200 hectares of land, purchase or lease by foreign investors. To whom it may concern the term “land grabbing”, it will be use with this meaning, in accordance with the *Tirana Declaration* of May 2011, which defines land grab when some of these conditions occur in a deal:

- (i) In violation of human rights, particularly the equal rights of women;
- (ii) not based on Free, Prior and Informed Consent of the affected land-users;
- (iii) not based on a thorough assessment, or are in disregard of social, economic and environmental impacts, including the way they are gendered;
- (iv) not based on transparent contracts that specify clear and binding commitments about activities, employment and benefits sharing, and;
- (v) not based on effective democratic planning, independent oversight and meaningful participation. (Tirana Declaration, 2011: art.4)

In particular, in my thesis are considered cases of land grab those exposed in the fourth chapter. To face land grab, it is fundamental to consider the conditions of

every specific case and so look beyond the deals to identify targeted actions to promote good practices and discourage bad practices.

## **1.2 Drivers behind the land deals**

Interest in large scale land acquisition is driven by several factors. First of all, the global food crisis of 2008 led, by investors countries in particular, to aim food security for their countries. When the prices of staple food hikes in 2007 and 2008 the world was shocked and became aware of the scarcity of natural resources. The concern of guarantee food supply to their countries became a real prerogative, considering the limited availability of arable land and water resources. However, government deals as well as private deals on land can also be a profit opportunity, it depends on what the land is used for. For instance, biofuels and non food agricultural commodities. It is possible, in based on the policies applied by the country, to receive financial incentives and so attract foreign investments. Unless several countries, such as African countries, present a political risk atmosphere, many progress have been made changing codes about investment treaties, reforming legislation on banking, lands, taxation and so on.

The possibility of profit in land investment attracts hedge funds and the consequently speculation in financial markets, that will be explained further.

Furthermore, there is the case of the emerging carbon market. It is at a very early stage and it has a long term profit, so not many of them are registered yet.

Summarizing, the drivers behind land acquisitions are:

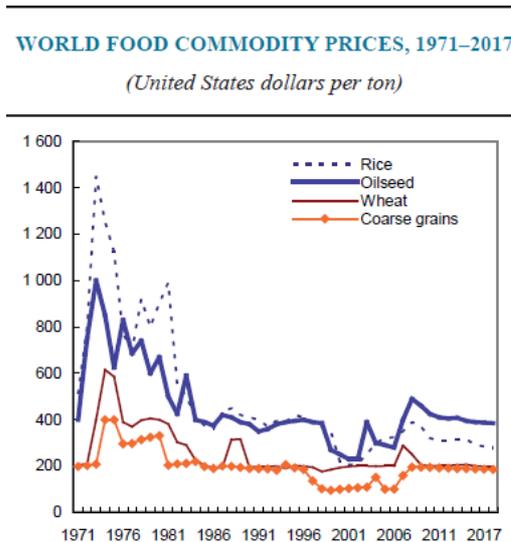
- the global food crisis;
- speculation in financial markets;
- biofuel;
- non food agricultural commodities
- expectation of return: the private sector;
- emerging carbon markets;
- host countries incentives.

All of them will be now analyzed.

### 1.2.1 The Global food crisis

We have seen a long term decline in food prices since the Eighties, symptom of the innovation and expansion of the agricultural sector. Something changed in 2008, when the world was hit by the Global Food crisis. Between 2005 and 2008 the food price registered an increase of 84% (Mittal, A., 2009: 15) and it worsened the global hunger situation. According to FAO, 40 million people were pushed into hunger in 2008, passing from 923 million people to 963 million people undernourished in a year. The financial and economic crisis worsened the situation. Developing countries have been affected more than others by the food crisis.

Figure 1.1. World Food Commodity prices, 1971-2017

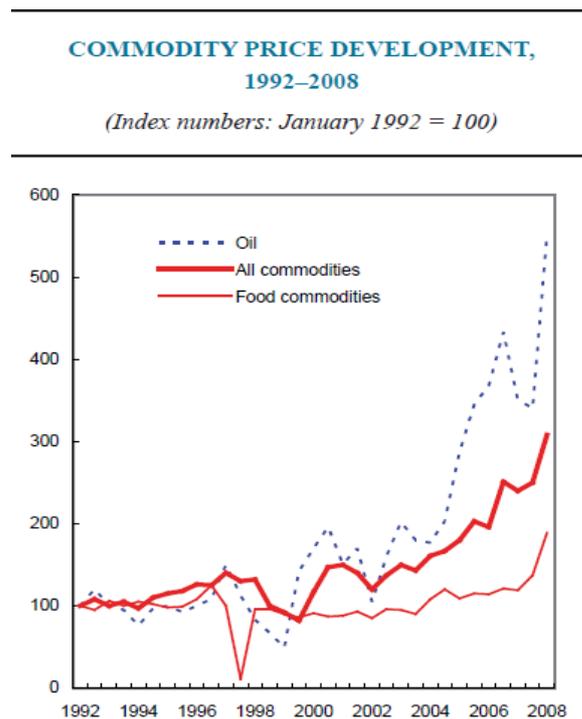


Source: OECD and FAO. OECD-FAO Agricultural Outlook 2008-2017: 32, in Mittal, 2009: 2.

The food crisis is characterized by a quick rise in prices in a very short time. For instance, wheat and rice doubled their prices as it shown in the figures above. It stresses the vulnerability in the market volatility. Another peculiarity of the food crisis is the fact that every commodity increase its price, like food as well energy prices, as shown in the table below. As a consequence, also the middle class have

been affected by the food crisis, thus capturing international attention.

Figure 1.2. Commodity price Development, 1992-2008



*Source:* Trostle, 2008: 4, in Mittal, 2009: 3.

As Lorenzo Cotula, Researcher & Team Leader at International Institute for Environment and Development (IIED), states about the current situation:

It is still unclear whether the world is now entering a new period of food price inflation. Some ongoing processes are fostering expectations that in the longer term food prices will continue to rise and create new incentives for investment in agriculture. (Cotula L., Vermeulen S., Leonard R., Keeley J. 2009: 62)

Causes of the food crisis have been several: decline in growth agricultural products due to environment externalities which affect soil quality and water supply; decline in global grain stock may due to the climate change which can affect the harvest; higher energy prices which rise production costs;<sup>1</sup> increased

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<sup>1</sup> According to the International Food Policy Research Institute (IFPRI), “increased biofuel

demand of food for the emerging economies.

On the demand side, the population growth looks like the phenomenon pushing up global food demand (Cotula L., Vermeulen S., Leonard R., Keeley J., 2009: 53). It is common to read about the fact that in 2050 more than 9 billion people will live on Earth. As a consequence, the problem about planet's food supply emerge. FAO established that will become necessary produce more food to satisfy food demand:

Income levels will be many multiples of what they are now. In order to feed this larger, more urban and richer population, food production (net of food used for biofuels) must increase by 70 percent. Annual cereal production will need to rise to about 3 billion tonnes from 2.1 billion today and annual meat production will need to rise by over 200 million tonnes to reach 470 million tonnes.(FAO, 2009: 2)

However Jonathan Foley, director of the Institute of the Environment at the University of Minnesota, states that the problem is not the growth of population but the change on diets. In fact, the problem will not be 2 billion more of people but the change on diets of that 3-4 billion people who will come out of poverty (Foley J., 2013). From a diet base on vegetables and cereal they will move to a meat rich diet, but produce meat require much more natural resources. According to Foley:

The researchers suggest that roughly one-third of future food demand increases may come from population growth, and roughly two-thirds may come from increasing wealth and richer diets. Of course, increasing reliance on crop-based biofuels would only add to the pressure. (Foley J., 2013)

Land deals and acquisitions are one possible solution to partially solve this problem. Africa, South America and Asia are the major target of land acquisitions by those countries who cannot guarantee food security.

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demand in 2000-7 is estimated to have contributed to 30 percent of weighted average increase of cereal prices” (von Braun et al., 2008).

What makes the global food crisis of 2008 an exceptional case are two factors: first one is the speculation in financial markets, secondly there is the case of biofuels. Both of them are equally connected with the food crisis and land acquisitions.

### **1.2.2 Speculation in financial markets**

The stock exchange is supposed to prevent the down trend of the market. It is possible thanks to the “futures”, contracts on the future value. The futures allow to sellers and buyers to program their investment at a price fixed at the moment of the contract. The hedging is strictly connect to the mechanism of the future because it consists in assuming an opposite position in the market in respect to the one of the real economy. The futures are a gamble because they can be still sold until the expire date of the contract. However, the bond with the real economy is not always so close. In fact, if everybody sell, the price collapses and if everybody buy, the price increases dramatically. It is obvious that play with the futures can be very dangerous for the real economy and the market, because it can modify the price of commodities on the market. Speculators are seen as the direct responsible of the food crisis. In fact, in the last few years, the stock market did not go very well and the speculators preferred to invest in the commodity market. The point is that if speculators follow a trend or they define it. The speculators gamble on the price trend, it allows to the actor of the production chain to practice hedging. The speculator can win or loose money if his prediction was correct or wrong while who practiced hedging is sure not to loose any money because what he loose on the stock exchange it is regain in the real economy and vice versa. If speculators were not gambling, the market was going to be more unstable. Speculators serve to keep the market less volatile.

As Anuradha Mittal states in the UNCTAD paper "The 2008 Food Price Crisis: Rethinking Food Security Policies",

the greater participation of hedge funds, index funds, and sovereign wealth funds in agricultural commodity markets, has been a key force behind the recent hyperinflation of basic food staples. (Mittal, A.,

2009: 5)

However,

Regulatory loopholes have also facilitated in surge in speculative investment in commodity markets to unprecedented levels in recent years. Also, with the bursting of the housing bubble in mid – 2007 and global grain stocks low growing , financial investors saw opportunities in the food commodities their markets to diversify portfolios and improve returns.(Mittal, A., 2009: 5)

Unfortunately, it does not look to be so positive for the market. For example, the United States Homeland Security and Governmental Affairs Committee has considered the pension funds responsible for price spikes in market in June 2008 (Mittal, A., 2009: 5).

### **1.2.3 Biofuels**

The increase in the production of liquid biofuels is influenced by different factors. First of all, the various policies adopted by several countries which want to reduce the use of oil and substitute it with biofuel, promoting it with tax incentives and import restrictions. Secondly, the rise of the oil price. Therefore, production of biofuel has got much to do with land acquisition. In fact the governments, producing biofuels, want to achieve: energy security; a more profitable land use; improvement of the export market. So, as a consequence of the food crisis in 2008 and the rise of oil price, a strong enthusiasm for the biofuels has started. However, the food crisis underline also the connection in between energy and agricultural market as a real risk for food security (FAO, 2009: 31). The US has already started using biofuel in the Seventies, but as a demonstration of what is written above, after substantial incentives, the production of biofuel became a new way to maintain the sustainability of the agricultural sector.

The problem is when the price of land increases regardless to what it is grown up:

a given plot of land can be used to grow maize for ethanol or wheat for bread. When biofuel demand bids up the prices of commodities used as biofuel feedstock, this tends to bid up the prices of all agricultural commodities that rely on the same resource base. For this reason, producing biofuels from non-food crops will not necessarily eliminate the competition between food and fuel; if the same land and other resources are needed for both food and biofuel feedstock crops, their prices will move together even if the feedstock crop cannot be used for food. (FAO, 2008: 24-25)

It will affect the food security of developing and underdeveloped countries and the topic will move into the availability and the use of lands.

#### **1.2.4 Non food agricultural commodities**

Directly connected to the biofuels there are the non food agricultural commodities, which some countries are obliged to import from other countries to sustain their industrialization model and their role in global production (Cotula L., Vermeulen S., Leonard R., Keeley J. 2009: 56). Because their models require a secure access to these commodities they usually invest in land abroad to produce from themselves and be free from the import market as much as possible. Commodities that are subject to this kind of pressure include rubber, cotton, sugar, coffee, cocoa, tea, soybeans and many others. A clear example of it are Chinese and Vietnamese investments in Laos, Cambodia and Myanmar to produce rubber (Weiyi Shi, 2008; Gray, 2009).

#### **1.2.5 Expectation of returns: the role of the private sector**

While food and energy are the reasons which move public investment and land acquisitions in foreign countries, the private sector looks motivated by competitive returns from agriculture or lands. FDI into agriculture and in other involved activities in this sector, looks like a compelling investment and in many countries have been victims of them, due to the upward trend in commodities

prices. Obviously, land as well can be a source of return, as it becomes productive and the relative value of land is destined to increase.

### **1.2.6 Emerging carbon markets**

The emerging carbon markets have something to do with the nascent Reduced Emissions from Deforestation and Forest Degradation (REDD) project. It consists in acquiring land to replant forests and so diminishing the emissions of that country. However, it is a long term return investment and until now there are no many registered, but it still at a very early stage. An example of REDD cited in my thesis is the acquisition in Viet Nam by the Forest Development Fund as a primary investor and JICA, Honda and the Vietnamese State as a secondary investors. It is a very small land consisting of 309 ha, the contract has been signed in 2008. La Via Campesina (2012), states in its International Conference of Peasants and Farmers, that REDD are also called “green grabbing” as land grab is justify in the name of the environment. In fact, communities are dislocated to replant new forests.

### **1.2.7 Host countries incentives**

Agricultural FDI's are seen from the host country as a positive incentive for the development. In fact, these kind of investment are a source of employment and bring new technologies, develops productive potential and facilitate infrastructure development. For this reason, many developing and under develops countries are adopting many policy reforms to incentives FDI's mainly in sectoral legislation on land, banking, taxation and other aspects. Of course, the political risk remains in many countries however the trend in Africa looks to remains positive in respect to FDI's (UNCTAD, 2008).

In consequence of change of tenure system and land use to an intensive use, large

scale land acquisition flashed 200 hectares since 2000. African countries are the most affected, not just considering land acquisitions but also in the appropriation of natural resources such as water.

### **1.3 Land Matrix**

Identify who are the investors is not easy. It is due to the lack of transparency in many acquisitions and deals. Land matrix, “a global and independent land monitoring initiative that promotes transparency and accountability in decisions over land and investment” (Land Matrix website, n.d.), is a global observatory about large scale land acquisition. It is an open platform constantly evolving which encourage an open participation. Until June 2015, land matrix includes 1,035 deals covering 37,856,761 hectares of concluded deals. The data are about “deals which entail a transfer of rights, were initiated since 2000, cover at least 200 ha and imply a potential conversion of land.”(Land Matrix website). Just transnational deals are included.

Land Matrix is the more complete database about land deals but it is not perfect. In fact, due to the lack of transparency, not all of the deals are reported. Researchers underline the fact that identify small deals is even more complicated than bigger deals. Therefore, they try to encourage crowd funding to report land deals. There are two sets of data: “reported” and “cross-referenced”. “Reported” data consist on deals published in research and media reports and governments land register made public. “Cross-referenced” data comes from multiple sources.

The cross-referencing process involves an assessment of the reliability of the source of the information, triangulation with other information source, and, if necessary, confirming with in-country partners in the networks of the Land Matrix partners. (Anseeuw W., Alden W. L., Cotula L., and Taylor M.,2012: 18)

As mentioned before, due to the lack of transparency data are not complete but it is logical to think that at least they are not overestimated. The phenomenon is

rather bigger than how reported by Land Matrix. Considering it, must be put attention not to fall on wariness as countries which have transparent laws may register more land acquisition than others.

Land Matrix reports land acquisitions in six main sectors: food, fuel, timber, carbon sequestration, mineral extraction and tourism. The latter four are probably under represented due to the attention by media over food and fuel.

#### **1.4 Who are the actors in land acquisitions?**

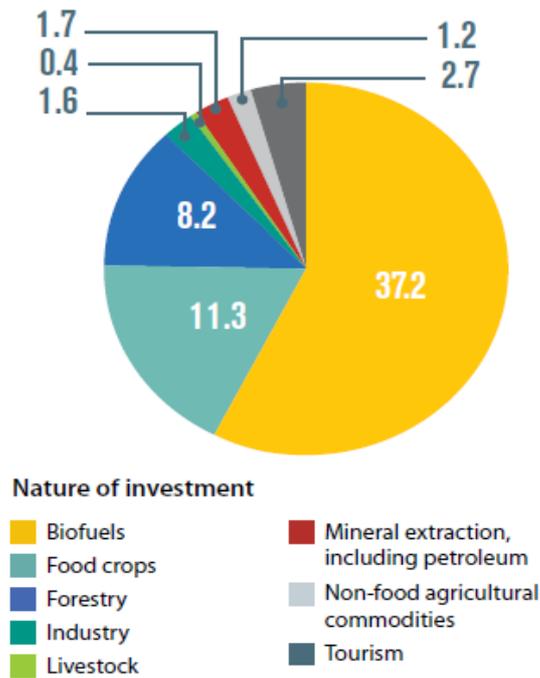
First of all, it is important define the differences in between land investment and land acquisition and between investor and land acquirer. Land investment does not consider that many land acquisitions do not involve a significant investment, it is more common a restrained investment “being either speculative or involving production only on a small proportion of the land acquired” (Anseeuw W., Alden W. L., Cotula L., and Taylor M.,2012: 21). Furthermore, external investments can be done without acquiring land. It is important to distinguish in between productive investment or small acquisitions. While the term investor, does not consider the 500 million smallholders, the foremost investors in land, there is a huge difference in between speculators and investors, the first one are called henceforth land acquirer, as suggests in the report of the International Land Coalition, Land Rights and the Rush for Land (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012).

Usually, media empathize foreign acquirers while also domestic acquisitions are to take on consideration. In fact, they are often privileged by regulations and are facilitated by local media. Nevertheless, their impact does not have less relevance, even if it tend to be smaller. Always more often happen that foreign acquirer, acquire by national actors, serving as intermediaries. Usually, companies which can establish relations with national actors have easy access to natural resources (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012). For instance, in Asia 75% of land acquisitions are made by national players thanks to this kind of integration in between local players and land acquirer's companies (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012).

Moreover, land acquirers are driven by many interests and not just by reaching

food security, they intend to produce biofuels, flex crops, and so on.

Figure 1.3. Land acquisitions by sector



Source: International Land Coalition based on Land Matrix data, 2012

As an evidence, land acquirers consist of a diversifying portfolio. They are traditional Western countries, involved in food crops, flex crops, mineral extraction, biofuel and industry process and production, through private investment, and exporting companies, which aspire to market expansion. Other investors are capital rich/insecure countries, such as Asian countries, Gulf State direct government, which tend to avoid market. Furthermore, there are new actors like hedge funds involved in the financial sector.

## 1.5 Benefits of land deals

There are some potential benefits related to land acquisitions, but not all of them are confirmed by data: economic output such as direct investment, increasing in foreign exchange reserves, transfer of technology, infrastructure development, wage employment, financial transfer and macroeconomic benefits (Horne, 2011). Many observers speak about land acquisitions as a new form of neo-colonialism because they are a threat for local communities as they can have negative impacts to whom it may concern food security and poverty for rural population. However, if purchasers find a good compromise in between the needs of developing countries and their objectives, land acquisition may can have some benefits too (FAO, 2009). Actually, the aim in land acquisition is "how their impact can be optimized" (FAO, 2009).

### **1.5.1 Technology transfer and infrastructure improvements**

Land acquisition can be a good opportunity to transfer new technologies and to improve infrastructure in developing countries. However, it is usually a relevant help just in small-scale farmers. Technology transfer stimulates in particular innovation and boosts productivity; in addition it can create new employments. That is not all. It can even increase food supplies and export of goods. Nevertheless, to reach all these aims it is of vital importance to create favorable conditions and they can be reached just with collaboration in between the two parts: acquirer and target country. Usually, acquirers promise many improvements on this side, but in most cases the promises vanish into thin air. Nonetheless, both interested would receive benefits from technology transfer and even more from infrastructure improvements, being easier to move around the country goods production and improving the quality of life of its beneficiaries (Horne, 2009).

