

Land & Sovereignty  
in the Americas

*Issue Brief N°3 - 2013*

*Food First*



**The Great Soy Expansion:  
Brazilian Land Grabs in Eastern Bolivia**

*By Miguel Urioste F. de C.*

Copyright © 2013 by Food First / Institute for Food and Development Policy  
All rights reserved. Please obtain permission to copy.

Food First / Institute for Food and Development Policy  
398 60th Street, Oakland, CA 94618-1212 USA  
Tel (510) 654-4400 Fax (510) 654-4551  
[www.foodfirst.org](http://www.foodfirst.org) [land@foodfirst.org](mailto:land@foodfirst.org)

Transnational Institute (TNI)  
De Wittenstraat 25 1052 AK Amsterdam, Netherlands  
Tel (31) 20-6626608 Fax (31) 20-6757176  
[www.tni.org](http://www.tni.org) [tni@tni.org](mailto:tni@tni.org)

In collaboration with:



Cover and text design by Zoe Brent  
Cover photo by Greenpeace  
Edited by Paul Berry, Sara Keene and Tanya Kerssen

About the author:

Miguel Urioste F. de C. ([m.urioste@ftierra.org](mailto:m.urioste@ftierra.org)) is an agricultural economist, specialized in rural development and land. He has been Minister and Deputy in Bolivia and is the former Director of Fundación Tierra. He is currently Senior Researcher at Fundación Tierra. He has published numerous articles, many of which can be found at [www.ftierra.org](http://www.ftierra.org)

This brief is adapted, with permission by the author, from: Urioste F. de C., Miguel (2012) “Concentration and ‘Foreignization’ of Land in Bolivia,” *Canadian Journal of Development Studies* 33(4). See original article for complete references and notes.

About the series:

The *Land & Sovereignty in the Americas* series pulls together research and analysis from activists and scholars working to understand and halt the alarming trend in “land grabbing”—from rural Brazil and Central America to US cities like Oakland and Detroit— and to support rural and urban communities in their efforts to protect their lands as the basis for self-determination, food justice and food sovereignty. The series is a project of the Land & Sovereignty in the Americas (LSA) activist-researcher collective, coordinated by Food First. For media inquiries about this series, or to arrange an interview with an author, please contact [land@foodfirst.org](mailto:land@foodfirst.org) or call (510) 654-4400, ext. 235.

Suggested citation for this report:

Urioste F. de C., Miguel. 2013. *The Great Soy Expansion: Brazilian Land Grabs in Eastern Bolivia* (Land & Sovereignty in the Americas Series, No. 3) Oakland, CA: Food First/Institute for Food and Development Policy; Transnational Institute; and Fundación Tierra.

In the last two decades, the best agricultural lands in Bolivia have been put into commercial production by large-scale producers closely linked to foreign investors, particularly Brazilians. Foreigners now control more than one million hectares of prime agricultural and ranching lands in Bolivia, primarily in the eastern lowland department of Santa Cruz, an important agro-export region dominated by transnational corporations and what has been termed “trans-Latina” corporations or TLCs. The rapidly expanding soy and ranching industries are the primary cause of deforestation and land use change in the country, at a high cost to the environment, national food security and indigenous peasant livelihoods. This brief traces recent agrarian transformations in the Bolivian lowlands, including rising foreign control over land; widespread tropical deforestation; the role of the state in facilitating changes in land use and control; and the environmental and social impacts of these changes.

### Transformations in Bolivian Agriculture and the Rise of Brazilian investors

Over the last several decades, Bolivia has witnessed the rise of *transLatina* agrarian elites, coming largely from Brazil and Argentina. While the initial migration of Brazilian investors to Bolivia began in the 1980s, Bolivian liberalization policies in the 1990s facilitated soil preparation, rural electrification, construction of transportation infrastructure, and access to inexpensive

*The rapidly expanding soy and ranching industries are the primary cause of deforestation in the country, at a high cost to the environment, national food security and indigenous peasant livelihoods.*

and fertile lands. However, three continuous years of adverse climatic conditions (1993-1995), among other factors, caused many national investors to abandon the soy business. With the risk of default on their bank loans, many Bolivians were forced to sell their lands at extremely low prices—an opportunity Brazilian investors seized upon immediately.

