Land Grabbers

Italy’s involvement in the Great Land Grab
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The word *grabbing* means clutching, seizing, snatching or even looting.

The association between the notion of grabbing and the word land has now become common in the Italian language too and it evokes a deeply worrying scenario. But who exactly is grabbing what? And from whom?

We often need definitions to understand events and phenomena occurring around us. However, it would be better to try and look at the actual consequences these events have on people’s real life. This approach would show that the term land grabbing means many other things that even the most comprehensive definition would not be able to express.

Let us start from the first assumption: this phenomenon is not new. Over the centuries, the control of land and natural resources has been the leitmotiv behind colonial expansion. Entire countries were created after forcing people off their land. Current attempts to impose Western development models on a global scale in order to create new markets and increase profits are possible thanks to the control of natural resources.

"Land grabbing has become a global phenomenon led by local, national and transnational élites, by governments and investors whose objective is to control the world’s most precious resources.”¹ This comprehensive definition of land grabbing was formulated in November 2011, when several hundreds women, men, pastoralists, representatives of indigenous peoples and civil society organisations got together in Mali at a Conference called “Stop Land-Grabbing Now!”, organised by La Via Campesina. And it takes into account all the aspects of this phenomenon and all the people affected by it directly or indirectly, no matter who the grabbers are and why they do it.

The reasons behind land grabbing are many and diverse: land is grabbed to grow food crops or biofuels, to develop the mining industry, to plant forests, to build dams or other infrastructure, to develop touristic resorts, to mark the borders of natural parks, to expand cities, to establish a military occupation for geopolitical interests or simply to possess it as safeguard against other risks. The damages for those who live on or thanks to the land that gets grabbed are often similar and they are incalculable, regardless of the actual reasons behind each case. Communities who are denied access to land are disrupted; local economies are destroyed; the culture, the social fabric, the very sense of identity of local populations risk being torn apart; small-scale

agriculture and subsistence production are threatened. Rural communities are deprived of their means of subsistence and the rights to use the resource they depend on for their survival.

This phenomenon is accompanied by the growing and increasingly worrisome criminalisation of social movements and people who stand up for their rights. This has been possible through the connivance between political and economic interests, local police and private security. This process cannot be confined to a specific area; it occurs in the global South as well as the global North, wherever common resources are at risk and local communities choose not to give up.

**Land, land and again more land**

Over the last few years, after decades of forced globalisation, neoliberal regimes and widespread pillage of natural resources, a number of converging crises have produced a new global land-grabbing rush. This process rests on three main phenomena: i) the food crisis and the declared need for the most food insecure countries to assure a constant supply of cheap food by outsourcing food production, ii) the energy and climate crisis which, according to the current development model, has produced the need to diversify energy sources, boosting biofuel demand, iii) the financial crisis which, with huge amounts of capital fleeing traditional markets for more secure and profitable investments, has further exacerbated speculation on food and land.

All the crises mentioned above are signs of a systemic aberration brought on by current models of economic growth and unrestrained globalisation. This model is based on massive flows of private capital, liberalisation of international trade, privatisation of
The FAO food price index, which measures price changes for a basket of basic food commodities, increased by over 70% between early 2007 and mid-2008. At the same time, the price of wheat rose by 80% while maize prices went up by 90%\(^2\). The reason for this extreme price volatility is only partly to do with adverse climate changes, increased production costs or greater demand for food from emerging societies, as many try to make us believe\(^3\).

On the contrary, it can be better understood if one considers that in several countries, for almost thirty years now, domestic food production capacity has been systematically dismantled to make way for an increasing externally induced need for large-scale export production. After the outbreak of the financial crisis, speculative capital fleeing from traditional markets discovered that betting on people’s needs was by far more lucrative\(^4\).

While in richer countries spikes in food prices have caused a sudden drop in the purchasing power of the weakest sections of public services and widespread deregulation. This is why current crises should be analysed by looking at their interconnections; in this way, it would appear that land, which was not a traditional capital asset, has now been turned into a strategic resource whose control should be gained as fast as possible. Effects on local communities are always the same, getting worse when crises hit harder; players and objectives, on the contrary, are often new and varied.