### **1.5.2 Wage employment**

Commonly, acquirer, before to buy or to lease lands, go to visit smallholders to propose them to leave their land in exchange of a proper work and so a good salary. Nevertheless, salaries in agricultural labor are often low. In many cases,

even if the salary is low, it can provide “valuable source of income for workers and their families” (Horne, 2009). However, this mechanism does not apply to everyone. In fact, in Viet Nam are registered several cases of families and smallholders which does not share the same point of view. They affirm that wages are too low for the kind of job required by the company. Furthermore, they prefer to provide by themselves at their subsistence and they denounced several cases of mockery by companies which said to recruit local people and pay good rent for land without basically fulfill to no one of their promises.

## **1.6 Impacts of land deals**

Land deals impacts are verified by many researchers in a large variety of field such as in food security, social and economic, environment, finance and so on. In most cases it is interesting to note that they are negative impacts and that just new regulations and laws, transparency of data and no corruption can help to improve the current situation.

### **1.6.1 Impacts on Food Security**

Land deals worsened the situation of food insecurity of that marginal part of population already in a compromise situation to whom it may concern food security. In fact, they are victims of the promises made by the companies. Usually, they give they lands and loose the safer form of subsistence. Most of the time, lands which give food to local communities are considered “abandoned” and they are left uncultivated on purpose, but they have an inestimable value for those people susceptible to hunger.

It is obvious that commercial farming have negative impacts on food security because it reduces wildlife population, fundamental in certain period of poor harvest. In some cases because forest are literally cleared up. Furthermore, water can be contaminated and so water supplies are reduced.

Actually, companies does not pose the question in these terms: they do not have the same point of view of the local communities. They just think they are offering new employments and cheap food to rural people. Companies are imposing a

capitalist based economy. However, many local communities do not want it. And in any case, usually governments and companies prefer to export products, it is more profitable for both. These kind of operations, may can bring money in the long term, but it is clear that in the medium short-term it just affect food security of that people already in a unstable availability of food.

### **1.6.2 Macroeconomic statistics**

Macroeconomic benefits in land deals, such as those listed above, are controversial. In fact, it depends on the source of data. Referring to FDI inflows, it is important to share in between promised or pledge FDI. In fact, FDI can have a relevant influence in economic trends of the country. For example,

quantifying FDI according to pledged capital investments would show a six-fold increase since 2006, while using the widely-accepted UNCTAD methods shows a steady decrease in FDI since 2006, as UNCTAD's numbers do not include pre-implementation investments. As a result, actual FDI inflows into the Ethiopian economy and the associated benefits are, at this stage, substantially lower than those often quoted. (Horne, 2009: 35)

### **1.6.3 Socioeconomic and Cultural Impacts**

Socioeconomic and cultural impacts are generally yet to be determined. Some of them will be felt immediately for the loss of land, some others “are likely to be long term and irreversible, likely leading to the destruction of livelihoods and culture” (Horne, 2009: 37).

#### **Wage employment and the influx of laborers**

Land acquisitions usually require a huge amount of workers. Moreover, many villagers denounced low wage, and the fact that jobs are often seasonal and short term positions. As an evidence, job creation estimates are often exaggerate and

linked to the first phase of construction (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012). Furthermore, the needed workers often arrived from other countries. The influx of new laborers affect local communities as the colonialism in the past.

These include: increased deforestation, decline in fish, wildlife, and other resources in the immediate area, conflict with local people, higher incidences of sexual assault, greater pressure on infrastructure, increase in prostitution (and subsequent spread of HIV and other STDs) and greater stresses on ecological systems (including water resources). (Horne, 2009: 37)

For instance, in Viet Nam have been reported cases of sexual violence by HAGL workers (De Carteret D., 2014).

#### **Treatment of workers**

Often workers do not have rights. Governments must work to ensure to workers at least: limit of working hours, anti-discriminatory policies, rights for pregnant women, health insurance, bans on children labor, minimum wage.

#### **Increase in conflicts**

The possibility of new conflicts is a very delicate issue. As forest land decrease and population increase, resources for local communities are always less, so they need to move. The Oakland Institute says:

environment/land-induced conflicts are more likely to occur under conditions of rapid population growth, mobility, and resource encroachment; societal heterogeneity, such as wealth differentiation and ethnicity; economic deprivation and increased vulnerability; deficient institutions to manage scarce resources and conflict; weak governance and legal environment; and regional political instability and insecurity. (Horne, 2009: 38)

To date, media have reported many cases of conflicts in many lands leased all around afflicted areas by land grabbing. Most of them are conflicts against security

forces and local communities fighting to defend their lands.

### **Loss of cultural identity**

Land for many communities is part of their identity. As to land acquisitions often correspond clearance of forests, disruption of sacred sites, or even grazing areas, farmlands, houses and the loss of food security for the people chase away, it has a very strong impacts on socioeconomic conditions and most of all it provokes the loss of cultural identity.

### **Loss of livelihoods**

The process of villagization for many local communities, which have been displaced in other areas to allow to the companies to rich their aim of profit, reflect a loss of livelihoods. Where before people used to have farmlands, now resources are being exploited and water supply reduced as a consequence of an indiscriminate use or pollution. As well natural resources are being disrupt. Communities which used to be self sufficient are now in a situation of food insecurity and the governments must provide support to them, “communities are losing not just livelihoods, but their major capital asset.” (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 5). Consequences of loss of livelihoods are hard to estimate. If the situation goes on like this, the impacts can be irreversible in the long term.

### **Women vulnerability**

Women category is the one which may suffer more than others in the land grabbing. Women are systematically discriminated in terms of land rights, poverty condition, physical vulnerability.

## **1.6.4 Dispossession and Displacement**

Many rural communities are forced to leave their lands and move somewhere else. The forced resettlement boost a new phenomenon, the villagization. It consists in displace people to small communities. It has obviously a series of negative impacts on local communities, first of all the lack of food in the new location. Sometimes governments try to teach new techniques to produce food in the new location, but this is very rare. People who try to fight against displacement and dispossession are often legally pursued and jailed. Many cases have been reported by media. Often, villagization is used as an excuse to give better opportunities to

local communities and so to move in areas with better services such as roads, hospitals, schools and so on. About compensation this is not always given to families.

Even if land, titled or not, was compensated at a fair value, the land itself cannot be replaced [...] This compensation is thus not sufficient to restore livelihoods and only leads to increased farmer landlessness. (Horne, 2009: 44).

Moreover, many times is difficult to prove the connection between land acquisitions and displacement. Probably when it will be demonstrated it will be too late, considering the strong long term impacts on rural communities.

### **1.6.5 Environmental Impacts**

Commercial pressure on land is changing land forever. Natural ecosystems are being modifying or even totally disrupt. Forests, grasslands, marshlands, mangroves are the most affected areas as target of land conversion. Subsequent environmental problems are

land degradation, environmental vulnerability due to climate variability, indoor air pollution, water pollution, biodiversity loss, spread of invasive alien species, urban air pollution, and toxic and household wastes. (Horne, 2009: 45)

And the list is not finished yet: monocultures, increased competition for water resources, loss of forest and pastures. Thus, environmental impacts can be at short, medium or long-term. However, it is clear that they can devastate huge areas and provoke irreparable damages.

In particular, water is a sensitive issue. In many countries, such as in the Gulf States, water scarcity is “a key constraint on agricultural production, leading to escalating competition for water resources” ( Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 37). It encourages States and private companies to move

overseas to acquire agricultural land. Furthermore, in many countries, water, as well as land is owned by the government. When a government concede a land deal, the acquirer has got also a priority access to water at the expense of other users, such as local communities.

## **1.7 General policy advises**

It has been emerged that positive effects are paltry and they consists in new agricultural technologies and infrastructure. On the other hands, negative impacts are many: it generates food insecurity; it distorts the lifestyle of local communities, which are oblige to move after being dispossess of their land; it provokes gender inequality. Moreover, it has got several environmental negative impacts: many forests has been cleared up, provoking damages on biodiversity; lands and water has been contaminated; monocultures and so on.

It emerges that land grabbing cases are a symptom of the governance failure. In fact, governance must protect customary land rights; support smallholder agriculture rather than preferring the modern attitude of attracting FDI; give relevance to the human rights protection and sustainability; stop taking decision that affect rural societies; make available data. These should be the most basic actions that a government can take to began improving the situation. The main problem of land grabbing is “the impact of global market forces in the context of governance failures at global, national and local levels. The challenge is to address these failures” (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 61). Only in these way can global food demand and demand for other commodities being satisfy in respect of the world's rural poor rights.

Basically, to whom it may concern general advises for governments are:

- Respect resource land rights of rural people:

Governments should not grant land acquisitions in base at the assessment of land. It does not matter if land is considered “unused” or “wasteland”, no land can be considered like that, most of all if it is fundamental for livelihoods and food security for rural communities. If land is already under customary of collective or individual ownership should not be granted even if land is “state land”.

Wherever a land will be granted, must be applied the principles of Free, Prior, and Informed Consent of existing users and claimants.

Lands owned by individuals or local communities must be considered with the same legal force of a land acquisition, even if that land has got plural, flexible and diverse uses. The central role of rural population must be recognized encouraging the new born of local associations able to reinforce land rights.

Negative effects generated by our capitalist economy, “travesty of justice and sustainable development” (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 62) must be disclosed.

- Smallholder production must be the priority of governments:

Large scale land acquisition looks like the best alternative to solve food security problems to the detriment of smallholders. However, smallholders are in many countries the major food producer and investors in agriculture. (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 63). It means they must be correctly incentivize to increase their production (Wegner and Zwart, 2011) . It is important to support organizations of smallholder producers to achieve relevance at the global level considering an alternative way of agriculture based on the small scale.

- International human rights must be extended to rural people:

Civil society must push government in order to ratify international treaties on human rights and that these treaties take on rural people rights. For instance, according to the UN Special Rapporteur on the Right to Food, large scale land acquisition is considered a violations of the right to food in the case it undermine the local food security. In fact, when there are cases of displacement and dispossession of land, food security of rural communities is endangered. Another example is the ILO Convention No. 169 on indigenous peoples’ rights: not many States ratified it and it happened with many other treaties.

- Transparency of data:

Lack of transparency is a key issue in the land grabbing phenomenon. Without transparency is hard to apply good practices and meet legal obligations. Data that must be render public should be: investor, investor country, intention of the

acquisition, negotiation status, implementation status and contracted size. This is fundamental to stop bad practices and corruption cases. To gain from transparency would be local population and even companies. To reach this goal, government should public already existing information on deals. Even civil society and the private sector have got an important role. Respectively the first must monitor Large scale land acquisition and the respect of contractual terms while the second one can disclosure their information and collaborate with civil society for transparency and accountability initiatives. Direct action by civil society supported by NGOs “may be the most effective way of preventing illegitimate dispossession” (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 65). The Land Matrix Project of ILC, CIRAD, CDE, GIGA, and GIZ and the regional land observatories of ILC members such as Landwatch Asia and the Observatorio de Tierras for the Andean region or Open Development for Cambodia, are an example of the power that civil society has got in its hands. These database and associations collected and disclosed many data. However this is just the beginning, much progress still to be made.

- Environmental concerning

Environment must be protected as much as local communities. To do so it is important to implement Environmental Impact Assessments (EIAs) in a transparent manner disclosing the results. Even water should not be overlooked, may placing limits on water extraction in contracts. Particularly, should be prioritize acquisitions that minimize negative environmental impacts based on agro-ecological principles.

# Chapter 2

## Viet Nam profile

### 2.1 Introduction of Viet Nam

In this chapter will be outlined Viet Nam profile, giving particular attention to the economy, Foreign direct investment and the evolution of the Land Law in Viet Nam to better explain the context in which land acquisitions are being concluded. The opening of the market started with the *Doi Moi* reform: the State aimed to rich a vertical integrated economy to which followed an economic liberalization well integrated in the capitalism system. Thus, the adhesion to ASEAN in 1995 and to the World Trade Organization (WTO) in 2007 contributed to rich these goals. Attract direct investment became a must and invest abroad too.

### 2.2 Geography

The Socialist Republic of Viet Nam is situated in the oriental side of the Indochinese peninsula in Southeast Asia. The country is bordered by China to the North, by Laos to the North-West, by Cambodia to the South-West and by the South China Sea to the East. It covers a total area of 331.690 sq km. Viet Nam is a 1.650 km long line of land with an s shape. It is 500 km large in the largest part and 50 km in the narrowest point.

The country has got a various topography. It is rich of hills, mountains, rivers delta, costs and plains which reflect the monsoonal and humid climate that affect the region. Three quarters of the country presents low mountains and hills. In fact, the regions with altitude under 1.000 meters above the sea level is about 85% of the territory while the mountains which go above 2.000 m represent just 1%.

The mountain chain crosses the country from the North-West till the South-East and the greater mountains are situated in the North-West side: the higher is the Phan Xi Pan with 3.143 m.

A quarter of the land is covered by rivers delta separated by mountains and hills. There are two principal deltas: the Red River Delta, situated in the north with 16.700 km<sup>2</sup> and the Mekong River Delta with 40.000 km<sup>2</sup>. These two regions are arable and fertile.

The agricultural land constitute 35% and 20.6% of it is arable. Arable land is cultivated for crops like wheat, maize, and rice that are replanted after each harvest. 11.18 % is used for permanent crops such as citrus, coffee, and rubber that are not replanted after each harvest but excludes land under trees grown for wood or timber. Other land such as permanent meadows and pastures, forests and woodlands, built-on areas, roads, barren land, etc. occupied the 69.18% of the total and 45.5% of it is forest area (The World Factbook, 2014).

Natural resources are: phosphate, coal, manganese, rare earth elements, bauxite, chromate, offshore gas and oil deposit, timber and hydropower.

Its capital city is Hanoi since the reunification of North and South in 1976. Other important cities are Ho Chi Min, known in the past as Saigon, situated in the South, Da Nang, in the center and Haiphong, near to Hanoi.

## **2.3 Climate**

Viet Nam is situated in the tropical and temperate area, so the climate in Viet Nam is characterized by high temperatures and humidity throughout all the year. Nevertheless, the climate change in base at the region and season. There are two principals climatic zones: the North Viet Nam has got a tropical monsoon climate with four season and an high level of humidity due to the monsoons coming from Asia or Thailand, Laos and from the Oriental Sea; the south Viet Nam has got a moderate tropical climate with almost no influence by the monsoon and characterized by dry and rainy season with mild temperature during all the year.

The average temperature is in between 21° and 27° C and it grows from the north till the south. In the summer the average temperature is 25° C and in the winter the slow temperature is reached in December or January. In the mountains region the temperature can go down zero.

Because of the monsoon and the complex topography of the region, Viet Nam is often hit by natural disaster like storms, flash floods and drought.

## 2.4 History

Viet Nam has got a very old history, linked to the civilizations which born in the Red River Delta and Mekong River Delta. For twelve centuries Vietnamese people had to fight against the aggression of invaders: since the III century B.C. till the XX century A.C. the Vietnamese has been dominated by Chinese dynasties and Viet Nam risk too many times to disappear. The Chinese introduced the Buddhism religion and treat the Vietnamese as a province of the Empire demanding the payment of tributes.

However, the victory of Bach Dang in 938 A.C. opened the door to a new era based on an independent feudal system and put the basis for the building of the nation.

Under the dynasties Ly (1009-1226), Tran (1226-1400), Ho (1400-1407) and Le (1428-1527), the Dai Viet (name of Viet Nam through all these dynasties), it had its gold period: agriculture, irrigation system and traditional handicraft had a big boost. New cities and ports increased the commerce and economic exchanges.

After this prosperous period, in the XIX century the French arrived to conquest Viet Nam and they fall down into a stuck situation for over 100 years, from 1858 till 1945. The feudal system based on the food self-sufficiency got destroyed in favor of a colonial exploitation which introduced new social actors such as the bourgeoisie and the working class.

A new change happened the 2<sup>nd</sup> of September 1945, when the Declaration of Independency established the new Democratic Republic of Viet Nam. A short period of peace gave to the north the possibility to undertake the socialist path, while, thanks to the Geneva Agreement (1954), the south stayed under control of France and US in preparation of the elections that never occurred. US established the South Republic of Viet Nam and north and south stayed separated for twenty years.

From 1954 to 1975 Viet Nam faced one of the worst wars ever to unify north and south. Finally, after that, Viet Nam could have a peace time to build up its nation based on a communist party. Unfortunately, in the first ten years Viet Nam had a hard time of stagnation with bad consequences for the populations but in the 1986, thanks to the *Doi Moi* reform, started a new era of development and Viet Nam passed to be an importer of food to be the second exporter of rice in the world. The first tries to improve the economic situation happened in between of the 1986-1988 where it assisted to the

liberalization in the economic field. In between of the 1988 and 1990 new economic reforms has been approved in the agricultural and private field and others about foreign investment. In the next two years it was visible the good effect of these new reforms and of the open politic strategy. Nevertheless, nowadays still cultural, political, social and ideological problems. Anyway the poverty rate is much lower than in the past thanks to the development in the agricultural and food sector.

After the US embargo, Viet Nam opened its door to international commerce and relations and since July 1995 it is part of the Association of Southeast Asian Nation (ASEAN) and since January 2007 it a member of the World trade organization (WTO). The passage to a market economy socialist-led exposed the country to the effect of the globalization, but in the crisis of the 1997 it did not had too many bad consequences like in Thailandia, South Korea and Indonesia: Viet Nam had continue to grow. The main problems right now are the growth of the dualism between cities and countryside, between North and South and between new emergent classes and part of the population which still poor. It can create social fracture and political problems which can be very difficult to solve.

## **2.5 Population**

Viet Nam is a medium dimension developing country. According to The World Factbook, the population is about 93 million (The World Factbook, July 2014) over 625,1 million in all the ASEAN area (ASEAN, December 2014). Viet Nam has got 1% growing rate (The World Factbook, July 2014) while the density of population is 271 persons/km<sup>2</sup>. The medium age is 29: 28 for male and 30 for female (The World Factbook, 2014). Death rate is 5.93 deaths/1,000 population (The World Factbook, 2014) while birth rate is 16.26 births/1,000 population (The World Factbook, 2014).

The North is more populated and devoted to the agriculture while the South is more advanced and industrialized. The country still presenting rural features: labor force occupies 48% in the agriculture but it just contributes for 19% to the GDP. In the industrial sector it occupies 21% of the total work force while in the services 31%. They respectively contribute to 38.5% and 42.2% to the GDP (The World Factbook, 2014).

The poverty declined reaching in 2012 11.3% of population below poverty lane with an

unemployment rate that passed from 3.2% in 2012 at 1.3% in 2013 (The World Factbook, 2014).

## 2.6 Economy

Viet Nam had a centrally planned economy till the 1986, year in which the government approved the *Doi Moi* reform. It promoted a more competitive economy and economic relations with several countries. The Vietnamese adhesion to the ASEAN in 1995, to the WTO in 2007 and to the Trans-Pacific Partnership trade agreement in 2010 showed fertile soil for foreign investment. In fact the stock of direct investment at home was \$73.71 billion in December 2012 and it grows till \$84.61 billion a year after (The World Factbook, 2014).

The GDP per capita PPP is \$ 5124.64 (Trading Economics, 2014). The GDP per capita is \$ 1,910.5 with a growing rate of 6.03% (Trading Economics, 2014)

Table 2.1. Viet Nam GDP per capita PPP (2014)



Source: Trading Economics, World Bank, 2014

Table 2.2. Viet Nam GDP growth rate (2012-1015)



Source: Trading Economics, World Bank, 2015

According to The World Factbook, since 1986 Viet Nam shifted from policies trying to aim economic growth, which provoked inflation, to those aimed at stabilizing the economy, through monetary and fiscal control.