The department of Santa Cruz has been the primary target for Brazilian investors, where they achieved a much higher profit margin than in Brazil because of the low price of land; the low price and easy convertibility of the US dollar as the currency of transaction; and the extremely low rate of taxation on land and exports. State subsidies and the “freezing” of the price of diesel for the last two decades were also central to the expansion of the agricultural frontier in Santa Cruz. Since 1990, the area of cultivation in Santa Cruz has expanded from slightly over 400,000 hectares, to more than two million hectares in 2011. Half of this area is devoted to the production of soy and other oilseeds, representing a nearly six-fold increase in soy production since 1990. During this time, Brazilian

## QUICK FACTS:

### WHAT?

Expansion of industrial soy cultivation and cattle ranching, causing environmental degradation, and displacing Bolivian producers and indigenous peasants

### WHERE?

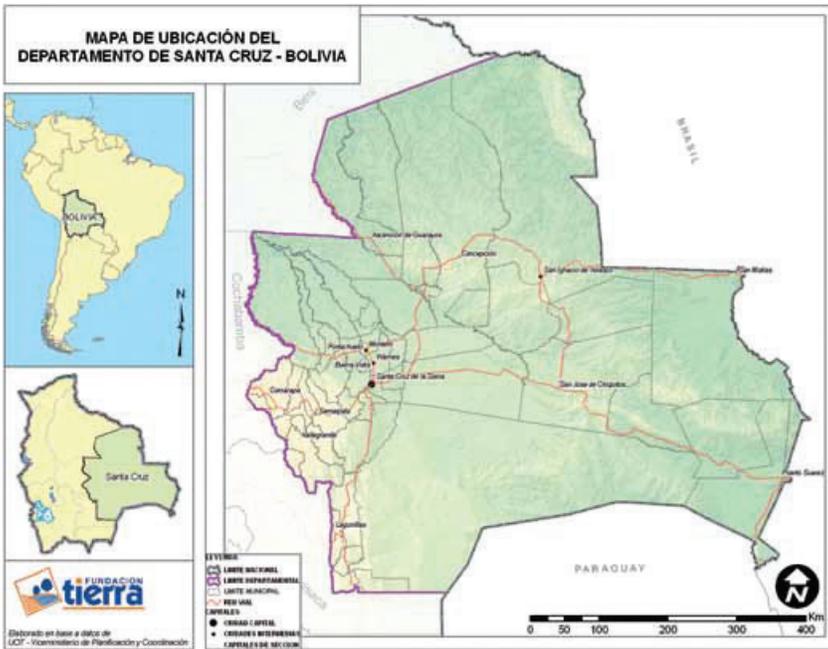
Bolivia's eastern lowland department of Santa Cruz

### WHO?

TransLatina Companies (TLCs) primarily owned by Brazilians and Argentines who now control more than one million hectares of prime agricultural and ranching lands in Bolivia

### CONTACT

To arrange a media interview with the author of this report, please write to [land@foodfirst.org](mailto:land@foodfirst.org) or call (510) 654-4400, ext. 235



Map 1: Eastern lowland department of Santa Cruz, Bolivia

investors have increased their share of soy lands to 40% of the national total, at the expense of other groups of producers (see Figure 1). Since 2005, a new round of Brazilian land investments in Santa Cruz has emerged, this time for ranching. There are currently approximately seven million head of cattle in Bolivia, three million (or 40 percent) of which are located in Santa Cruz. Pressure is mounting to expand both soybean production and ranching operations into forested areas.

### Land Rights, Titling and “Development”

Bolivia began a process of formalization of property rights and the construction of a rural land register in 1996 with Law 1715 of the National Agrarian Reform Institute—known as the INRA law—but this process has still not been concluded. Despite the current government’s emphasis on titling indigenous lands, interviews with INRA authorities and other government officials paint a different picture. Gains in the titling of indigenous land are likely overstated. While changes in the agrarian property structure occurred as a result of granting more than 22 million hectares of territory to indigenous peoples in the 2005-2009 period, this number belies the fact that the great majority of these lands were drawn from state lands, many of which overlap with parks, forest reserves and conservation areas.

At the same time, the legal security of property rights for lands acquired by foreigners, especially Brazilians, has increased. Despite President Evo Morales’ political discourse against the *latifundio* (large landholdings) the state has not hindered foreign direct investment in land. Rather, foreign agribusiness has found ways to circumvent existing regulations, influence political power within Bolivia, and tap into longstanding discrimination against indigenous people in the name of regional development.