\(^2\) Scommettere sulla fame. Crisi finanziaria e speculazione su cibo e materie prime (Betting on hunger: financial crisis and speculation on food and raw materials) Andrea Baranes (ed), Fondazione Culturale Responsabilità Etica, December 2010


\(^4\) Il grande gioco della fame: scommetti sul cibo e divertiti con la finanza speculativa (The great hunger game: betting on hunger and enjoying it thanks to speculative finance), Andrea Baranes, Altreconomia Edizioni, 2011
In a world-wide land-grabbing spree. Their conduct has led to a sudden rise in land prices, leaving local smallholders little room to manoeuvre, as they are denied access to the land they need for their survival and they are deprived of their very means of subsistence.

As far as these players are concerned, they don’t always seize land for farming. Growing global competition for biofuel and large-scale food production is only one side of the story; several new international investors are acquiring land as a guarantee against inflation or as a way to access new markets and hold dominant or monopolistic positions in them as they expect those markets to become very lucrative in the near future.

Since 2008, investment funds, pension funds, private equity funds, hedge funds and insurance companies have been involved in a world-wide land grabbing spree.

In the meantime, since 2007, the United States, Brazil, the European Union and many other governments have been generally regarding with favour the worldwide expansion of biofuel production.

All this was caused by the outbreak of the climate crisis and by rising concerns over the energy crisis, sparked by oil and natural gas price volatility, as oil importing countries have to depend on few and often politically unstable producing countries. Consequently, biofuel production was encouraged as an environmental-friendly and “clean”

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6 The vultures of land grabbing: the involvement of European Financial Companies in large-scale land acquisition abroad, CRBM and Merian Research, 2010
alternative to fossil fuels. In the last few years, as a result of governments’ ambitious objectives to blend biodiesel and bioethanol with traditional transport fuel, biofuel production has skyrocketed. Demand has risen, laying the ground for an extremely lucrative business. Therefore, while wealthy countries strive to meet their clean energy targets, prime farmland throughout the planet is switched from food to fuel. Problem is you can’t eat fuel.

Biofuel production is directly related to spikes in food prices and shrinking areas of food producing land; similarly, it causes the expropriation of farmers’ land, the eviction of peasants, shepherds and indigenous communities from their territories and the criminalisation of social movements opposing this development model.

What have Italians got to do with it?

At a first glance, this phenomenon may seem to have very little to do with the Italian people. This is quite wrong. Land grabbing concerns Italians and in a big way. This is for two reasons.

On the one hand, attacks against the commons have no frontiers. In Italy, for example, there is a growing number of local disputes over the use and abuse of land brought about by some dangerous public-private partnership models, which have nothing to do with public interest.

On the other hand, it should also be noted that Italy is one of Europe’s biggest investor in foreign land, second only to Britain and followed by Germany, France, Scandinavian countries, the Netherlands and Belgium.

Which Italy are we talking about? Surely, it is a country of banks, insurance companies, big utility companies and clothing giants. However, there are also other smaller players involved, such as Italy’s small and medium enterprises, ready to diversify their production if there is a chance to get incentives or tax relief, and Italy’s ubiquitous small power plants (less than 1 MWh), seeking greater funding and convenient shortcuts to secure positive Environmental Impact Assessment outcomes.

This work aims at mapping out this side of Italy.

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7 Weathering the storms: land use and climate change, Shalmali Guttal, July 2011 in Defending the commons, territories and the rights to food and water, Land Struggles, LRAN Briefing Paper Series 2, August 2011.

A total of twenty Italian companies have laid their eyes on several hundreds hectares of land scattered all over the globe.

These figures, taken from a summary analysis of the Italian involvement in the land grab business, provide an important, though largely ignored, indication: in Europe, Italy is the second biggest player after the UK in the great land grabbing rush, which is mostly connected to the lucrative exploitation of biofuels. Still, this is only one part of the whole question, which is indeed even more complex than one would expect. In fact, the companies monitored in this study are expanding their “packages” exponentially and it seems they will soon share among them a total area of land estimated to be in excess of 2mn hectares. News coming from the areas concerned seem to confirm that the land grabbed is not all and not always actually farmed; also, not all of the companies’ expressions of interest lead to long-term lease contracts. This survey cannot be exhaustive and all-inclusive due to the almost complete lack of transparency and the general secrecy surrounding so-called “land acquisitions”; however, it is a useful testimony of the growing interest in land on the part of Italian investors, new and old ones.

**Mozambique**

Land grabbing in Mozambique is a thriving and lucrative business. This is shown by the peculiar case of Avia. In 2008, this company based in the Italian town of Biella and operating in the textile sector entered a joint venture with a group of Mozambique entrepreneurs, AVIAM Ltd, to build a supply chain for jatropha, a plant which produces vegetable oil.