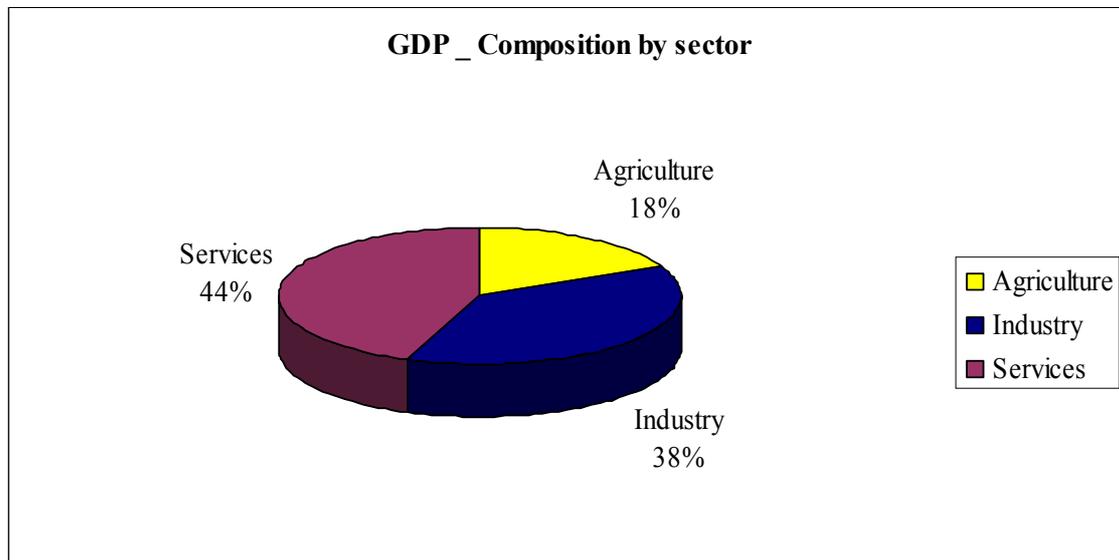
The inflation lowered from 9.1% in 2012 till 4.6% (The World Factbook, 2014).

Thanks to the reforms applied since the *Doi Moi*, such as the law for foreign investment in 1987, the law for transparency above private enterprises and cooperatives and the Constitution issued in 1992, improvement also in public investment, state owned enterprises and in the banking sector have been reached.

All these features lead one to think that this country will grow always more. And it is not just an economic path which is leading this country to grow but also changes and develops in the structure of the society.

In the graphic below it is clear that services contribute with 44% to the GDP, industry with 38% and agriculture with 18%.

Graphic 2.3. GDP: composition by sector (2014)



*Source:* Author's elaboration from The World Factbook, est. 2014

### **Viet Nam balance trade**

According to Trading Economics,

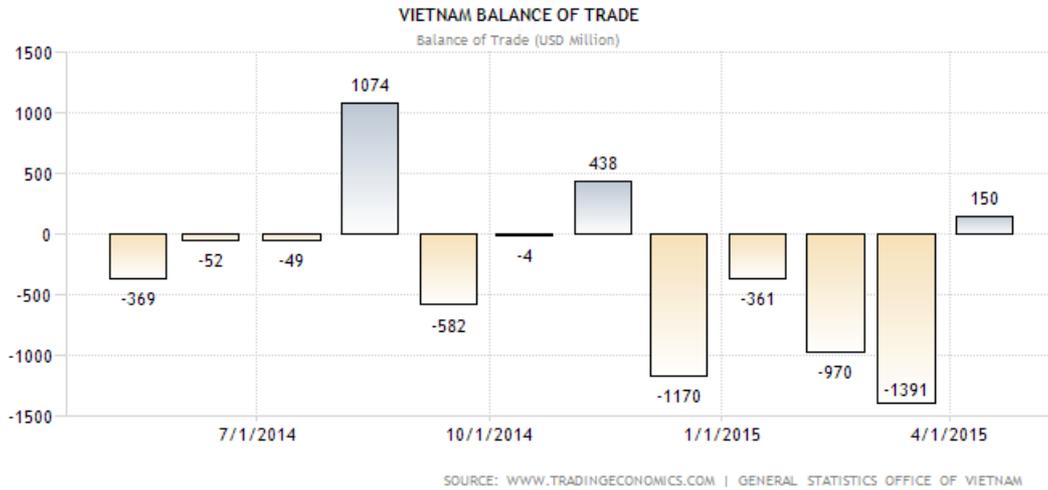
Vietnam recorded a trade surplus of 150 USD Million in April of 2015. Balance of Trade in Vietnam averaged -428.89 USD Million from 1990 until 2015, reaching an all time high of 1444 USD Million in January of 2014 and a record low of -3888 USD Million in December of 1996. Balance of Trade in Vietnam is reported by the General Statistics Office of Vietnam (Trading Economics, 2015).

As Trading Economics states, since 2012, Viet Nam has been recording an export growing rate higher than import rate.

In recent years, the biggest trade deficits were recorded with China, Korea, Taiwan, Singapore and Thailand. Vietnam records trade surpluses with the United States, Hong Kong, United Kingdom,

Cambodia and United Arab Emirates (Trading Economics, 2015).

Table 2.5. Viet Nam balance of trade (2014-2015)



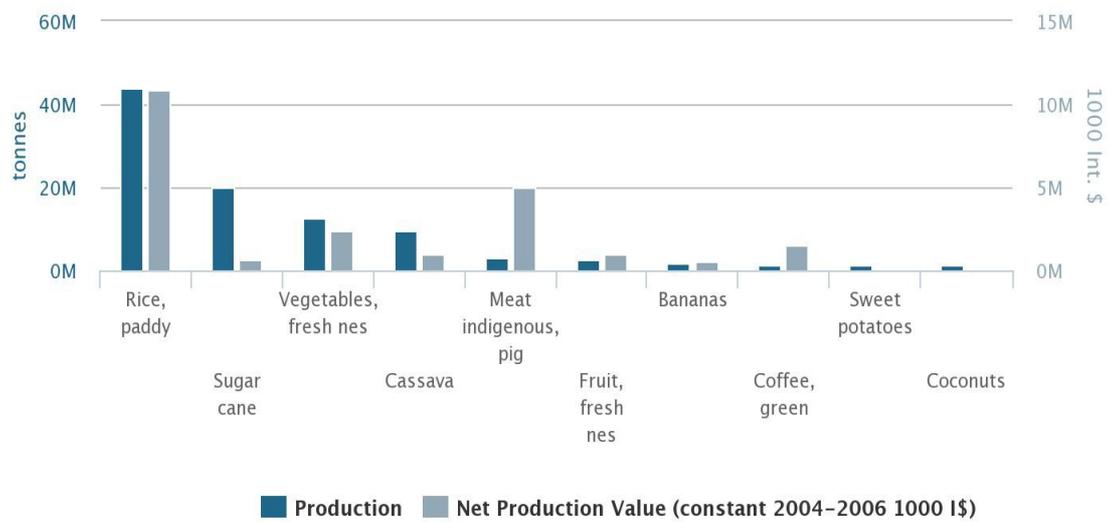
Source: Trading Economics, General Statistic of Vietnam, est. 2015

### Is Viet Nam food exporter or food importer?

To whom it may concern Viet Nam exports and imports will be taken into exam FAOSTAT data.

Commodities which Viet Nam produce more are rice, sugar cane, vegetable, cassava and maize, as shown on the table that follow.

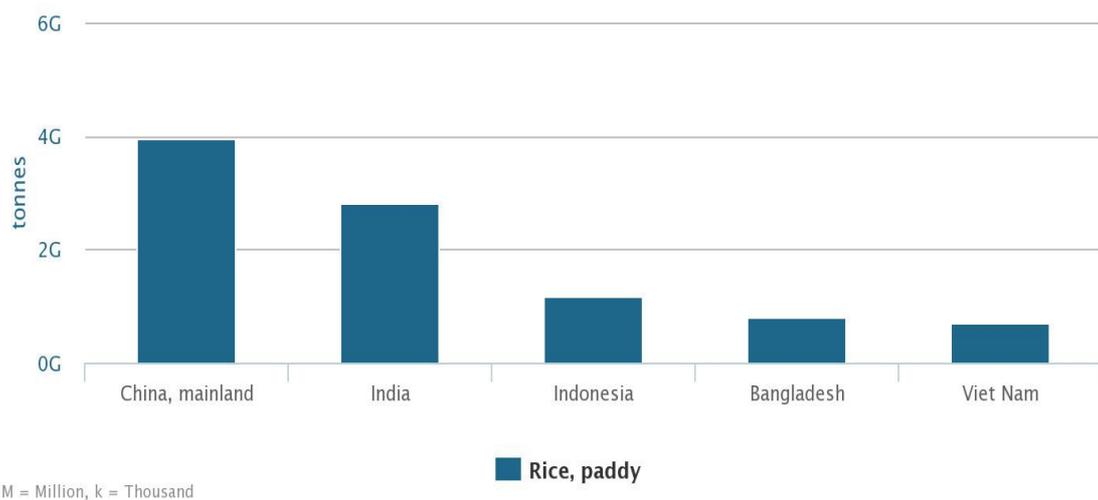
Table 2.6. Top ten commodities in Viet Nam, 2013



Source: FAOSTAT, 2015

From data emerged that Viet Nam is the fifth rice producer in the worlds. It shares the market with its competitors: China, India, Indonesia and Bangladesh.

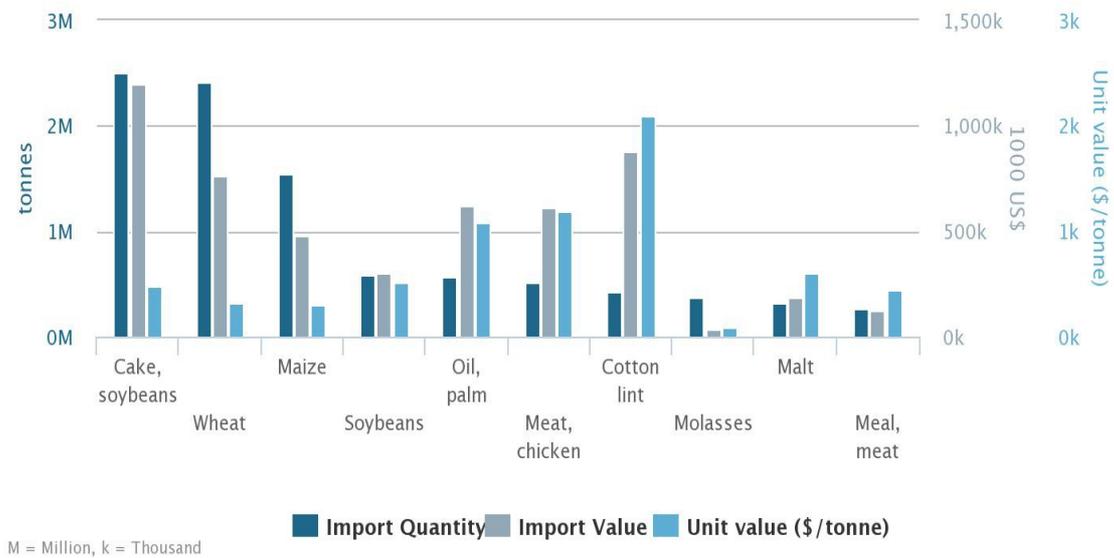
Table 2.7. Top five rice producer. (Average 1993-2013)



Source: FAOSTAT, 2015

Imported commodities in Viet Nam are soybeans cake, wheat, maize, soybeans, palm oil, chicken meat, cotton lint, molasses, malt, meat. In the table below it is evidenced import quantity, import value and unit value.

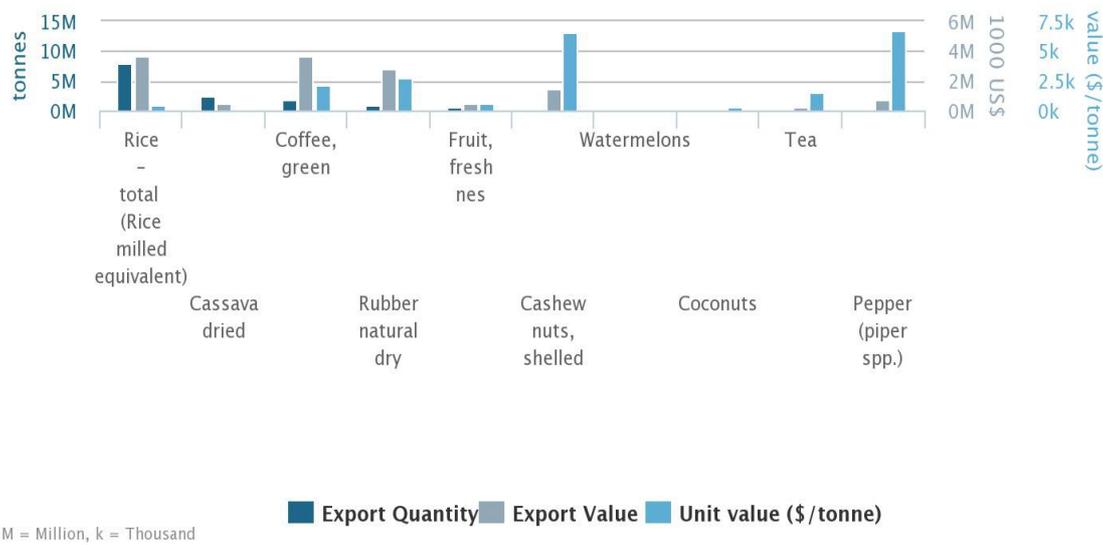
Table 2.8. Top ten imported commodities Viet Nam, 2012



Source: FAOSTAT, 2015

On the other hand, export commodities are: rice, dried cassava, green coffee, rubber natural dry, fresh fruit, cashew nuts (shelled), watermelons, coconuts, tea and pepper. In the table below it is evidenced import quantity, import value and unit value.

Table 2.9. Top ten exported commodities Viet Nam, 2012



Source: FAOSTAT, 2015

Concluding, considering the table above, Viet Nam is definitely a food exporter thanks to the big amount of exported rice.

### 2.6.1 Agricultural sector

Before of the reforms introduced in the Eighties, the Vietnamese agricultural system was inefficient because based on the cooperatives monopoly, on the fractional of goods and on the prices fixed by the central government. There was stagnation of production and the rice was imported. The private management of the land were more dynamic than the public but it was facing some problems anyway. The majority of the land was owned by the cooperatives producing for the country and the privates owned just a little part of it. Michelin Company was one of these private companies which established in 1925 a rubber plantation of 12.400 hectares close to Saigon. It was the largest rubber plantation in Viet Nam (Belle Indochine website, n.d.). Public enterprises were busy in producing tea, rubber and coffee to export.

The most important law introduced in the Eighties was the Decree No. 10 by the

communist party the 5<sup>th</sup> April 1988 in which is recognized the family instead of the cooperative as the base unit in agriculture. The land is always owned by the government but the production is now private and the role of the cooperatives became to furnish producing, finances and administrative services.

Another important reform had been introduced in 1981 and it is called “output contract system”: the producer has to give to the State part of what he produced and can keep the rest for himself, selling the surplus in the free market.

Through a production group or cooperative, the output contract system allocated plots of land to individual farmers; and a delivery quota, based on average yield over the last three years, was then established for each farmer.

(St John R. B., 2006)

These reforms provoke an improvement in the economy but it was not sufficient. So, in the 1988 the “output contract system” had some changes to better motivate people to invest in their land and produce more. While before the land was given in concession just for five years, the time was promulgated till 15 years and the target of productivity fixed by the government slowed down to ensure to the producer to put in the free market at least 40% of his product.

Another important reform was to give independence to the farms and liberalization of the agricultural prices to eliminate the rigidity of the market which provoke the stop of the production growth. The only way to control the price in the agricultural sector was through the price of fertilizers, which is common also in other countries of the world.

With all these reforms the good results were very easy to see. However, most of that cooperatives which had to furnish services in producing, finances and in the administrative sector having profits, they could not reach this objective. Most of them stopped to work and just a few of them could adapt its function to what asked from the new reforms. The main problem was the change from a centralized system to a market economy which reward productivity and efficiency.

The World Factbook estimated that in 2014 agriculture contributed to 18% to the GDP (The World Factbook, est. 2014) and that the labor force occupied in the agricultural sector was 48% of the total (The World Factbook, 2014). The principal products are:

rice, coffee, rubber, tea, pepper, soybeans, cashews, sugar cane, peanuts, bananas; poultry; fish, seafood. Viet Nam exports rice and also others goods and it is improving its situation always more thanks to the economic growth trying to lower the poverty rate. ILO researches show that the largest sector of employments in Viet Nam remains agriculture, forestry and fisheries, with 23 million employers in 2008 (ILO, 2011). However it will change by 2020 with 21.1 million people employed in this sector as the economy will “shifts towards higher value-added, and more technology- and capital-intensive industries and service sectors” (ILO, 2011).

According to the ASEAN aim, an increase in labour productivity will be fundamental. Although the labour productivity in Viet Nam grew by 4.5% on average (ILO, 2015), Viet Nam's labor productivity still near the bottom and at this rate, Viet Nam will reach Philippines by 2038 and Thailand by 2069 (ILO, 2015).

### **2.6.2 Industrial and manufacturing sector**

Most of Vietnamese industries are concentrated in the North: principally mining state-owned enterprises ; engineering; power stations; and modern tobacco, tea, and canning factories. While in the South it is present a kind of lighter industry such as pharmaceuticals, textiles, and food processing. The manufacturing sector and in particular the textile sector became the larger contributor to Viet Nam's exports (Anjoran R., 2014). Thanks to the extremely competitive wage policies and the bilateral agreements with the WTO in 2007, Viet Nam is the second suppliers of USA, after China.

As emerged from ILO researches, the industrial sector will improve. In fact, “detailed, sector-specific studies reveal that Industry, Services and Agriculture sectors grew at an average rate of 6.7 percent between 2007 and 2009” (ILO, 2011). It contributes at 38% to the GDP (The World Factbook, est. 2014).

Oil and carbon are the main resources of the country. Offshore fields are in the Mekong, in Thanh Long and in Withe Tiger river delta. While carbon fields are in Thái Nguyên and Quang Ninh. Gold and phosphates are also extracted.

Industrial, iron and steel sector are becoming always more important. On one side remains the traditional industries of silk and porcelain, on the other side iron and steel,

metallurgic, mechanic, chemical, textile, electronic, agribusiness and rubber industries acquire always more relevance. As we will see the rubber issue is strongly connected with the land acquisition phenomenon.

### **2.6.3 Services**

Services get more relevance contributing at 44% to the GDP and employing 31% of the total population (The World Factbook, est. 2014). To whom it may concern the financial sector, the State Bank of Viet Nam, which had the monopoly until 1988 of the banking sector, has been flank by commercial banks and foreign institution, limiting the state involvement.

The rail and road system is not so developed due to the morphology of the country: the roads follow the coast because of the Annamita Chain, connecting just the big plains.

The touristic sector, bull by public investments, had a rapid growth, with visitors coming mostly from China, South Korea, Japan, United States and European Union.

## **2.7 Different types of enterprises in Viet Nam**

This paragraph wants to give an overview of the five different types of enterprises which operates in Viet Nam, may involved in cases of land grabbing.

In Viet Nam enterprises can be public, private or operate as cooperatives. According to a governmental investigation in the 1992 there were 8.000 enterprises in the public sector which contributed to 30% of the GDP and 50% of the gross industrial production (Capanelli G., 1995: 29). The majority of them was locally administrated: they were not submitted to hard budget constraint and lack of autonomy was the cause of inefficiency. On the other hand, private enterprises did not have price control but they could access easily to bank credit. Even if they had different kind of obstacles they use to register the same growth rate quite low.

Thanks to the *Doi Moi* reform spirit, situation started to change in 1988-1989 when the enterprises could fix the prices for different goods, gained decision-making power above production, investments, interest rate and exported good prices increased.

The different kinds of enterprises are ruled in the Law on Enterprises 2005 (Law No :

60/2005/QH11), which define the rules of the corporate governance. Here a brief description of them.

- *Limited Liability Companies*: Limited Liability Companies with Two or More Members; One Member Limited Liability Companies (Law No : 60/2005/QH11, art.38).

A Limited Liability Company is established by the contribution of every member and the liability of each member is limited to his capital contribution.