Existing regulations regarding land rights and titling in Bolivia, including the Law of Community Reorientation of Agrarian Reform of 2006 and the new constitution

of 2009, permit the free sale and purchase of lands between private parties, irrespective of their nationality as long as the area does not exceed 5,000 hectares. However, in order to bypass regulations and obtain bank loans (which require a proven permanent presence in the country) many of Brazilians have opted 1) to marry Bolivian citizens or 2) to create companies through associations of Bolivian citizens that (for the most part) exist only on paper. In addition to skirting rather weak institutional barriers, Brazilian agro-elites have attempted to secure property rights through their participation in regional associations of agricultural producers with which they pressure the state to establish land laws that respond to their interests. Relations between these associations and

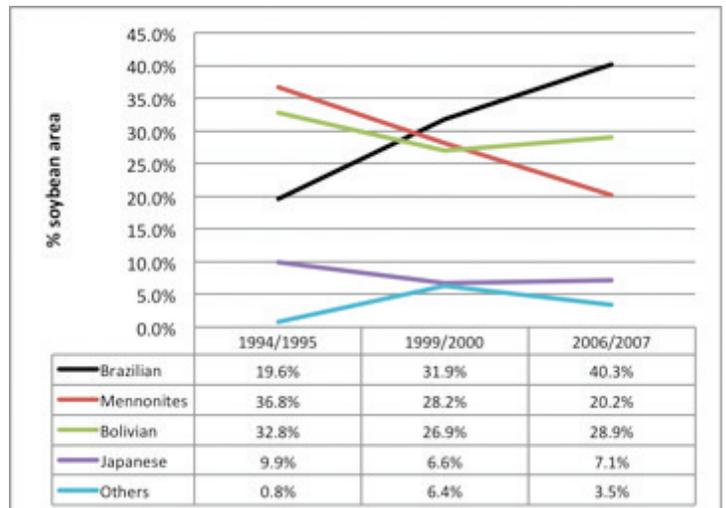


Figure 1: Area of soy cultivation (%) by producer origin<sup>1</sup>

the government might be laying the groundwork for the approval of a new land law to strengthen the legal security of agribusinesses, ranchers and timber companies; weaken the requirement of “social and economic function” of land; and facilitate commercial agriculture. The permissive attitude of the state in allowing foreign control over land and influence in lawmaking is perpetuated, in part, by the unique relationship between Bolivia and Brazil. This relationship is rooted in a 2,000-kilometer gas pipeline that has joined the cities of Santa Cruz, Bolivia and São Paulo, Brazil for over two decades. Bolivian gas exports constitute one of the primary sources of income for the National Treasury.

Finally, foreign investors benefit from underlying forms of regionalism and discrimination that are pervasive in Bolivia. For example, Bolivian and Brazilian large-scale producers in the eastern lowlands have a kind of “ethnic pact” which identifies indigenous (Quechua and Aymara) peasant settlers from the western highlands as their common enemy. Peasants are blamed for various social ills, including cocaine production and narco-trafficking; deforestation; and indiscriminate “slash and burn” agriculture. These negative perceptions—particularly among the middle classes of Santa Cruz—are mirrored by a favorable view of foreigners. Indeed, the foreign presence in Santa Cruz is highly regarded and even sought-out as a means of making lands more “productive” and attracting capital, technology, employment, market knowledge, inputs and genetically modified seeds.

## Impacts of Agro-Industrialization and the Foreign Control of Land

According to the Regulatory Agency for the Social Control of Forests and Lands, 3.3 million hectares of forest have been illegally deforested in Bolivia between 1996 and 2009 alone. The greatest cause of deforestation since 1990 has been agro-industrial soy production. Contrary to the dominant political discourse, the point of soy production is not regional, local or even municipal-level development, but producing the greatest amount of profit in the least amount of time, regardless of whether this degrades the environment or even causes a progressive reduction in soy yields over time. This shortsighted logic treats land as an infinite resource, and assumes “frontier expansion” can go on indefinitely. In some extreme cases, this process ends up converting agricultural and ranching lands—which once were forests—into vast dustbowls.