The Limited Liability Companies can be of two different types. The first one is the Limited Liability Company with two or more members. It means that the number of members can be in between two and fifty. The Second one is the One Member Limited Liability Company and it means that it is owned by an organization or just an individual. The organizational and management structure of this kind of companies shall have a Members' Council, a chairman of the Members' Council and a director or general director. The Chairperson or the director shall be the legal representative of the company and it must have permanent residence in Viet Nam. When there are more than eleven members, an Inspection Committee must also be established.

- *Shareholding Companies* (Law No : 60/2005/QH11, art.77)

The Shareholding Company is an enterprise in which a share is the capital charter divided into equal parts. It must have at least three shareholders and they shall be liable for the debts and other property obligation of the enterprise only within the amount of capital contributed to the enterprise. The organizational and management structure consists of a General Meeting of shareholders, a board management, a director or general director and if they have more than eleven members they must have an Inspection Committee.

- *Partnerships* (Law No : 60/2005/QH11, art.130)

A partnership is an enterprise in which there must be at least two co-owners conducting business under one common name, with at least one of them being an individual. In a partnership, there can be both limited and unlimited liability

partners. All partners shall constitute the Partners' Council, the highest body which solve any kind of business affair.

- *Sole proprietorship* (Law No : 60/2005/QH11, art. 141)

A private enterprise is owned just by an individual which is liable for all the activities of the company. Each individual can only establish one private enterprise.

- *Corporate Groups* (Law No : 60/2005/QH11, art.146)

A Corporate group is a collection of companies having close relations with each other in term of economic interests, technology, market and other business affair.

The trade received an impulse after the reunification of the country. Viet Nam imports machinery, fuel, fertilizers and it exports: oil, carbon, textile and manufacturing products. The trade is most of all with Japan, China, Hong Kong, Taiwan and North Korea. Thanks to the ASEAN more agreements are having place with China, Australia and New Zeland.

## **2.8 Foreign Direct Investments in Viet Nam**

In order to expand economic co-operation with foreign countries and to create employments, Viet Nam promulgated different laws on Foreign Investment. The last one is the Law on Foreign Investment 2005.

There are four kinds of foreign direct investment recognize by the Law on Foreign Investment 2005: Business co-operation on the basis of a business co-operation contract; Joint venture enterprise; enterprise with one 100% foreign owned capital; Building–Operation–Transfer (BOT). Just the 100% foreign-owned firms and joint ventures accord with the most common definition of FDI and these account the majority of FDIs in Viet Nam (Jenkins R., 2006: 126).

- *Business co-operation on the basis of a business co-operation contract* (BCC)

(Law on foreign investment in Vietnam, art.5)

The contract is signed at least in between of a Vietnamese and a foreign part and it has as a object the co-operation in one or more specific activities of the enterprise. It is not a juridical person so they are totally liable of it. It is usually used for telecommunication, airlines, railways or maritime transport. The contract is disciplined by the Vietnamese law and the parts are free to choose the object, content, interests, obligations, responsibilities and relationships between the parties explaining it in the contract.

- *Joint venture enterprise* (Law on foreign investment in Vietnam, art.6):

It is formed by two or more parties, on the basis of a business co-operation contract. It is a juridical person with limited liable by specific contract which follows these schemes: a Vietnamese and a foreign people; a Vietnamese partner and a foreign enterprise; a joint venture enterprise and a foreign partner; a joint venture enterprise and a foreign enterprise.

Profits and loss are divided second to the shares owned by each partner, but the contract can forecast different subdivisions.

The operational duration of a Foreign Invested Project cannot exceed 50 years; where the Government thinks it necessary to continue, it cannot exceed 70 years

The main problems of the joint ventures are the corruption and the lack of control over it.

- *Enterprise with one hundred per cent foreign owned capital* (Law on foreign investment in Vietnam, art.15):

It is a juridical person formed by one or more foreign investor which follows the types of enterprises listed in the Law on Enterprises 2005.

- To whom it may concerns *Building–Operation–Transfer* (BOT); *Building–Transfer–Operation* (BTO); *Building–Transfer* (BT), (Law on foreign investment in Vietnam, art. 18; art.19) they are three different kind of contract that allow to foreign enterprises to participate to the expansion and modernization of infrastructure in different sector stipulated with the

Vietnamese Government.

In the BOT contracts, the enterprise is responsible of the building and management of a project for a determined period of time after which it pass to the State.

In the BTO contracts, the project pass to the State as soon as the building process is finished. However the State concede to the enterprise the administration of the project till when the enterprise will cover all the expenses and may also some profits. In the BT contracts, the project will pass to the State as soon as the building process is finished but the State will compensate with money the enterprise or give another project to carry out.

On the table below is evidenced which were in 2001 the forms of FDI most common in Viet Nam.

Table 2.10. FDI in Viet Nam, by type of investment, as of 31 December 2001 (US dollars)

<b>Form of investment</b>	<b>Number of projects</b>	<b>Disbursement (US/million)</b>	<b>Percentage of total number of projects (%)</b>
<b>BOT</b>	6	40	0,20%
<b>BCC</b>	139	3 274	4,56%
<b>100% foreign owned</b>	1 858	5 663	61,00%
<b>Joint Venture</b>	1 043	9 716	34,24%
<b>Total</b>	3 046	18 693	100,00%

Legend:

BOT: *Building–Operation–Transfer*

BCC: *Business Cooperation Contract*

Source: Author's elaboration from MPI data, 2002 in Jenkins R., 2006: 126.

FDIs operates principally in these sectors:

In the table below, according to the Ministry of Finance of Viet Nam, are listed the top ten countries which operate FDIs in Viet Nam.

Table 2.11. Top 10 countries source of FDI in Viet Nam (2014)

<b>Number</b>	<b>Country</b>	<b>Investment capital (million \$)</b>
<b>1</b>	Japan	33,665
<b>2</b>	Singapore	28,875
<b>3</b>	South Korea	28,711
<b>4</b>	Taiwan	27,785
<b>5</b>	British Virgin Islands	15,412
<b>6</b>	Hong Kong	12,551
<b>7</b>	The USA	10,603
<b>8</b>	Malaysia	10,320
<b>9</b>	China	6,942
<b>10</b>	Thailand	6,445

Source: International Financial Law Review in Ministry of Finance of Viet Nam, 2014

According to the Ministry of Finance of Viet Nam, key sectors which attract FDIs are listed on the table below. Emerged that Manufacture and processing sector occupy 60% of the total FDIs.

Table 2.12. Key sectors which attract FDIs (2014)

<b>Number</b>	<b>Sector</b>	<b>Investment capital (million \$)</b>
<b>1</b>	Manufacture and processing	120,965
<b>2</b>	Real-estate business	48,433
<b>3</b>	Hotel and Restaurant	10,722
<b>4</b>	Construction	9,810
<b>5</b>	Manufacture, distribution of electricity, gas, water, air conditioner	9,530
<b>6</b>	Information and communication	3,988
<b>7</b>	Art and entertainment	3,665
<b>8</b>	Warehouse and transportation	3,531
<b>9</b>	Agriculture, forestry and fisheries	3,336
<b>10</b>	Wholesale, retail and maintenance services	3,297

Source: International Financial Law Review in Ministry of Finance of Viet Nam, 2014

FDIs can have either negative or positive effects. Within the positive effects we find creation of new employments and may stable employments, training by foreign investors and technology transfer. While, within the negative effects we find display of

local investment, creation of unstable positions, in the case of acquisition of local firms there is no initial increase in employment. The table below will better explain positive and negative effects of FDI.

Table 2.13. Range of potential effects of FDI.

	Direct		Indirect	
	Positive	Negative	Positive	Negative
<b>Quantity</b>	Adds to net capital and creates jobs in expanding industries	Acquisitions may result in rationalization and job losses	Creates jobs through forward and backward linkages and multiplier effects in local economy	Reliance on imports or displacement of existing firms results in job loss
<b>Quality</b>	Pays higher wages and has higher productivity	Introduces practices in e.g. hiring and promotion that are considered undesirable	Spillover of “best practice” work organization to domestic firms	Erodes wage levels as domestic firms try to compete
<b>Location</b>	Adds new and perhaps better jobs in areas with high unemployment	Crowds already congested urban areas and worsens regional imbalances	Encourages migration of supplier firms to areas with available labour supply	Displaces local producers, adding to regional unemployment, if foreign affiliates substitute for local production or rely on imports

Source: UNCTAD 1994, table IV.1 in Jenkins R., 2006: 117

To whom it may concern Viet Nam, FDIs do not have such a positive effect considering the scarce employment generated, which has been very limited. Furthermore,

Despite the rapid growth of FDI in Viet Nam during the 1990s and the significant share of foreign affiliates in industrial output and exports by the early years of the 21st century, the direct employment generated has been very limited. Most of Viet Nam’s labour force continues to be in the agricultural sector and in services such as the wholesale and retail trades,

and transport where FDI has been minimal. (Jenkins R., 2006: 139)

In addition, Jenkins and Thoburn (2002) research about the casual links in between the globalization and the poverty in Viet Nam. In fact, increased import competition had a negative effect on local producer which had to face foreign competition (Jenkins and Thoburn, 2002).

## **2.9 Land Laws in Viet Nam**

Throughout the 50s, 60s and 70s, the Communist party implemented agricultural policies. However, the first land law has been approved just in 1988 and the second one in 1993. At a later stage, the 1993 Land Law has been amended in 1998, 2001 and 2003. “Land rights in Vietnam are divided into three categories: land ownership, land management, and land use rights.” (Hansen K., 2013: 6). According to the Land Law, land belong to the Vietnamese people but it is manage by the State. The State decide the purpose of land, who has the right to use the land and for how long.

Land use rights were granted by individuals, family households and organizations in 1988 Land Law and with 2003 Land Law allow to possessor of land user rights even to exchange, sell, lease, mortgage, inherit, and give land as a gift (Nguyen, Suu Van, 2007).

Another fundamental consideration about land is the marketization of land. Land started having a value with 1993 Land Law and from 2003 Land Law the price will be regulated by the State in compatibility with the land price in the market.

Table 2.14. Land policy renovation

Period	Rights of land users participating in the market	Land price management regime
01-01-1988 14-10-1993	Don't have rights to participate in land use right market.	The land is valueless and can't be priced in the market.
15-10-1993 31-12-1998	Households, individuals have rights on exchange, transfer, inheritance, lease, and mortgage.	The land is valuable and the land price will be stipulated by the State (regularly equals to 10%-20% of the land price in the market).
01-01-1999 31-6-2004	Households, individuals have rights on exchange, transfer, inheritance, lease, and mortgage; economic organizations using land allocated by the State (limited in some cases) or land lease with one time payment for the overall land rental have rights on transfer, lease, mortgage, and contribution as capital.	The land is valuable and the land price will be stipulated by the State (adjusted to be higher than before).
01-7-2004 Nowadays	Households, individuals have rights on exchange, transfer, donation, inheritance, lease, mortgage, guarantee, and contribution as capital; domestic economic organizations using land allocated by the State or foreign economic organizations using land leased by the State with one-time payment for the overall land rental have rights on transfer, lease, sublease in industrial parks, donation in compliance with the law, mortgage, guarantee and contribution as capital.	The land is valuable and the land price which is regulated by the State must ensure its compatibility with the land price in the market.

Source: World Bank (2010), "Measures for land price determination for compensation and resettlement in Vietnam" in Hansen K., 2013: 8.

The opening to the global market, pressured by the World Bank, leads Viet Nam to convert agricultural land to create space for industrialization and urbanization (Nguyen, Suu Van, 2009) and as a consequence conflicts increased due to different priorities in between State and people. State aimed to turn into an industrialized country til 2020

improving urbanization, modernization, and industrialization while individuals want just their land for livelihoods purpose.

According to the Ministry of Labor, Invalids and Social Affairs, 627,495 households were affected—including 950,000 laborers and 2.5 million farmers—when Vietnam converted 366,440 hectares of farmland to industrial and urban land between 2001 and 2005 alone (Nguyen, 2009 in Hansen K., 2013: 15).

Despite Land Law established that local people dispossessed of their land must have access to job training programs and in the case the land has been destined to industrial use, a percentage of dispossessed people must be employed in the new activity, the law application is not easy. It has got obviously a negative impact on local communities: many people stayed without job and without their land, a way to guarantee them self sufficiency.

In 2013, the National Assembly passed the new Land Law which still in force. Many actors put pressure on the National Assembly to revise the previous law such as the World Bank, NGOs, private investors and so on to enact big changes.

In November 2013 the Law has been approved and new changes were produced:

The new law has extended land use rights for agricultural and forestry land to 50 years. Additionally, the new law contains more limitations on the government acquiring land for the purposes of economic development. Now when private investors want to seize land for a development they have two options: they must either negotiate directly at the local level or go through the national assembly or the prime minister if they want to enact the powers of eminent domain. (Hansen K., 2013: 35)

Furthermore, compensation is now differently regulated: it must be paid in advance the land is cleared. Regarding dispute resolution, an independent land appraisal will be realized.

Nevertheless, the new Land Law does not satisfy totally nobody. In fact, the

government still the manager of land and any real independent authority have been established. In addition, still the problem of no transparency on land acquisitions and data's access is allow just with special permission by the government or paying fees.

A negative phenomenon evolved from this management of land is the land grabbing. Land grabbing in Viet Nam has got many displays such us the wrong valuation of land and unfair compensation for local communities; unequal access to land; facilitating for privates; corruption; gender inequality; minority rights; environmental damages; and so on. Specific cases and relative causes will be analyzed in the next chapter.

## **Chapter 3**

### **The large scale land acquisition in Viet Nam. Viet Nam as a target and Viet Nam as investor.**

#### **3.1 Introduction of Viet Nam**

Viet Nam is one of the country in the world which represents particular cases of land acquisitions. Seeing evidence, it acquires and at the same time it is target for almost the same amount of hectares (Land Matrix data, 2015). However, we are conscious that maybe data are not complete due to the lack of transparency in Viet Nam policies and land deals registers, often not disclosed. The countries which are mostly acquiring in Viet Nam are China and Japan while the countries in which Viet Nam acquires are Cambodia and Laos.

As emerged from Land Matrix, Viet Nam sees only domestic investments as investor with the participation as second investors by China for five agreements and Israel for one. The majority of Chinese acquisitions had stopped their production (Land Matrix, 2015). The interested by Chinese companies is, or may is more appropriate was as will be explain later, to plant eucalyptus and acacia. Uses for these plants are, to whom it may concern eucalyptus: pharmacological and herbal essential oil, the use of wood as firewood or work for paper-making; to whom it may concern acacia: production of wood, nectar plant and as ornament.

However, from data Viet Nam seems to be an investor country. It invests mainly in Laos and Cambodia planting rubber and sometimes cassava, and it has got a small acquisition also in Sierra Leone.

Unfortunately, both kinds of investments are responsible of abuses and deprivations suffered from farmers. The companies buy land exploiting territory and local population which lives in there.

In this chapter will be underline the connection between the economic growth and the land acquisition phenomenon in Viet Nam, with the intent to give at the reader a concrete example of land acquisition showing its contradiction.

### 3.2 Viet Nam and the large scale land acquisition phenomenon

Viet Nam is a particular case in the phenomenon of large scale land acquisitions. In fact, as shown in land matrix website, different actors are investing in Viet Nam for an amount of 351,809 hectares and Viet Nam is investing in other regions for an amount of 322,263 hectares.

Table 3.1. Regions investing in Viet Nam

Regions investing in Viet Nam	Hectares (ha)	Deals	Maximum deal size (ha)	Minimum deal size (ha)	Average size (ha)
Eastern Asia	349,309	7	100,000	0,309	50,115
Middle-east	2,500	1	2,500	2,500	2,500
<b>Tot.</b>	<b>351,809</b>	8			

Source: Author's elaboration from Land Matrix, 2015

Table 3.2. Regions Viet Nam invests in

Regions Viet Nam invests in	Hectares (ha)	Deals	Maximum deal size (ha)	Minimum deal size (ha)	Average size (ha)
Western Africa	110	1	0,110	0,110	0,110
South-east	322,153	48	10,603	0,284	5,444
<b>Tot.</b>	<b>322,263</b>	49			

Source: Author's elaboration from Land matrix, 2015

The Economic Large Scale Production (ELSP) model, clearly connected with the large scale land acquisition, is being highly implemented in Viet Nam. Vietnamese companies are looking to invest mainly in the agricultural sector “as it becomes more profitable and efficient” (VietNamNet, 2014). For instance, it is evident from the change of direction by many companies such as HAGL, the first real estate company which decided to invest in maize, sugarcane, rubber and breeding cows. Although the firstly bewilderment of the others companies, they decided to follow HAGL, seeing the huge profits (Dan Tri, 2015).

Countries which decided to invest in Viet Nam are Israel, China and Japan.

Firstly, Israel is present in Viet Nam just with one deal and it takes 2,500 hectares (Land Matrix, n.d.). The investors is TH Milk, one of the Asia's biggest dairy farm, which is being set up and operated by Afimilk, in turn owned by Kibbutz Afikim, a dairy farm technology company. It is located in the North of Viet Nam, in Nghe An province and it is directed by Barak Wittert, who wants to improve the milk production sector in Asia.

Secondly, Honda and Japanese International Cooperation Agency (JICA) in collaboration with the Vietnamese State has got a contract of 309 hectares (Land Matrix website, n.d.). It is a project of small-scale Afforestation/Reforestation Clean Development Mechanism (AR-CDM), financed by Honda Ltd, in Cao Phong District, Hoa Binh Province (JICA, 2008).

Finally, InnovGreen, a Chinese company, is the main investors: with just six deals it invested for 340,309 hectares (Land Matrix, n.d.). The intention of the investment is forestry and especially it aims at the production of wood and fibre throughout acacia and eucalypt.

TH Milk and InnovGreen are badly involved in the land grab issue. These two cases will be further analyse.

On the other hand, Viet Nam too operates large scale land investments in Sierra Leone, Laos and Cambodia.

In Sierra Leone, Vedico Mange Bureh Farm Ltd., in co-operation with BHB GmbH Projektmanagment, Germany, and Cuu Long Delta Rice Research Institute, Vietnam, signed a contract of 110 hectares related to a project aiming "to saturate the demand of rice of the country with the vision of export to neighboring countries" (Rice for Africa, 2008), in line with the Food Security and Poverty Reduction Program of the Government of Sierra Leone, with the expectation to enlarge the acquisition at 50,000 hectares (Land Matrix, 2015).

The investments in Laos and Cambodia are in total 48 deals and they are mostly related to rubber production. As demonstrated from the Global Witness report "Rubber Barons", some of these land investments are an explicit case of land grabbing for different reasons which will be analyses in the next section, being our case studio. The main actors who operates in the rubber sector production are in Cambodia the Vietnam

Rubber Group while in Laos is the Hoang Anh Gia Lai Group.

Some tables follow to better schematize large scale land acquisition in Vietnam.

The table 3.3 represents the contracts stipulated by foreign companies in Viet Nam. From it emerged that six contracts above eight are abandoned project. It is due to some controversial issues in between InnovGreen and the Vietnamese government, as explained in the paragraph 3.2.2.

To whom it may concern the acquisition of the Forest Development Fund, it is written “Start-up phase, no operation” because it is a project of reforestation, so it does not produce anything.

In the table 3.4 are schematize acquisitions by Vietnamese companies in Laos. Land Matrix registers fourteen contracts. Seven of them are made by the biggest boss in rubber plantations: HAGL and Vietnam Rubber Group. HAGL has got also an investment in Sugar cane plantation. Even the smaller companies invest mainly in rubber. Plantation dimensions do not exceed 10,000 hectares and the smallest plantation registered 0,284 hectares, it is a cassava plantation, property of Houfuco Company, Ltd.. All contracts are now in operation.

In the table 3.5 are schematize acquisitions by Vietnamese companies in Cambodia. Land Matrix reports thirty-four contracts. Thirteen acquisitions are made by Vietnam Rubber Group, just three by HAGL and four by Gemadept. Almost all contracts are in a start-up phase as rubber plant needs about seven year before becoming productive. The majority of contracts in operation are the one concluded by Vietnam Rubber Group.