The environmental degradation of the eastern lowlands has caused several micro-climatic changes in the region. For example, the region now experiences both warmer, drier weather patterns and more flooding. On one hand, all agricultural lands are subject to increased flooding due to unsustainable practices and the deforestation of the dwindling native forests on the banks of the Grande and Piraí rivers. On the other hand, deforestation from the expansion of cattle ranching has contributed to irregular rainfall patterns exacerbating water stress. In the Santa Cruz province of Velasco, water is often controlled by

### Box 1. TransLatina Companies in Eastern Bolivia

In Latin America, land grabbing has had a strong intra-regional character, with the key role played by regional trans-Latin American companies or TLCs. In eastern Bolivia, TLCs are primarily Brazilian and, to a lesser degree, Argentine. The Brazilian company Grupo Mónica was the first major soy company to arrive in the region in 1992 when it bought two properties east of the city of Santa Cruz and one to the north. Grupo Mónica currently cultivates approximately 50,000 hectares of soy annually on these three properties, in addition to approximately 25,000 hectares in Brazil.

The Gama group comprises the Sojima and Tierra Azul companies. This business group cultivates approximately 90,000 to 100,000 hectares in both the eastern and northern production zones of Santa Cruz. The UNISOYA group—which consists of producers of diverse nationalities, but with a majority of Brazilian farmers—has approximately 50,000 hectares in the northern zone. These three established groups of Brazilian producers cultivate approximately 200,000 hectares. Some Argentinians invest through large firms that do not register their operations in Bolivia. The primary Argentinian groups have approximately 100 thousand hectares.

*National policies that promote agrarian reform, limits on foreign land ownership and sustainable development are urgently needed.*

cattle ranchers who dam brooks to water their cattle. Indigenous farming communities living downstream claim that their streams no longer run except in very wet years, leaving them without water.

Foreign control over land and resources for industrial agriculture and ranching is also undermining regional and national food security. Despite increased agricultural production in the eastern lowlands—and the Morales administration’s attempts to promote greater domestic food production—Bolivia’s food supply remains precarious. The country imported a record \$1.1 billion in food between 2006-2010 (over 600,000 tons in 2009 alone).. While food imports maintain domestic price stability and satisfy the increasing urban demand, they discourage domestic production, in particular, that of smallholder farmers. Meanwhile, foreign investors make windfall profits by acquiring lands cheaply in informal markets. One Brazilian landowner stated:

The first property that I bought in 1993, I paid 90 dollars per hectare—a gift from heaven. For the second property I paid 190 dollars per hectare, and for the third property I paid 850 dollars per hectare. Now my lands—about three thousand hectares—are worth at least two thousand dollars per hectare. This is how Brazilians achieved prosperity.

According to a number of interviewees, the great majority of the profits obtained by foreigners in the commercial soy and ranching sectors are repatriated to their country of origin—particularly Brazil and Argentina—while little is reinvested in Bolivia. Looking forward, it is likely that the upcoming inauguration of the “trans-oceanic export corridor”—a 600 kilometer-long highway that will link the Bolivian city of Santa Cruz to the Brazilian border town of Puerto Suárez—will further facilitate the expansion of soy production and cattle ranching into areas where soils are not appropriate for those activities. This expansion is expected in spite of the fact that according to the

Land Use Plan (PLUS), there are no remaining lands for intensive agricultural production in Santa Cruz. It is also likely that foreign-driven soy and ranching frontiers will expand towards the neighboring department of Beni to the northeast of Santa Cruz. In this process, Bolivia will increasingly become a producer country of “flex crops” that integrate the agro-industrial food, feed, and fuel complex.<sup>2</sup>

## Conclusion

Even under the Morales administration, which employs a strong discourse against capitalism and *latifundio*, the Bolivian state has not placed significant limits on foreign direct investment in land. Over the last fifteen years, soy cultivation in the department of Santa Cruz has exploded— from approximately 143,000 hectares in 1990 to nearly one million hectares in 2012, in addition to dramatic increases in cattle ranching. This transformation in land use has been driven primarily by the rise of commercial production for export and Brazilian investments, resulting in a substantial increase in foreign control of Bolivian land. The benefits of this agricultural expansion are concentrated in the hands of a small population of mostly foreign agrarian elites, with substantial environmental and social costs and arguably few benefits to the country.



Photo by Sam Beebe, Ecotrust

## NOTES:

1. Adapted by the author from ANAPO. *Anuario estadístico del cultivo de soya en Santa Cruz, Bolivia*, 2008.
2. Borrás, S. Jr, J.C. Franco, S. Gómez, C. Kay, and M. Spoor. 2012. “Land Grabbing in Latin America and the Caribbean.” *The Journal of Peasant Studies* 39 (3–4): 845–872.