Thirty-one contracts above Thirty-four are rubber plantations. Just two has got Sugar Cane and one is unknown. The biggest acquisition registers 10,063 hectares, by Bigimexco, the smallest one 0,769 hectares, by CIV Development Company.

In the table 3.6 is reported the acquisition by Vedio Mange Bureh Farm Ltd. In Sierra Leone. It is a small acquisition, but actually it is probably destined to become bigger as the aim of the government is to collaborate with Viet Nam companies to improve its

rice self sufficiency.

Table 3.3. Companies investing in Viet Nam

N.	Primary investor	Secondary investor	Investor country	Intention of the investment	Negotiation status	Implementation status	Contract size (ha)
1.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2005] Concluded (Contract signed)	[2007] In operation (production)	21,000
2.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2006] Concluded (Contract signed)	[2010] Project abandoned	100,000
3.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2007] Concluded (Contract signed)	[2010] Project abandoned	70,000
4.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2008] Concluded (Contract signed)	[2010] Project abandoned	30,000
5.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2008] Concluded (Contract signed)	[2010] Project abandoned	65,000
6.	<b>InnovGreen</b>	InnovGreen	China	Eucalyptus Acacia	[2008] Concluded (Contract signed)	[2010] Project abandoned	63,000
7.	<b>Forest Development Fund</b>	JICA Honda Vietnamese State	Japan Viet Nam	Forestry Conservation (REDD)	[2008] Concluded (Contract signed)	[2008] Start-up phase (no production)	309
8.	<b>TH Milk</b>	S.A.E. Afikim	Israel	Dairy farm	Concluded (Contract signed)	[2009] In operation (production)	2,500
<b>Total hectares</b>							<b>351,809</b>

Source: Author's elaboration from Land Matrix database, 2015

Table 3.4. Vietnamese companies investing in Laos

N.	Primary investor	Secondary investor	Intention of the investment	Negotiation status	Implementation status	Contract size (ha)
1.	<b>Hoang Anh Attapeu Sugar Cane Co., Ltd.</b>	Hoang Anh Gia Lai (HAGL)	Sugar Cane	[2011] Concluded (Contract signed)	[2012] In operation (production)	10,000
2.	<b>Hoang Anh Attapeu Agriculture Development Co. Ltd.</b>	Hoang Anh Gia Lai (HAGL)	Rubber	[2008] Concluded (Contract signed)	In operation (production)	10,000
3.	<b>Hoang Anh – Quang Minh Rubber Industrial and Agricultural JSC</b>	Hoang Anh Gia Lai (HAGL)	Rubber	[2007] Concluded (Oral Agreement)	[2012] In operation (production)	2,549
4.	<b>Viet Lao Rubber Joint Stock Company</b>	Vietnam Rubber Group (VRG)	Rubber	[2005] Concluded (Contract signed)	[2005] In operation (production)	10,000
5.	<b>Dau Tieng - Viet Lao Rubber Joint Stock Company</b>	Vietnam Rubber Group (VRG)	Rubber	Concluded (Contract signed)	[2007] In operation (production)	10,000
6.	<b>Dien Bien - Northern Lao Rubber Co. Ltd.</b>	Vietnam Rubber Group (VRG)	Rubber	[2012] Concluded (Contract signed)	[2012] In operation (production)	6,000
7.	<b>Ho Chi Minh City Rubber JSC</b>	Vietnam Rubber Group (VRG)	Rubber	Concluded (Oral Agreement)	unknown	6,000
8.	<b>Vietnam-Laos Friendship Rubber Co. (LVF)</b>	Binh Dinh Pharmaceutical and Medical Equipment Company (BIDIPHAR) Hoang Anh Gia Lai (HAGL)	Coffee Plant Rubber	[2006] Concluded (Contract signed)	[2006] In operation (production)	8,000

<b>9. Quasa Geruco Joint Stock Co</b>	Vietcombank Securities Limited Company (VCBS) Vietnam Rubber Group	Acacia Rubber	[2007] Concluded (Contract signed)	In operation (production)	8,650
<b>10. Dac Lac Rubber Co</b>	Dac Lac Rubber Co	Rubber	Concluded (Oral Agreement)	[2006] In operation (production)	10,000
<b>11. Houfuco Company, Ltd.</b>	Houfuco Company, Ltd.	Cassava (Maniok)	[2005] Concluded (Contract signed)	unknown	284
<b>12. Tin Nghia Agro-product Processing Company</b>	Tin Nghia Corporation	Fodder Plants Coffee Plant	[2012] Concluded (Contract signed)	[2012] In operation (production)	unknown
<b>13. Kaosouyaotiang Viet-Lao Company</b>	Kaosouyaotiang Viet-Lao Company	Rubber	[2006] Concluded (Contract signed)	In operation (production)	10,000
<b>14. Viet Nam-Laos Coffee Joint Stock Co.</b>	Viet Nam National Coffee Corp. (Vinacafe) Dak Uy Coffee Company	Coffee Plant	[2007] Concluded (Contract signed)	[2007] In operation (production)	1,000
<b>Total hectares</b>					<b>92,483</b>

Source: Author's elaboration from Land Matrix database, 2015

Table 3.5. Vietnamese companies investing in Cambodia

N.	Primary investor	Secondary investor	Intention of the investment	Negotiation status	Implementation status	Contract size (ha)
1.	<b>Hong An Mang Yang K Rubber Development</b>	Vietnam Rubber Group (VRG)	Rubber	[2009] Concluded (Contract signed)	In operation (production)	6,891
2.	<b>Ta Bien Kampong Thom Rubber Development</b>	Vietnam Rubber Group (VRG)	Rubber	[2007] Concluded (Contract signed)	[2007] In operation (production)	8,100
3.	<b>Thy Nga Development and Investment Co. Ltd.</b>	Vietnam Rubber Group (VRG)	Rubber	[2009] Concluded (Contract signed)	unknown	6,060
4.	<b>Dong Nai Kratie Aphivath Caoutchouc Co. Ltd.</b>	Vietnam Rubber Group (VRG)	Rubber	[2008] Concluded (Contract signed)	[2008] In operation (production)	2,502
5.	<b>Krong Pok Ratanakiri Rubber Development Co.Ltd</b>	Vietnam Rubber Group (VRG)	Rubber	[2010] Concluded (Contract signed)	In operation (production)	6,695
6.	<b>C.R.C.K Aphivath Caoutchouc Co., Ltd. (Chu Pah)</b>	Vietnam Rubber Group (VRG)	Rubber	[2010] Concluded (Contract signed)	[2011] In operation (production)	6,155
7.	<b>C.R.C.K II Aphivath Caoutchouc Co., Ltd. (Chu Se)</b>	Vietnam Rubber Group (VRG)	Rubber	[2011] Concluded (Contract signed)	[2014] Start-up phase (no production)	9,472
8.	<b>Viet Nam Kampuchia Economy, Trade and Industry Company Limited(VKETI) Co.,Ltd</b>	Vietnam Rubber Group (VRG)	Rubber	[2010] Concluded (Contract signed)	unknown	5,051
9.	<b>Caoutchouc Mekong Co., Ltd.</b>	Vietnam Rubber Group (VRG)	Rubber	[2010] Concluded (Contract signed)	[2014] In operation (production)	8,000

<b>10. Ba Ria - Kampongthom Rubber Joint Stock Company</b>	Vietnam Rubber Group (VRG)	Rubber	Concluded (Contract signed)	[2009] In operation (production)	4,879
<b>11. Phuoc Hoa Kampong Thom Co</b>	Vietnam Rubber Group Phuoc Hoa Rubber Joint Stock Company	Rubber	Concluded (Contract signed)	[2009] In operation (production)	9,184
<b>12. Phu Rieng Kratie Rubber Joint Stock Company</b>	Vietnam Rubber Group Song Da Corporation	Rubber	Concluded (Contract signed)	[2007] In operation (production)	6,434
<b>13. Dong Phu-Kratie Joint Stock Company</b>	Vietnam Rubber Group VietNam Cement Industry Corporation	Rubber	[2007] Concluded (Contract signed)	[2010] In operation (production)	8,141
<b>14. Heng Brothers Co Ltd</b>	Hoang Anh Gia Lai (HAGL)	Acacia Rubber	[2009] Concluded (Contract signed)	[2012] Start-up phase (no production)	2,361
<b>15. Hoang Anh Andong Meas Co., Ltd</b>	Hoang Anh Gia Lai (HAGL)	Rubber	[2011] Concluded (Contract signed)	[2013] Start-up phase (no production)	9,785
<b>16. C R D</b>	Hoang Anh Gia Lai (HAGL)	Rubber	[2011] Concluded (Contract signed)	[2012] Start-up phase (no production)	7,591
<b>17. Pacific Lotus Joint-Stock Company Limited</b>	Gemadep	Rubber	[2011] Concluded (Contract signed)	[2006] Start-up phase (no production)	9,014
<b>18. Pacific Grand Joint-stock Company Limited</b>	Gemadep	Rubber	[2011] Concluded (Contract signed)	[2006] Start-up phase (no production)	9,656
<b>19. Pacific Pearl Joint-Stock Company Limited</b>	Gemadep	Rubber	[2011] Concluded (Contract signed)	[2012] In operation (production)	9,614
<b>20. Pacific Pride Joint-Stock</b>	Gemadep	Rubber	[2011] Concluded (Contract signed)	[2011] In operation (production)	9,733

21.	<b>Dau Thieng (Cambodia) Rubber Development Co., Ltd</b>	Dau Tieng Rubber Company	Rubber	[2010] Concluded (Contract signed)	unknown	7,972
22.	<b>Dau Thieng (Kratie) Rubber Development Co., Ltd</b>	Dau Tieng Rubber Company	Rubber	[2010] Concluded (Contract signed)	[2011] Start-up phase (no production)	6,592
23.	<b>30/4 Gialani Company Limited</b>	30/4 Gialani Company Limited	Agricultural Industry (unknown)	[2005] Concluded (Contract signed)	unknown	9,380
24.	<b>Bigimexco Sothy Aphivath Co Ltd</b>	Bigimexco	Cashew Rubber	Concluded (Contract signed)	[2006] Start-up phase (no production)	10,603
25.	<b>CIV Development Company</b>	CIV Development Company	Rubber	[2008] Concluded (Contract signed)	[2009] Start-up phase (no production)	769
26.	<b>P N T Co., Ltd</b>	P N T Group Co.	Rubber	[2010] Concluded (Contract signed)	Start-up phase (no production)	7,900
27.	<b>Veasna Investment</b>	Veasna Investment	Rubber	[2011] Concluded (Contract signed)	[2014] Start-up phase (no production)	5,080
28.	<b>N K Venture (Cambodia) Limited</b>	N K Venture	Sugar Cane	[2010] Concluded (Contract signed)	[2010] Start-up phase (no production)	1,200
29.	<b>Tay Ninh Kratie Sugar</b>	Bien Hoa Sugar Joint Stock Company	Sugar Cane	[2012] Concluded (Contract signed)	[2011] Project not started	8,725
30.	<b>Mega Star Investment and Forestry Development</b>	unknown	Rubber	[2009] Concluded (Contract signed)	unknown	8,000
31.	<b>Cheng Ly Investment Co., Ltd</b>	unknown	Rubber	[2010] Concluded (Contract signed)	unknown	1,900
32.	<b>Dai Dong Yoeurng Commercial Yornh Stock Co., Ltd</b>	unknown	Cashew Rubber	[2010] Concluded (Contract signed)	[2013] Start-up phase (no production)	4,889

33.	<b>Bean Heach Investment Co., Ltd</b>	unknown	Rubber	[2010] Concluded (Contract signed)	[2014] In operation (production)	4,385
34.	<b>KAO SU EA LEV BM YOY STOCK</b>	unknown	Rubber	[2011] Concluded (Contract signed)	[2013] Start-up phase (no production)	8,400
<b>Total hectares</b>						<b>231,113</b>

Source: Author's elaboration from Land Matrix database, 2015

Table 3.6. Vietnamese companies investing in Sierra Leone

N.	Primary investor	Secondary investor	Intention of the investment	Negotiation status	Implementation status	Contract size (ha)
1.	Vedico Mange Bureh Farm Ltd.	Vedico Mange Bureh Farm Ltd. Cuu Long Delta Rice Research Institute	Rice	[2008] Concluded (Contract signed)	[2008] Start-up phase (no production)	110
<b>Total hectares</b>						<b>110</b>

Source: Author's elaboration from Land Matrix database, 2015

### **3.3 Land acquisitions in Viet Nam**

#### **3.3.1 Commercial dairy operations related to the land grab.**

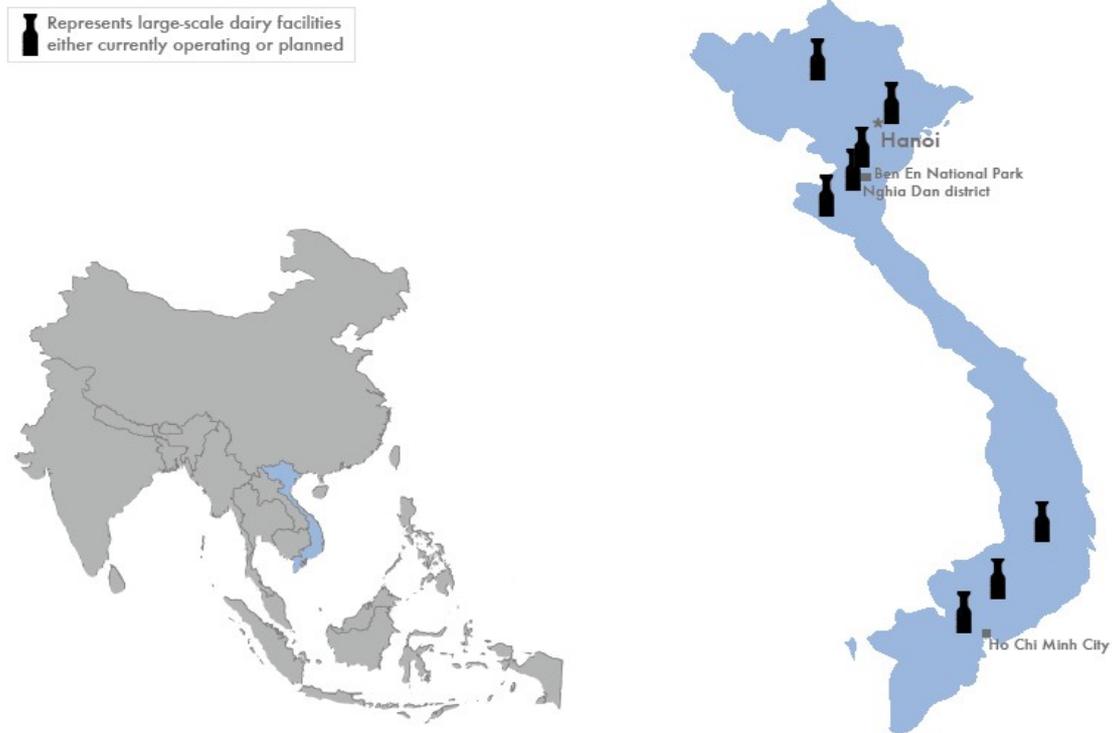
Vietnamese consumption of milk per person is approximately 14.8 litres per year and it is less than in the rest of the Asian countries (Nhi Nguyen, 2014). However, the dairy sector is one of the more stable in the Vietnamese economy despite of the economic recession (Nhi Nguyen, 2014).

As a matter of fact, Vietnamese government is encouraging milk consumption including the consumption of milk at school (Dairy Vietnam Company, n.d.) and lowering the price of dairy products (VNS, 2015). It provokes a long term changes in the diet of Vietnamese people.

As Afimilk assert, “Viet Nam consumption of milk has increased by 5-7% annually, and the country has a shortage of some 650,000 tons of milk a year.” (Afimilk, 2012). As a consequence, the country is obliged to import milk.

TH Milk, a joint stock company, begun in 2009 building the first intensive dairy farm, finding its way to make money at the expense of small-scale farmers. After TH Milk, much more dairy project were approved and lots of Concentrated Animal Feeding Operation (CAFO) were established, as shown in the following map.

Figure 3.1. Large-scale dairy facilities in Viet Nam



Source: BrighterGreen, 2014

TH Milk farm is located in Nghia Dan district, approximately 50 km from the coast of the South China Sea and 20 km from Ben En National Park (Afimilk, n.d.). An additional CAFO is located in Binh Duong province in South-Eastern Viet Nam, with a projected population of 100,000 cows by 2016 (Tung, 2011). Vinamilk, which in the past was supplied by village farmers, now started operating using the CAFO model. Each facility has got from 2,000 to 3,000 cows. These CAFOs are located across the country, in Tuyen Quang, Thanh Hoa, and Nghe An provinces in the north, Binh Dinh province in the south, and Lam Dong province in the central highlands (BrighterGreen, 2014). Vinamilk has also announced in September 2013 the intention to found a new corporation with Thong Nat Co., it will be specialise in raising dairy cows. The new joint venture, Thong Nhat Thanh Hoa Cow Milk Company, is developing a 26,000-cow operation modelled after Australian and New Zealand factory farms, expected to be finished by 2018 (Vinamilk raises, 2013).

### **TH Milk farm case**

TH Milk, one of the Asia's biggest dairy farm, set up and operated by the Israeli Afimilk, in 2009 invested in central Nghe An province's Nghia Dan district. TH Milk farm still growing and there must be a passage to the local management with a supporting help furnished by Afimilk.

It is a case of large scale land acquisition in the sector of commercial dairy operations. At the moment, the investment registered in Land Matrix consists of 2,500 ha, but TH Milk's intention is to extend the acquisition up to 37,000 ha by 2017 (Vietnam Investment Review, 2013).

Thanks to this project, TH Milk aims to produce 50% of the milk needed by Vietnamese population. It is one of the larger and comprehensive dairy project of the world, according with Afimilk (Afimilk, 2012). Full productivity will be achieved in 2017, with an annual capacity of 500 million litres of milk (Tung, 2013). The complex consists in twelve dairy farms with 45,000 cows imported from New Zealand, Canada and Australia. By 2017 are expected 137,000 dairy cows (Vietnam Investment Review, 2013).

Different banks are financing the project, as usual in land acquisitions: North Asia Bank (Afimilk, 2012); Bac A Bank (Tung, 2013); Vietnam Development Bank (Vietnam Investment Review, 2013).

However, this land was previously managed by a State Owned Enterprise (SOE), which used to lease the land to small-scale farmers. They were growing high value crops such as rubber and oranges.

Unfortunately, once the investment of TH Milk has been considered as being in the national interest, farmers were forced to sign forms declaring that they were using the land inefficiently and they only received a compensation based on the effective production and not for the value of the land itself (OXFAM, 2012). As stated by Oxfam's report Agribusiness expansion in Vietnam, no other land or alternative way of livelihood was given to the majority of farmers, who spent the compensation in livings costs (OXFAM, 2012).

The CAFO is close to the Ben En National Park and it is know (OXFAM, 2012; BrighterGreen, 2014) that it can cause several negative impacts on the environment due to the depletion of local water resources, animal waste, air and water pollution, and so

on.

Whilst no doubt contributing to food security at the national level, the loss of land, environmental degradation, inadequate compensation and delays in finalising the relocation plans are leading to growing anger and frustration amongst local people and contributing to poverty and vulnerability at the local level. Moreover, the capacity of the local government to manage the land recovery, compensation and relocation processes associated with the proposed expansion is very limited. (OXFAM, 2012).

### **3.2.2 InnovGreen in Viet Nam**

InnovGreen Corporation Ltd was established in 2005 by the Taiwanese Steve Chang, known as the Asian's Bill Gate, who decided to move from the computer science to the forest planting and wood processing sector. InnovGreen is registered in Hong Kong, principal finance and economic center of Asia, so it can enjoy the protection for investment agreements with the Vietnamese Government.

InnovGreen aims to

Transforms bare hills and vast unproductive land into green, productive forest - and to - provide quality forestry and agriculture products and contribute to a greener earth, a wealthier, better life for the people - creating benefits for five categories: - 1. shareholder, 2. environment, 3. Government of Vietnam, 4. Vietnamese people, 5. own employees. (InnovGreen website, n.d.)

Furthermore, InnovGreen states:

We work closely with the Government, the local communities and other stakeholders, to seek win-win solutions that bring mutual benefits to the corporation, the communities and the environment. (InnovGreen website, n.d.)

In Viet Nam, InnovGreen investments to date amount to 349,000 hectares. It granted a 50 years concessions in six provinces situated mostly in forest land to grow Acacia and Eucalyptus, with the aim to produce wood chips for export (Cavallo, 2010).

The investment are in the following provinces:

1. Lang Son 36,000 ha
2. Nghe An 70,000 ha
3. Quang Ninh 100,000 ha
4. Thanh Hoa 21,000 ha
5. Kon Tum 65,000 ha
6. Quang Nam 30,000 ha

According to what is reported in Land Matrix, all of the investments, except for the Thanh Hoa province's investment, are abandoned project even if all contract are concluded. In fact, InnovGreen proved to be a controversial issue in Viet Nam.

Although its project worth \$284.2 million for 349,000 ha, in 2010 the Prime Minister of Vietnam instructed the Ministry of Planning and Investment to investigate about the contract of land leases to foreign companies. It is probably for the critiques of scientists and some members of the National Assembly on the issue of watershed forest and border forest land, usually classified as 'Protection Forest', which are leased to foreign investors for industrial mono-cropping of mainly acacia and eucalyptus trees (Cavallo, 2010). Furthermore, most of these area have been considered by the government "sensitive areas" for the strategic defence of Viet Nam, because on the border with China, so InnovGreen have been indirectly accused of being at the service of political purpose and foreign governments. However, InnovGreen General Director Dean Wu, in an interview released to the Vietnam net, denies all the accuses and InnovGreen declare to be willing to give back these areas in exchange of other lands and a refund of the money spent until now. The Government does not look intentioned to do it.

Nevertheless, that is not the only problem related to InnovGreen.

In fact, they acquired land before leased by families which used to sustain themselves with the products of the forest. In many interviews they say InnovGreen went to

propose them to leave the forest with the promise to recruit them in the company and/or to pay a land rent of almost 5\$ per day. Some of them accepted these conditions, some others no, saying that land was more important than money.

The families which accepted these terms were soon very disappointed. InnovGreen stopped paying them the rent and people hired in the company did not want to work anymore because they were exploited as they were not paid enough for the hard job (average salary \$200-130 per month) (Duy Tuấn - Trường Giang - Hoàng Sang, 2010 ).

It is still an unresolved situation. For sure it is a case of land grabbing even considering the good purposes declared by the company such as “benefiting the local people and local authorities” (Duy Tuấn - Trường Giang - Hoàng Sang, 2010 ). Indeed, people were affected by the presence of InnovGreen being victims of the disregard of social, economic and environmental impacts. Furthermore, the project did not present an effective democratic planning, independent oversight and meaningful participation (Gregow, Hermele, Johansson, Nhampossa, Wolpher, 2012).

# Chapter 4

## The case studio: Viet Nam companies as acquirer in the rubber issue

### 4.1 The rubber issue in the world

Five major rubber producer owned more than 78% of the world rubber cultivated area. The graphic below shows where the production of rubber is centered. Indonesia emerged with 36% of the world land area occupied by natural rubber cultivation, with 3.45 million hectares (2011) (UNCTAD, 2013).

Figure 4.1. Share of major producers in the area under Natural Rubber (NR) cultivation ( average 2006-2010)

*Source:* UNCTAD Secretariat based on FAOSTAT database, 2013

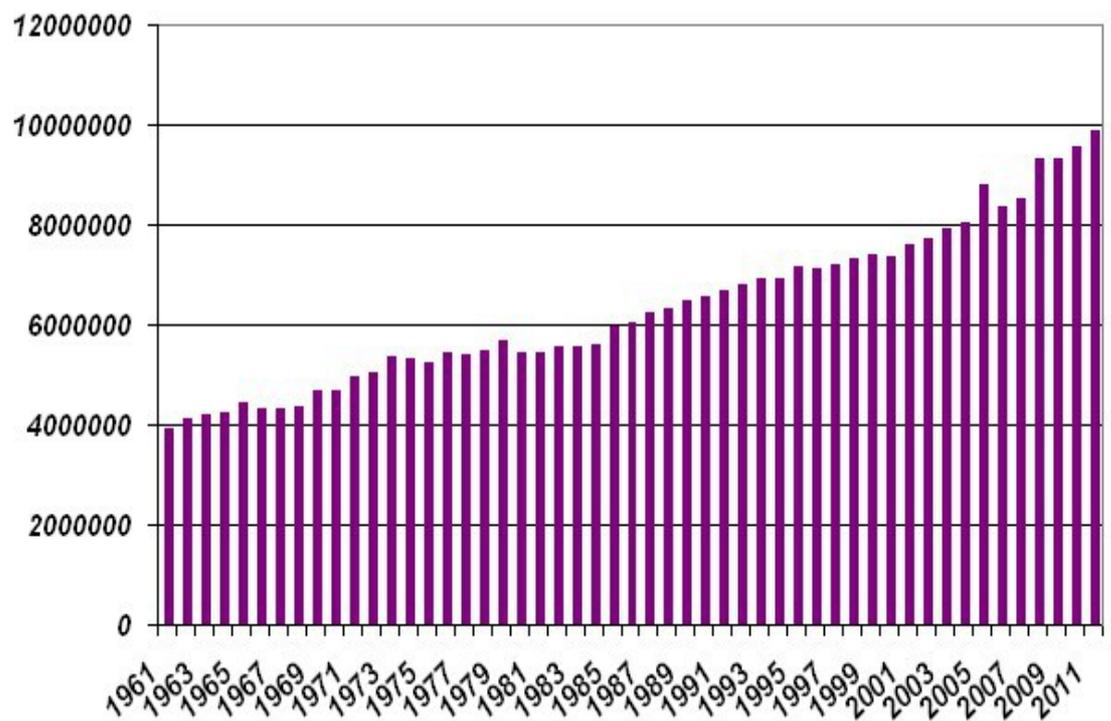
Rubber production in the world had increased during 1961 and 2011, as showed below. It passed from 3.9 million hectares in 1961 to 9.82 million hectares in 2011. However, some areas suffered decrease in the production due to commercial and political reasons, such as the political instability of some African countries, and endemic diseases, such as the South American leaf blight (SALB)<sup>2</sup>. Other reasons for the decrease of area destined to natural rubber production are the conversion of that land into more profitable commodities, such as oil palm, or it can be due to a limit of area allocated for natural rubber imposed by the

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<sup>2</sup> SALB is a fungal disease which hit rubber trees. This disease now has been restricted in South and Central America (FAO, 2011).

government “to reduce production levels and as an attempt to sustain prices” (UNCTAD, 2013).

Figure 4.2. Development of the world NR plantation area (ha), 1961 - 2011



Source: UNCTAD Secretariat based on FAOSTAT database, 2013

According to UNCTAD (2013),

Malaysia reported a steady decline in rubber acreage, which had fallen from the peak of 1.89 million hectares in 1978 to 1.06 millions in 2011. A similar situation is true for Sri Lanka. [...] In Africa, rubber acreage had declined in Nigeria throughout the decades 1967-1987 (yet the largest area under rubber in Africa in 2011), the Democratic Republic of Congo, and Liberia, mainly as a result of political instability. However, recent changes in Liberia might be a factor leading to the rehabilitation of NR plantation in this country. (UNCTAD, 2013:1)

Countries such as Indonesia, Thailand, China and India did well increasing their natural rubber production, from the economic point of view. Even smaller

producers, such as Viet Nam performed well:

The area in Vietnam has more than doubled from an estimated 85,000 ha in 1981 to around 222,000 ha in 1990. A cooperation agreement with the former USSR resulted in extensive planting of new rubber trees. The agreement was suspended following the disintegration of the Soviet Union, but the area continued to grow to reach 471,000 in 2011. (UNCTAD, 2013:1)

## **4.2 Vietnamese pressure on Cambodian and Laotian land**

Potential gains from rubber production drive the rush for rubber: “The huge pressure for land to plant rubber is driven by high prices and soaring international demand, especially from China.” (Global Witness, 2013: 2).

Characteristics of rubber are resilience, durability, elasticity, water-resistant. All of these characteristics make natural rubber a competitive material in transport, industrial and medical sectors, because synthetic rubber derived from petrochemicals cannot easily substitute natural rubber. The remaining uses are for general rubber uses such as clothing and footwear, contraceptives and surgical gloves (UNCTAD, 2013).

Oil prices strongly influence synthetic rubber in the market. Consequently, demand for natural rubber rises as oil prices rise (Global Witness, 2013). In the current context, we have high oil prices and high demand for natural rubber. It goes to create pressure on the land where it can be grown.

*Hevea brasiliensis* (genus *Hevea*, family Euphorbiaceae) is the plant from which natural rubber for commercial use is almost exclusively obtained. Natural rubber is native to the Amazon but it is now produced mostly in South and South-east Asia and just a small part in West Africa (UNCTAD, 2013). Rubber trees take to six to seven year to grow. After this time, the liquid “latex” can be extract by a hand- harvested process called “tapping”.

While a century ago rubber companies were operating in Latin America using armies, destroying forests and forcing natives to work in the plantations, now the center of this absurd mechanism have moved in Cambodia and Laos. It is guided

from the privately owned Hoang Anh Gia Lai (HAGL) and from the state owned Vietnam Rubber Group (VRG), bankrolled by the Deutsche Bank and International Finance Corporation (IFC).

Between 1961 and 2005, global natural rubber production increases on average 3.4% a year (FAO, 2003). Today six countries in South and South-east Asia (Thailand, Indonesia, Malaysia, India, Vietnam and China) account for approximately 90% of global production and 70% come from Thailand, Indonesia and Malaysia (FAO, 2003).

By 2012 Vietnam reached the limit of land covered by natural rubber: 834.000 hectares, this target was meant to be reach in 2015, and it makes Vietnam as the third largest global producer of natural rubber in the world (Tuoi Tre News, 2014). Vietnam exports rubber to 50 countries: China is the first importer of unprocessed rubber, whereas the processed rubber is exported in Japan and USA. Global natural rubber production was estimated to be 12.070 million tonnes in 2014 of which 11.183 million tonnes produced in Asia and Pacific area (Rubber Statistical Bulletin, 2015).

Oil prices increase, Chinese demand rises and Vietnam pressures Laos and Cambodia for more land. Unfortunately, land concession benefits just the elites while natives and environment suffer for it.

Viet Nam role as a producer and trader of rubber has been underlined after the global economic crisis of the last 30 years: the rubber global demand suffered a decrease and the South East Asia market intensified the production, particularly Viet Nam, which had doubled its production from 155.000 tonnes in 1995 to 320.000 tonnes in 2001 (FAO, 2002).

### **4.3 Actors responsible of land grab in Laos and Cambodia**

In this chapter will be explain how Vietnamese companies and international financiers are driving a land grab crisis in Laos and Cambodia. In particular highly responsible about it are: Vietnam Rubber Group (VRG), Hoang Anh Gia Lai (HAGL), two Vietnamese rubber companies, the International Finance Corporation (IFC) and the Deutsche Bank. The international financiers bankroll the Vietnamese companies although they provoke permanent damages on local

communities and the environment, disappointing their statutes or policies.

Rubber is highly demanded, particularly from China and this fact increase the pressure on land. Viet Nam is the third producer in the world of rubber thanks to VRG and HAGL, which dominate Viet Nam domestic production. However, for companies profits were not enough and due to the limits that Vietnam put on the availability of land, many Vietnamese companies thought to have good investing in Laos and Cambodia.

Both Laos and Cambodia ignored their limits for allocation of lands, human rights and protection of the environment and the elites of rubber producer had an easy way to make a capital out of illegal actions. In fact, the negative impact of VRG and HAGL is hard to estimate. Firstly, considering all the natives who have suffered the loss of their lands without advance notice. Secondly, the clear felling of intact forests. All of these illegal operations were covered by corporate secrecy, which allowed to the companies to exceed legal threshold on concession holdings. While in Vietnam the government was giving economic incentives to switch to palm oil cultivation, Vietnamese companies look to Cambodian and Laotian lands to plant natural rubber. Laos and Cambodia revealed with their actions to be scant regarding social and environment impacts. Furthermore, while in the past a smallholder system was prevailing, with the adhesion to ASEAN, which wants to accelerate the economic progress boosting in the agricultural sector, a large-scale model found out a huge expansion.

#### **4.4 Cambodia**

Cambodia is considered a developing country. In Cambodia 80% of the population is rural (Feed the Future, 2013) and more than 70% depends on the agriculture for their livelihoods (Open Development, 2014 ). 55.8% (2013 est.) is the labor forced occupied in the agricultural sector but 20% of the population is below of the poverty rate (The World Factbook, 2014).

GDP per capita is \$ 1,006,8 with a growing rate of 7%, close to the East Asia and Pacific area, with a growing rate amounting at 6.9% (The World Bank, est. 2014). Even if investments in agriculture have driven Cambodia to growth, with a contribution of 34.8% to total GDP (The World Factbook, 2014), “investment in

rural farmers is being neglected because the government is curving up and leasing out arable land to companies under the economic land concession (ELC) model.” (Global Witness, 2013: 7). Cambodia is a food importer country. (FAO, 2013)

#### **4.4.1 Economic Land Concessions (ELCs)**

Land concessions were allowed since the 1990s. In 2001 the new Land Law institutionalized ELCs. It means that the beneficiary can clear land to implant agricultural industries and grant economic benefits.

The Ministry of Agricultural, Forestry and Fisheries (MAFF) is the only one which can approve ELCs, maximum 99 years long-term leases of land (Land Law 2001, Article 61) use for large-scale plantations, raising animals and building factories to process agricultural products.

In Cambodia there are two different types of land: state public land and state private land. The first one interests rivers, lakes, forests and other lands of natural origins; lands which provides public services like roads, schools, etc.; archaeological and cultural heritage sites. The state private land includes all the rest and it is the one which is subjected and interested by the ELCs, according to the Land Law 2001 and sub-decree No. 146. Other important features that the Land Law states are: ELCs cannot exceed 10.000 hectares (Land Law 2001, Article 59); the same person can hold different ELCs but the total area of them cannot exceed 10.000 hectares (Land Law 2001, Article 59); beneficiaries of ELCs must start operating within one year of the granted concession (Land Law 2001, Article 62). If the legal requirements are not respected, the concession can be canceled (Land Law 2001, Article 58).

Sub-Decree No.146 on Economic Land Concessions 2005, Article 3, states that there must be public consultation with local authorities and residents of the area before an ELC is granted (Sub-Decree No.146 on Economic Land Concessions 2005, Article 3), respecting communities living in the forest area and their traditional customs. Furthermore, ELCs must considerate and respect the environment and work regulation above pollution, safeguard, health.

Objectives of ELCs are to attract capital investments in the agriculture industry; to increase employment in rural areas; to generate state revenues through fees and

taxes over land use; to start an appropriate long-term use of lands (Open Development, 2014).

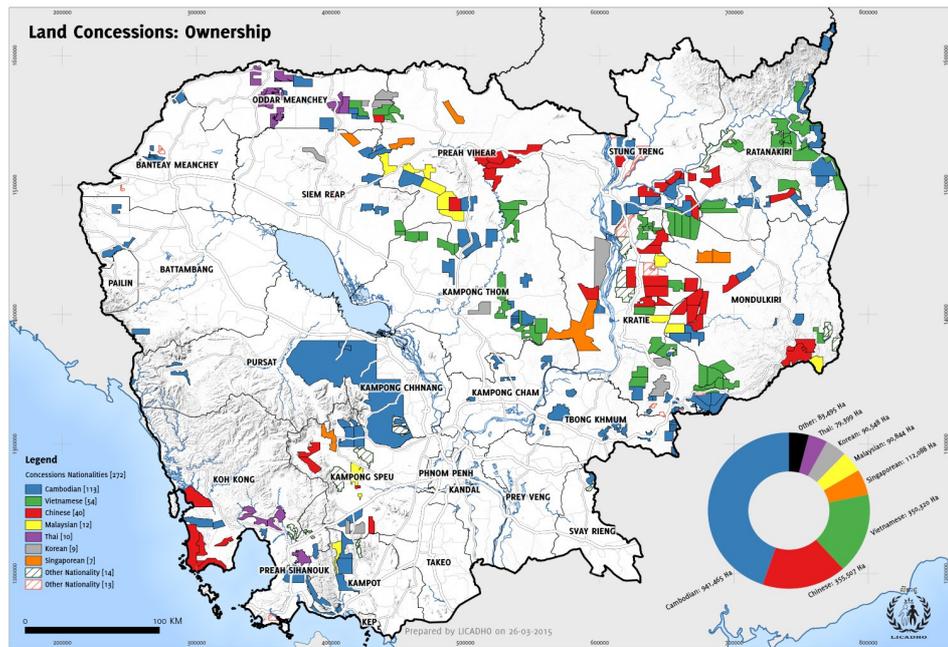
### **Problems with ELCs in Cambodia**

The main problem regarding ELCs is the lack of transparency. The MAFF has got a logbook which should contain information about every ELC. Opened Development Cambodia (ODC), an open data website collecting Cambodian data, states:

As of June 2012 the MAFF public logbook of ELCs contained details of more than 80 concessions, but some concessions known to exist are not listed, and there may also be concessions listed that have since been canceled due to inactivity. The MAFF website states that between 1996 and June 2012 MAFF signed ELC contracts with 118 companies covering a total land area of 1,204,750 hectares. However, some NGOs reports have claimed the figure is closer to 2 million hectares. The reason for this discrepancy is not clear, although it is known that other authorities have approved land concessions for agricultural purposes. For example, the Ministry of Environment has approved concessions in some protected areas. Little information is available regarding these concessions. (Open Development, 2014)

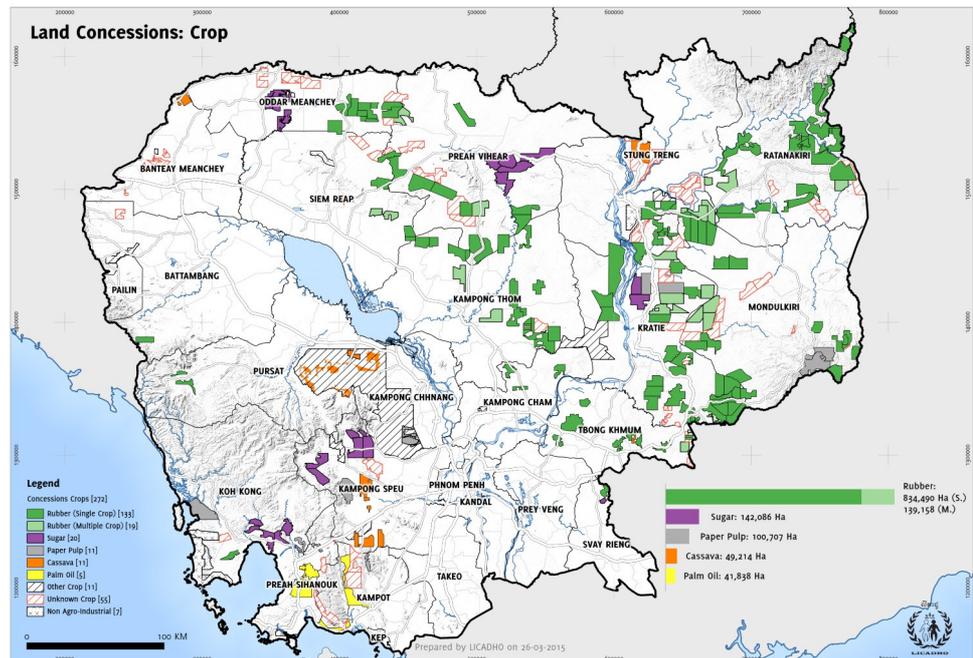
In the last few years always more communities and NGOs denounced the lack of transparency and the abuses over lands and villages. As Licadho, a Cambodian human right NGO, claims, the MAFF has published an incomplete list of ELCs and the Ministry of Environment simply released total numbers of companies involved and land area leased.

Figure 4.3. Land concessions: ownership



Source: Licadho, 2015

Figure 4.4. Land concessions: crops



Source: Licadho, 2015

Vietnamese ownership in Cambodia are for 350,320 hectares of land in 54 concessions, the second one after Cambodian concessions. The majority of

Vietnamese investments are in rubber. However, Licadho point out that due to the lack of transparency of the government's data released, data on land concession remain incomplete.

Furthermore, according to the Report *Economic Land Concession - a human rights perspective* (2007) by the Office of the High Commissioner for Human Rights (OHCHR), several preconditions to grant ELC were not respected:

the lack of consultation with local communities, encroachment on land and detrimental impacts on traditional livelihoods, displacement, adverse environmental impacts, employment and labour conditions, violence and intimidation, and lack of effective remedy or recourse for affected communities. (OHCHR, 2007: 14)

From several testimonies emerged that often ELCs have been granted also in forests areas, as the *Economic Land Concession – a human rights perspective* tells in different parts of its report. Just to cite an example:

Initial environmental and social impact assessments were conducted for the Sal Sophea Peanich and Sopheak Nika concessions in Sesan district, Stung Treng province. However, these assessments were undertaken in 2006, after the grant of the two concessions on 8 August 2005. According to the provincial environment department, the development consulting company engaged to undertake the assessments studied some concession land with the participation of local villagers and the public. Yet villagers said they consistently refused to cede their land to company representatives, who in September 2005 came to inform them of the companies' plan to bring development and jobs to the area, and in April 2006 threw a party with alcohol and gifts such as tractors in order to encourage villagers to accept the plans. The two concessions encroach upon farm land and forests used by indigenous communities for the collection of non-timber forest products. The provincial environment department has

agreed that the concessions will impact upon livelihoods and cultural traditions in this predominantly indigenous area. (OHCHR, 2007: 10)

As we explained before, a forest cannot be granted because classified as a state public land. However, it is easy to bypass the problem. It is enough to reclassified as state private land and it can be possible for the Land Law 2001 just when the mentioned area loose its public interest (Land Law 2001, article 16).

In may 2012, the Directive 01BB were reviewed, a moratorium on the grant of new ELC were announced by the Prime Minister Hun Sen and a review of the existing one were preview. Nevertheless , 208,805 hectares of land were granted and 54% of it were for rubber production (Global Witness, 2013: 8).

The review were carried out by land ministry with the support from volunteer students. By 2013 250,00 hectares of land had been taken from 79 ELCs and returned to local people, an estimated 110.000 private titles has been issued (May Titthara and Shane Worrell, 2013). However, the situation is still unclear. First of all, the campaign of review has been criticized by civil society because of the no independent oversight. In fact, the ministry used students wearing the military uniform. Secondly, it is unclear evaluate how many people will enjoy the land returns. This lawsuit looked more as a political tactic for the election of the same year. According to Licadho “a proper review can only be carried out if the government fully disclose all its land dealings to the public.” (Licadho, 2015).

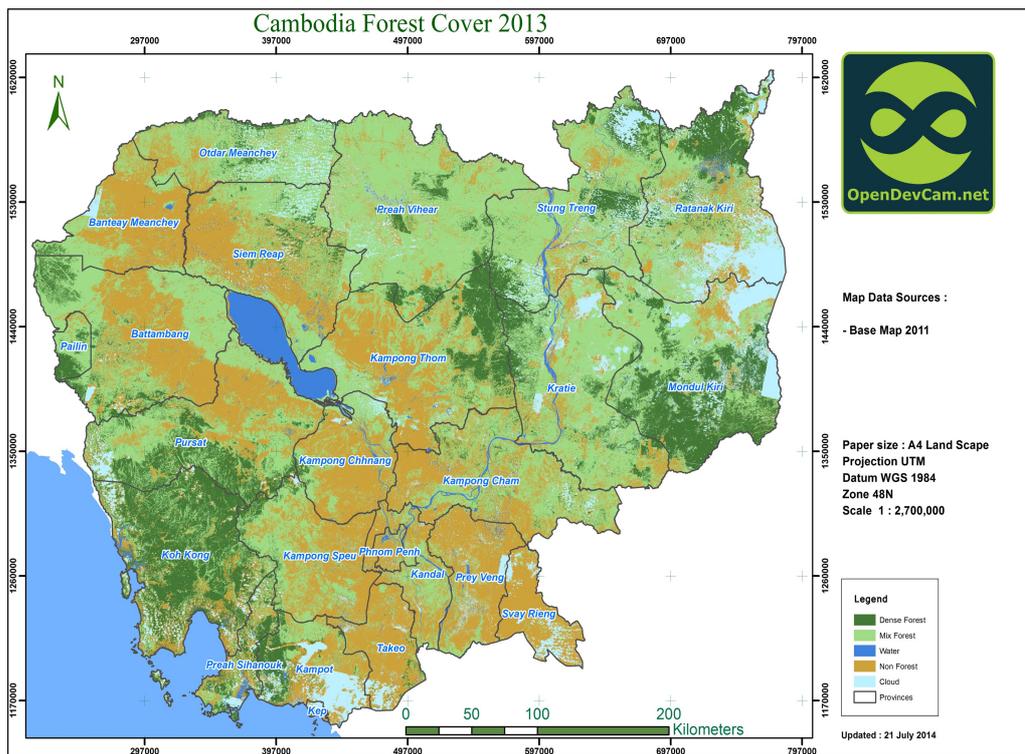
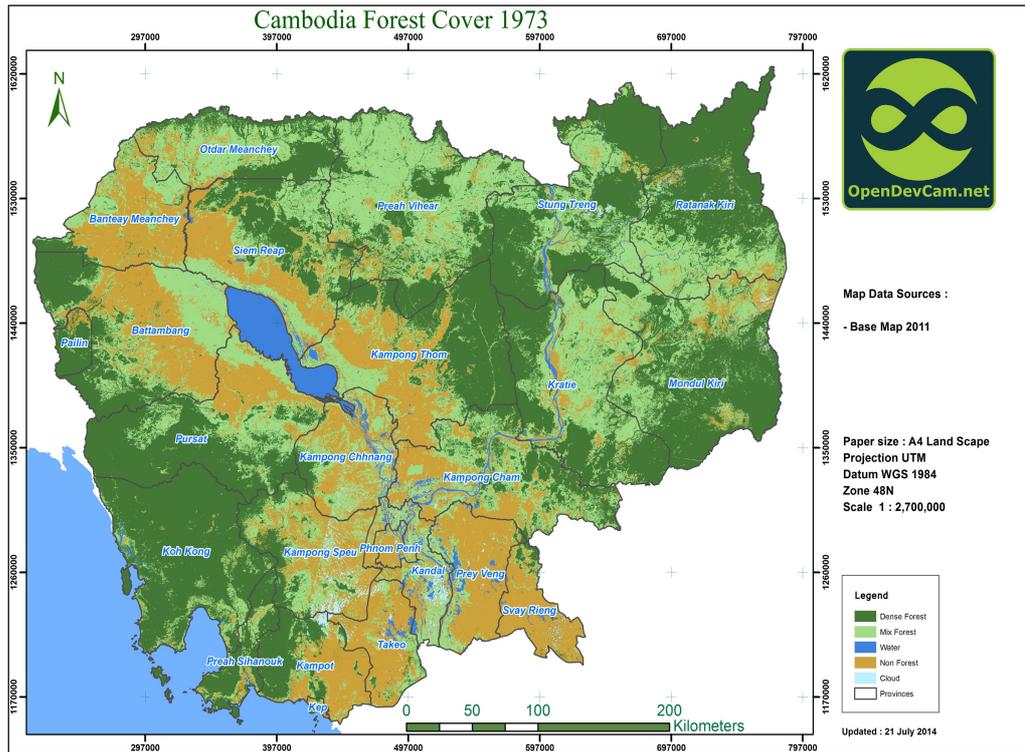
### **Prospect for the future**

The negative impacts of ELCs are clear and undeniable. The Cambodian government is now trying to improve the legislation about ELCs and the MAFF has required to cancel 41 ELCs totaling over 379,000 hectares (Open Development, 2014). Although ELCs could enhance the situation in rural areas, offering jobs and contributing to the development of infrastructure, in accordance the Cambodian government must develop a real and useful system of regulations and laws and it must be respected. Transparency of data and monitoring should be a must to verify as mentioned before.

Intensive agriculture is considered by many observers as a solution for food insecurity. Victims of agro-industrial system will be the developing countries. It is affirmed that it will bring lots of benefits to them, but actually that is impossible if

legal requirements for large-scale land investment, enhance of monitoring, punishment of violations and so on are not taken seriously. The results of scarce control is evident in the image that follow. Many hectares of forest have been lost in Cambodia. Many local communities have lost their houses and their independence for food security. Not to worsened the situation, the government must take care of its land and protect it.

Figure 4.5. The deforestation in Cambodia.



Source: Open Development, 2014

## 4.5 Laos

Laos is a developing country with a GDP per capita of \$ 1,660.7 and a GDP growing rate of 7,5%, over the East Asia and Pacific area which present a growing rate of 6,9% (The World Bank, est.2014). In Laos was estimated 66,8% of rural population in 2013 against 33.2% of urban population (Trading Economics, 2013). Poverty has been reduced thanks to the economic growth to 46% in 1992 to 26% in 2010 (The World Factbook, 2013). Nevertheless, 73,1% of the total population is occupied in the agricultural sector (The World Factbook, 2013). Agricultural investments contribute to the GDP just for 23,7% (The World Factbook, 2013). Indeed, Laos remains a country with undeveloped infrastructure, most of all in the rural area and it is considered a developing countries. It is a one party-communist State and as a consequence land is owned by the people and managed by the government.

Land use has changed in Laos: agribusiness, mining, hydropower, and forestry subsectors are growing as a result of both domestic and foreign-direct investments (Swiss Cooperation in the Mekong Region, 2013)

Since the early 2000s, the government of the Lao People's Democratic Republic (Lao PDR or Laos) has allocated many large —economic land concessions, covering hundreds of thousands of hectares in various parts of the country, to mainly foreign investors. (Baird, 2012: 3)

Many land concessions have been granted for mining, hydropower dams and plantations, especially rubber plantations. As in Cambodia, most of negative impacts caused by large scale land concessions are underestimated due to the lack of transparency. Laos is rich resources and local communities are considered an obstacle in large scale land acquisitions. “Plantation concessions have frequently resulted in serious negative impacts to the environment as well as to local livelihoods, especially those of rural peasants and upland ethnic minorities” (Baird 2012; Baird and Le Billon 2012; Kenney-Lazar 2012; Baird 2010; 2011; Thongmanivong et al. 2009; Luangaramsi et al. 2008; Dwyer 2007). Furthermore, rubber demands by India and China worsen the interest in Laotian and Cambodian

land. As a result of all these problems, the National Assembly in Laos (June , 2012) took on exam many land concessions. Formerly, in 2007 Bouasone Bouphavanh, the Lao Prime Minister at the time, announced that not other land concessions could be allocated. Moreover the ban was rescinded in 2009. Complaints by the National Assembly and villagers who lost their lands for developing land concessions arose. Hence, even less than two months after, the moratorium on land concessions was adopted again. However, the ban was far from being applied: new concessions have been granted, especially to Vietnamese companies (Baird and Le Billon 2012; Baird 2012; 2011; 2010). A new announcement has been done on June 26, 2012 by the Minister of Planning and Investment, Somdy Duangdy:

The government won't consider any new investment proposals in mining or [plantation] land concessions for rubber and eucalyptus plantations until December 31, 2015 (Vientiane Times, 2012).

Adding “we approved large plots of land without looking into the details, like what land belonged to the state and which belonged to local people” (Vientiane Times 2012).

Laos developed different relationships in between villagers and companies in comparison to Cambodia. In fact, villagers had the opportunity to bargain with the companies. According to Kusakabe (2015), it is probably due to several reason. Firstly, the conception that in Laos, land is plentiful, unlike in Cambodia. Certainly, it is a wrong perception of land availability. Secondly, infrastructure of access to land are underdeveloped. It increased the costs for companies operating in Laos, and so probably for them was better to contracts farmers instead of made it oneself. Thirdly, political and governance structure in Laos are more complicated than in Cambodia: “Even when they [companies] get concession at the national level, provincial and district and village level have different power dynamics” (Kusakabe, 2015: 9). So it is easier to contract directly with local farmers.

Contrary to Cambodia, in Laos companies have been introduced several forms of contracting with farmers. The table 4.6 shows some ways adopted in Northern Laos:

Table 4.1. Different modes of cultivation and benefit sharing mechanism between companies and villages

Village	Arrangements
Sopthout/ Nam Talang Tai	Concession. Company built road, but nothing else.
Ta Luang	Company provides seedlings. Villagers plant on their own land, maintain, and get income for the first three months. After that, 40% of benefit goes to company.
Pa Daeng	Company provides seedlings and land provided by villagers. Half of the land is fully maintained by company and the other half fully maintained by villagers. Villagers are paid to work on the land maintained by the company.
Phu Varn	Company provides seedlings and land provided by villagers. 70% of the land is fully maintained by company the 30% by villagers. Villagers are paid to work on the land maintained by the company as daily worker or for a period.
Nam Noi	Company occupied the land near village and villagers are compensated by being provided with alternative land where company planted rubber. However, since the land was too far and the number of rubber too small, some villagers abandoned that land.
Lor Mu / Pa Yat Sai Mai	Land provided by village and company maintain. Agreement is to share benefit once they can tap rubber - village is to receive 20-25% of the rubber. Instead of sharing the benefit, company gave 20% of the rubber trees to the village. However, there was not enough labor in the village to take care of the rubber in this village common land, so they are planning to sell off the trees.
Nam Sing	Worked on company's rubber plantation for hired work, and instead of wage, got seedlings (for only the first year. )
Ta Varn	Get credit from rubber company but no contract.
Nam Daeng	All privately owned.
Pon Sai Sawan	Contract out their own private rubber plantation to other villagers.

Source: Kusakabe, 2015: 9

Villagers could bargain to obtain better conditions in their arrangements with the companies. For instance, in Pa Daeng, initially the company proposed that

villagers could give 70% of their benefits to the company but the villagers bargain for down to 50% (Kusakabe, 2015).

Hence, villagers started planting rubber. Their lifestyle changed drastically. Firstly they said they have to work much more and so villages are empty as all people go to work. Secondly, even woman condition changed radically. For instance, in the Northern Laos, women had to go to work in other plantations in China during the first years of rubber plantation start up to earn money for the new rubber plantation family, losing their decision-making in the family and in the village, as emerged from Kusakabe interviews to villagers (Kusakabe, 2015). Villagers assert that doing it, they could earn much more money but at the same time all this money go to other expenses such as cars, fuel, pesticide, and so on. Furthermore, just already rich families could afford to plant rubber, as it needs a conspicuous investments for the first years of start up. So the disparity in between rich and poor families increase.

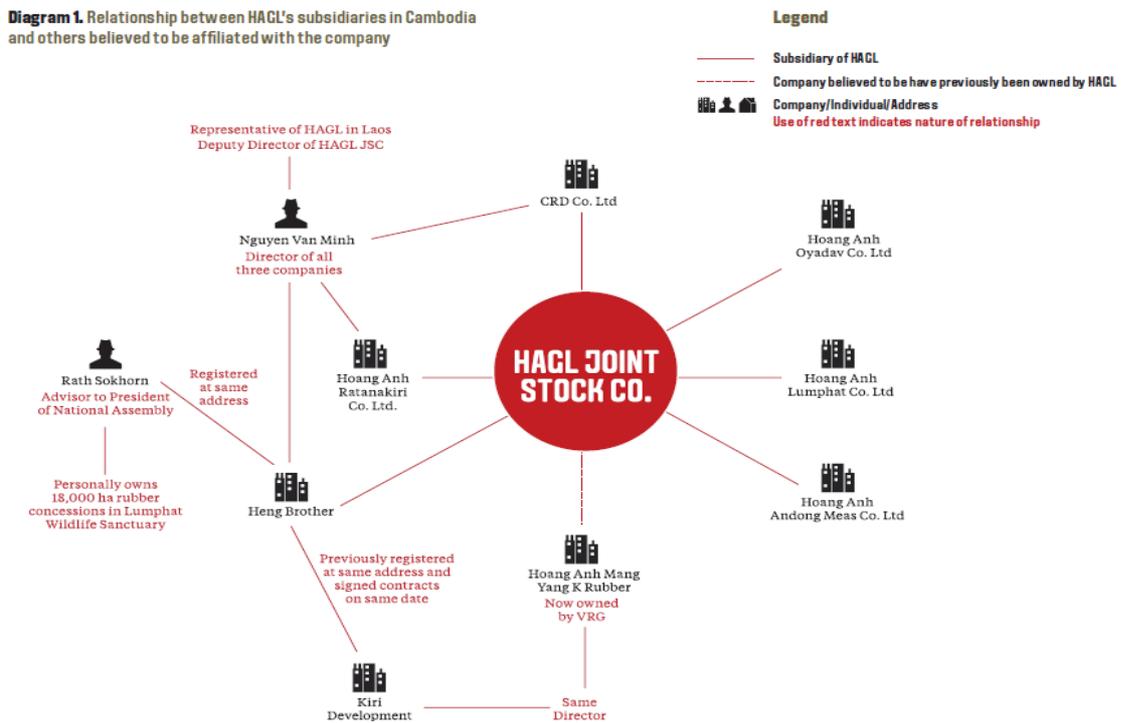
As a matter of fact, can appear that large scale land concessions had a positive impact on Laotian communities, however intact forests have been cleared to give space to rubber plantations, women condition worsened and the Laotian lifestyle changed radically, adapting itself to the capitalism system imposed by the needs of developed and developing countries.

#### **4.6 Impacts of HAGL's operations in Cambodia and Laos**

Hoang Anh Gia Lai (HAGL) operates in Cambodia through several companies such as: Hoang Anh Oyadav Co. Ltd; CRD; Heng Brother; Hoang Anh Andong Meas Co. Ltd. They operates mostly in the North-East, in Ratanakiri Province. Although Land Matrix data reports that HAGL holds right for 19,737 hectares, Global Witness reports 47,370 hectares in ELCs (Global Witness, 2013). It is evident that data are unclear considering that HAGL declared to hold 28,422 ha to Global Witness (Global Witness, 2013). The total amount owned by HAGL constitute “5% of the total size of Ratanakiri province and almost five times the legal size limit for concessions” (Global Witness, 2013). Global Witness propose a clear diagram to better understand how 47,370 ha of land can be managed through tangled relationship between many companies related to HAGL. Try to

hide these relationships can be a way to bypass the Cambodian law about the legal size limit of ELC's (10,000 ha per company).

Diagram 4.1. Relationship between HAGL's subsidiaries in Cambodia and others believed to be affiliated with the company.



Source: Global Witness, 2013: 21

Another relevant issue is that HAGL is also considered responsible of Lumphat Wildlife Sanctuary and Virachey National Park partial destruction (Global Witness, 2013; Global Witness, 2015; OpenDevelopment, n.d.; Environmental Justice Atlas, 2015). Companies involved in this issue are three: Hoang Anh Andong Meas Co., Hoang Anh Lumphat Co., companies related to HAGL. The two companies stipulate a contract respectively of 9,775ha and 9,470ha (Environmental Justice Atlas, 2015; Licadho, 2015). So if it is true that they are

both subsidiaries of HAGL it surpass the maximum amount of hectares per company. They are accused of illegal logging and timber laundering. This situation have been denounced firstly by local villagers, who testified that around 20-30 truckloads had leave the forest each day since 2012. The Phnom Penh Post estimated value of illegal timber up to 100 million dollars (Seangly P., 2013). The companies justify this practice saying that the wood comes from the clearance of forest for their plantation.

In 2012, local villagers tapped the truckloads and started documenting what was happening in the Sanctuary. They, supported by the local NGOs ADHOC, request further investigation. Just a few results have been reached until now: 2,000ha in the Sanctuary have been declared community protected area, supported by NGO Birdlife International Cambodia. Quite weird as it should have been protected by the government simply respecting the law.

Impacts of illegal logging and timber laundering have been:

vast forest degradation, deforestation and the destruction of biologically rich natural habitats, as well as a loss of livelihood due encroachment of community land and logging of resin trees, commonly tapped by locals. (Environmental Justice Atlas, 2015)

Resin trees are too important for local communities, as it is critical to their lifestyle. For this reason it is protected under national law. Families can live for years from tapping resin trees but they were compensated by companies just with 2\$/tree (Seangly P., 2013).

Although this issue is reported by many local newspapers such as Phnom Penh Post, The Cambodia Daily, Voa Khmer; or websites such as Farm The Land Grab and OpenDevelopment, in 2015 villagers still protesting against illegal logging and timber laundering and against the companies which practice it.

To whom it may concern HAGL's operations in Laos the situation is even less transparent. Global Witness data with Land Matrix data seems to correspond: Hoang Anh Attapeu Sugar Cane Co., Ltd. and Hoang Anh Attapeu Agriculture Development Co. Ltd. owned a total of 20,000 ha concession while Hoang Anh –

Quang Minh Rubber Industrial and Agricultural JSC owned 2,549 ha concession. HAGL also holds 28% stake in 8,000 ha land concession owned by Vietnam-Laos Friendship Rubber Co. (LVF), destined to rubber plantation. According to what reported in Global Witness report “Rubber Barons” (2013), 4,000 ha rubber concession in Xekong province have been denied by HAGL even if reported by local villagers interviewed by the NGO.

Negative impacts caused by HAGL in Laos are similar to those in Cambodia. Local villagers have been affected by the loss of land, forest and livelihoods. No compensation was even offered to that families who lost their land and houses were burnt by the company. Some local villagers who were employed work in bad conditions: low salary, no contracts and have to provide their food, water and protective clothes, Global Witness reported after interviewing the affected people. As in Cambodia, HAGL's operations in Laos have been accused of illegal logging of timber. HAGL provided US\$4million as non-refundable and a US\$15million as no interest loan (CLV Trinagol Development Portal, 2009) to build the athletes' village for the 25th South East Asia Games, which took place in Laos in 2009. The loan was going to be repaid by the Government of Laos through the logging rights to Attapeu concession (Environmental Investigation Agency, 2012). However, the Environmental Investigation Agency (2012) estimated that the market value of this timber was up to US\$60 million, four times the value of the loans. Moreover, once reached the maturity, latex production was estimated to give an annual profit of US\$128 million. It is evident a disproportion in between the loan given by HAGL to build the athletes' village and the profit which HAGL made up on it. Furthermore, HAGL responded to the accused of illegal logging denying any involvement.

Table 4.2. HAGL in numbers, 2009

## HAGL in numbers

**\$15m:** Loan to GoL used to secure 10,000ha concession

**\$60m:** Value of timber from 10,000ha concession

**\$128m:** Annual profits from latex produced in concession

*Source:* Environmental Investigation Agency, 2012: 9

### 4.7 Impacts of VRG's operations in Cambodia and Laos

Vietnam Rubber Group operates in Cambodia through a large number of affiliated companies, at least 19 (Global Witness, 2013: 26), as shown in diagram 4.2. According to Land Matrix database, they own 87,564 ha of land, all have got rubber plantations in it and it is clear they surpassed the limit allows from the law about possession of land. Relationship between VRG and the other companies are testified by: proximity of lands and same dates of contracts stipulation and clearing permits (Global Witness, 2013: 30). Furthermore, Global Witness evidence close connections in between companies and Cambodia's elite.

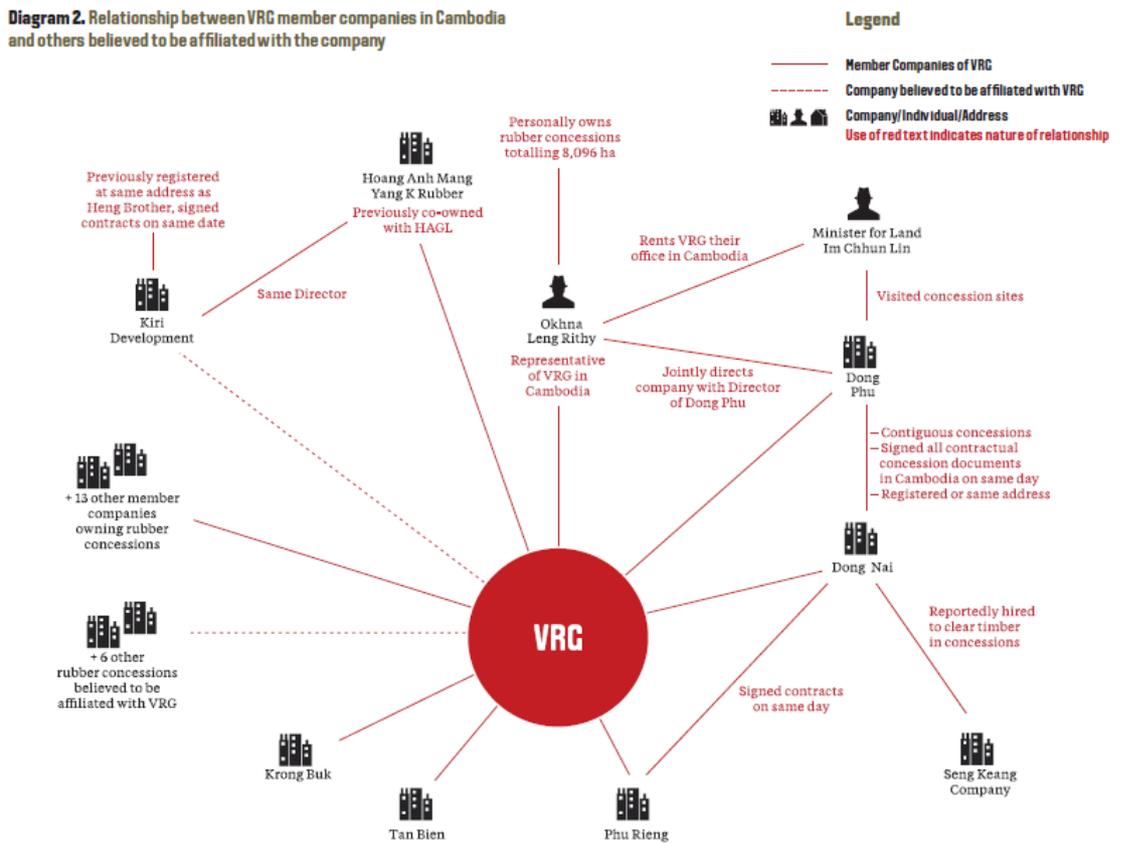
Since local protests erupted against the concessions, a number of senior government officials have visited the area to try and persuade the community to accept the plantation. In 2010, Mrs. Krueng Phavi, a CPP parliamentarian from Kratie province, visited local villages and distributed gifts, saying: “*we all have to make sacrifices for the national interest*”. (Global Witness, 2013: 29)

Cambodian elites even encourage local villagers for the sake of development comforting people saying they will be all employed in the companies. However, local villagers have been forced to accept derisory compensation for resin trees. Families which earned about US\$500 a month with 400 trees were compensated just US\$3.30 per tree.

Despite VRG cleared intact forest within their concession boundaries, they had from their side senior government officials who helped persuading families

affected calling for justice and development. They demonstrate to be servant of the profits, even contravening laws and fulfilling their duties in spite of the protection of the environment and of the local communities, dependent of land for their survival.

Diagram 4.2. Relationship between VRG's subsidiaries in Cambodia and others believed to be affiliated with the company.



Source: Global Witness, 2013: 30

Even VRG have been accused of timber clearing, precisely Dong Phu and Don Nai companies, which operates in North-East Kratie. Global Witness reported that in 2007 they had close connection with a Cambodia's premier illegal logging syndicate. In 2013,

local residents reported that a company called Seng Keang, involved in illegal logging, stopped operating in Dong Phu and Don Nai concessions as all the luxury timber had been logged already (Global Witness, 2013: 29).

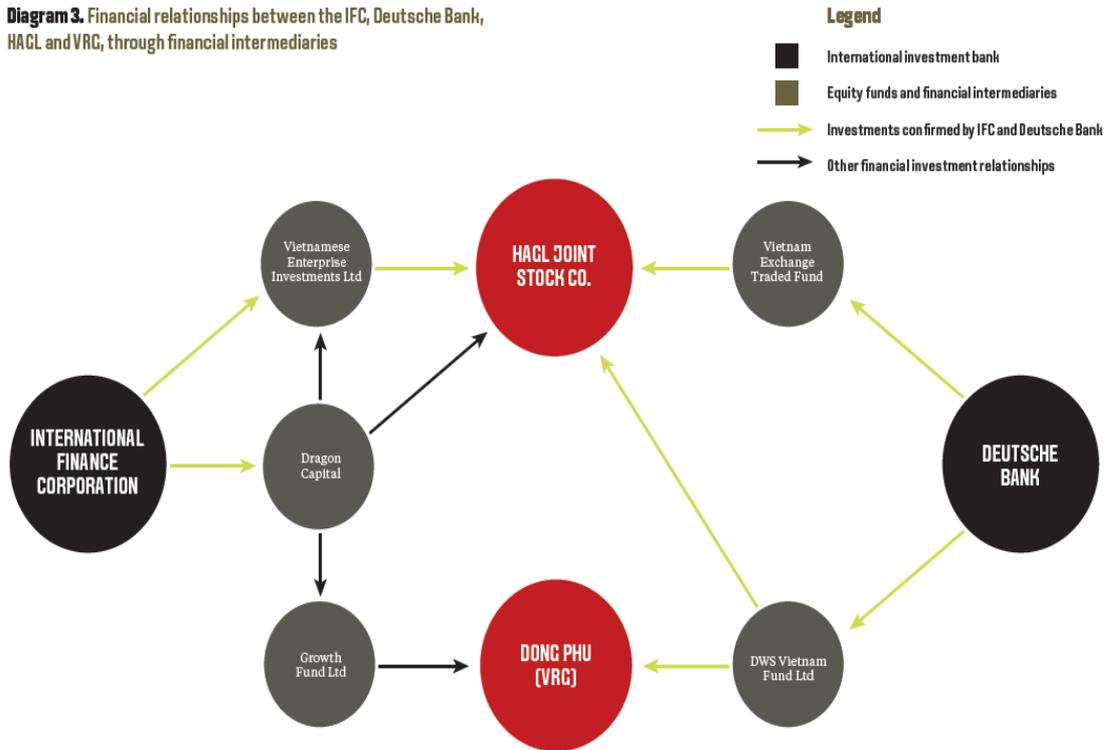
To whom it may concern Laos, rubber plantations are more mature than those in Cambodia as they have been planted earlier. Negative impacts of VRG company are almost the same than in Cambodia. VRG confiscated and allocated land illegally. Furthermore, it is involved in illegal logging. All of it, caused negative impacts on the local villagers, which remain without land for their survival. They did not even received job or compensation for their land. Actually, they were threatened whenever they tried to asset they rights.

#### **4.8 Who is financing VRG and HAGL operations in Laos and Cambodia?**

International Finance Corporation (IFC) and Deutsche Bank are funding HAGL and VRG. In the Diagram 4.3 below it is shown the connection in between IFC and Deutsche Bank, through their intermediaries.

Diagram 4.3 Relationships between IFC, Deutsche Bank, VRG and HAGL

**Diagram 3.** Financial relationships between the IFC, Deutsche Bank, HAGL and VRG, through financial intermediaries



Source: Global Witness, 2013: 35

IFC is a member of the World Bank Group. Its investments are conditional upon environmental and social standards. IFC finance HAGL through the Dragon Capital Group Ltd, “an integrated investment group centred around the emerging financial markets of Vietnam.” (Dragon Capital website, n.d.) and Vietnam Enterprise Investment Ltd. (VEIL), established by Dragon Group in 1995, “whose objective is to invest, directly or indirectly, in publicly or privately issued securities (equities and bonds) of companies, projects, and enterprises issued by Vietnamese entities, whether inside or outside Vietnam”. The aim of IFC declared in the Summary of project information (SPI) *VEIL/Dragon Capita Group*, is of

of introducing best practices in Vietnam’s fledging merchant banking industry by: (1) increasing VEIL’s participation in the equitisation process by strengthening its capital resources; (2) through the induction of IFC and the co-investor, implementing good corporate governance as an example that can be emulated by Vietnamese companies and; 3) playing a catalytic role to assist DCGL & VEIL to induce additional investments mainly from international institutional

investors. IFC's involvement will also signal to the market IFC's confidence in the development potential of the Vietnamese capital market. (IFC, 2001)

According to the Summary of project information (SPI) *VEIL/Dragon Capita Group*, the companies must adopt some strict rules related to environmental and social protection dictate by IFC<sup>3</sup>, demonstrating it by an annual environmental performance report (IFC, 2001).

Unfortunately, as it is evident from articles published in many reviews and reports wrote by many NGOs, that IFC's oversight and monitoring of the companies did not take place

and if yes IFC continued to finance even if the companies were not respecting the *Sustainability Framework*, at least until Global Witness's Rubber Barons report, which gave international relevance to what was happening in Laos and Cambodia.

Regarding the Deutsche Bank, a German global bank, it is signatory to the UN Principles of Responsible Investing<sup>4</sup>, the UN Global Compact<sup>5</sup> and the Banking Environment Initiative<sup>6</sup>. So it does not have internal environmental and social policies, but it joints publicly commitments to support human rights, environmental and anti-corruption standards.

HAGL released a confidential document addressed to potential investors, under the *Risk* section, declaring:

Certain of our existing projects are being developed without necessary government approvals, permits or licenses and development and operation of certain projects are not fully in compliance with applicable laws and regulations. (HAGL Joint Stock Company, 2011: 15).

Although this declaration Deutsche Bank did not stopped financing through the Vietnam Exchange Traded Fund (Global Witness, 2013: 34) HAGL company.

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3 IFC's Updated Sustainability Framework is available at <<http://bit.ly/TgeA7i>>

4 The UN Principles of Responsible Investing is available at <<http://www.unpri.org/>>

5 The UN Global Compact is available at <<https://www.unglobalcompact.org/index.html>>

6 The Banking Environmental Initiative is available at <<http://www.cisl.cam.ac.uk/business-action/sustainable-finance/banking-environment-initiative/about>>

Furthermore, Deutsche Bank confirmed to Global Witness (2013) that DWS Vietnam Fund holds shares in VRG and so, indirectly it was providing finance to VRG as well.

The Bank has been accused of land grabbing in South-East Cambodia in 2010 and forced to divest from that project in the same year. Nevertheless, it continues to finance land grab in Cambodia and Laos.

## Conclusions

What emerges from my analysis is quite complex and it is difficult to assert that land acquisition by Vietnamese companies in Laos and Cambodia are not cases of land grabbing as well as the acquisitions by Chinese companies in the Vietnamese territory.

To better understand the issue, it has been firstly clarified the difference in between Large scale land acquisition and Land grab and secondly it has been evidenced the negatives effects of Land grabbing in the singularly Vietnamese scenario.

The peculiarity of Viet Nam is that it is a Socialist Republic and it means that land belongs to Vietnamese people and it is managed by the State. The State put limits on land cultivation and possession for a given crop and as a consequence, many companies (for instance, HAGL and VRG) moved abroad especially for rubber interests.

Vietnam invests in the neighboring countries Cambodia and Laos but at the same time endure investments by other countries, mainly from China. Nevertheless, emerged that acquisitions by China are in a particular situation: they do no product anymore and this is due to political reasons. While Israel acquisition looks promising good.

Many opinion stands above large scale land acquisitions in Viet Nam: for the Economist it would failed if it maintained a small scale production, however for FAO Vietnam should promote alternative ways of small scale “smart agriculture”. To whom it may concern Viet Nam as acquirer emerged that private Vietnamese companies invests mainly in Laos and Cambodia. With the aim to reach economic profits even not respecting regulations, Vietnamese companies Hoang Anh Gia Lai (HAGL) and Vietnam Rubber Group (VRG) acquired approximately more than 200,000 hectares of land through a series of illegal deals with Laos and Cambodian governments. They destroyed thousand of hectares of intact forests, got involved in illegal logging and dispossess and displace many local communities increasing their food insecurity.

All the conditions that could avoid cases of land grabbing listed in the first chapter are literally ignored:

- Rural people does not have any recognition of land rights. They are totally ignored for the sake of foreign investment policy: law is circumvented changing the use destinations of land and when local villagers have got legal lease's contracts they are revoked without applying the principles of Free, Prior, and Informed Consent;
- although smallholder production should be practiced not to worsened poor conditions of rural people, Cambodian and Laotian governments still granting land concession depriving local communities of their livelihood;
- Cambodian, Laotian and Vietnamese local communities have endured cases of violation of human rights in many cases of grabbing of land, being threatened and jailed simply for protesting against that companies which stole their land, action which undermine their food security;
- Cambodian Laotian and Vietnamese governments did not disclosed their data about land concessions, for this reason is very difficult to estimate their dimension and contingent effects;
- environment is drastically affected by land concessions, many hectares of intact forests have been disrupted resulting in biodiversity loss, pollution of water and air, loss of land for many local communities and illegal logging activities.

Hence, if international acquisition should be the instrument to improve yields and rural livelihoods, we are probably going in the wrong direction assuming the negative externalities that large scale land acquisitions have on local population.

We can assume that nowadays we arrived at a delicate point: interest in land arrived at a dangerous point attracting the attention of policy-makers. Through many stratagems “the World Bank is leading the way for the promotion of some voluntary code of conduct...for land grabbing, called the Principles for Responsible Agricultural Investment (RAI)” (Borras, 2012: 5). At this point we realized that solve the problem of transparency will not solve the land grabbing problem. In fact a transparent land grabbing will not be better than non-transparent land grabbing. It just looks more as a way to regularize it.

It so happens that control over land and resources in land grabbing circumstances,

needs to be stopped as soon as possible. In fact, rush for land is seeding reasons for new conflicts, impoverishing the poor and hastening polarization and despite the growing global attention to this problematic, land grabbing continue. This is probably the right moment to take action and try to change the situation. The change will begun when land rights will be recognized to rural people and civil society has got a fundamental role on it, making land grabbing a public issue. Even the land has to change its perception tin the eyes of civil society: it “should not be treated as a mere commodities, but rather as elements of a complex and diverse social, cultural, and ecological systems” (Anseeuw W., Alden W. L., Cotula L., and Taylor M., 2012: 67). Rural people are finally building a network of alliances through all the world to fight again the system. According to Anseeuw et al. (2012),

Optimistically, it may even be hoped that rural communities in many parts of the world are able to finally achieve secure access to and control over their land through struggles catalyzed by the impacts of increasing demand for it. It is to be hoped that the rush for land will act as a wake-up call, provoking a reconsideration of the path we are on. (Anseeuw et al., 2012: 68)

Many associations against land grabbing go along with this position, and in this dissertation I shared the more extreme ideas of La Via Campesina and Borras (2012), which agree in assuming that it is not just about land grabbing, but it is against the imperative accumulation of global capital in land, biofuel, food production, green grabs. In conclusion, it is not a fight against land grabbing but it is a fight against capitalism. As Marx (2015) states, capitalism needs a cyclical crisis to restore social and work organization to adapt itself at the different historical phases, and in part the history now looks to agree with it. However, it is not said that capitalism will come out victorious from the several crisis we are living today such as the climate and the environmental crisis caused by itself. It could be even a threat or a hope, because it is not about victory or defeat of capitalism anymore but about the survival of the earth, inhabitants and us.

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