This project was granted a licence by the local government and will require an investment of about USD 16mn\(^9\); it consists in the creation of a nursery and the plantation of 10,000 hectares of land\(^10\), although there

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\(^9\) Diplomazia Economica Italiana, Newsletter realised by Il Sole 24 Ore newspaper in collaboration with the Italian Foreign Ministry Office for the Promotion of National Companies, n. 17, Year 2, 22nd December 2008

\(^10\) Guide to Mozambique 2011, Unindustria Treviso, Studio Rodl & Partner (ed.), with the funding of the
<table>
<thead>
<tr>
<th>Company name</th>
<th>Country</th>
<th>Investment</th>
<th>Land size (in ha)</th>
<th>Type of crop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avia attraverso Aviam Ldt.</td>
<td>Mozambique</td>
<td>USD 16mn</td>
<td>10,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Bioenergy Italia S.p.a.</td>
<td>Mozambique</td>
<td>USD 20mn</td>
<td>currently 70</td>
<td>Jatropha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>120 planned</td>
<td></td>
</tr>
<tr>
<td>Moncada Energy Group S.r.l.</td>
<td>Mozambique</td>
<td>USD 27mn</td>
<td>15,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Moncada + Petromoc</td>
<td>Mozambique</td>
<td>USD 15mn</td>
<td>currently 2,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10,000 planned</td>
<td></td>
</tr>
<tr>
<td>MedEnergy Global</td>
<td>Mozambique</td>
<td>€63mn</td>
<td>10,000</td>
<td>oil palm</td>
</tr>
<tr>
<td>SFIR – Societè Fondiaria Industriale Romagnola</td>
<td>Mozambique</td>
<td>USD 60mn</td>
<td>8,600</td>
<td>sugar cane</td>
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<tr>
<td>Seci Api Biomasse (API + Maccacerri group)</td>
<td>Mozambique</td>
<td>USD 15mn</td>
<td>6,300</td>
<td>Jatropha</td>
</tr>
<tr>
<td>CIR Group (De Benedetti, through Agriterra)</td>
<td>Mozambique/Sierra Leone</td>
<td>USD 4mn</td>
<td>(to buy Agriterra’s share)</td>
<td>oil palm</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>45,000</td>
<td></td>
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<tr>
<td>ENI</td>
<td>Mozambique</td>
<td>n.a.</td>
<td>n.d.</td>
<td></td>
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<tr>
<td>ENI</td>
<td>Angola</td>
<td>n.a.</td>
<td>12,000</td>
<td>oil palm</td>
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<tr>
<td>ENI</td>
<td>Congo Brazzaville</td>
<td>USD 350mn</td>
<td>70,000</td>
<td>oil palm</td>
</tr>
<tr>
<td>Fri-EL Green Power through Sangha Palm and Congo National Palm Plantations Authority</td>
<td>Congo Brazzaville</td>
<td>n.a.</td>
<td>4,000 40,000 planned</td>
<td>oil palm</td>
</tr>
<tr>
<td>Fri-EL Green Power</td>
<td>Nigeria</td>
<td>n.a.</td>
<td>currently 11,292</td>
<td>oil palm</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>100,000 planned</td>
<td></td>
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<tr>
<td>Fri-EL Green Power through Fri El Ethiopia Farming and Processing</td>
<td>Ethiopia</td>
<td>about €76,000 / year (for 70 years)</td>
<td>30,000</td>
<td>oil palm/jatropha</td>
</tr>
<tr>
<td>Nuove Iniziative Industriali through O.B.M. Renewable Energy Ltd (controlled by NII al 70%)</td>
<td>Ethiopia</td>
<td>n.a.</td>
<td>40,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Nuove Iniziative Industriali through Kenya Jatropha Energy (controlled by NII 98%)</td>
<td>Kenya</td>
<td>n.a.</td>
<td>50,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Nuove Iniziative Industriali through Guine Energie S.A. (controlled by NII 70%)</td>
<td>Guinea Konakry</td>
<td>n.a.</td>
<td>710,000</td>
<td>Jatropha</td>
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<tr>
<td>Nuove Iniziative Industriali through Senergie S.A. (controlled by NII 60%)</td>
<td>Senegal</td>
<td>n.a.</td>
<td>currently 5,000</td>
<td>Jatropha</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>50,000 planned</td>
<td></td>
</tr>
<tr>
<td>Gruppo Finanziario Tampieri through Senhuile SA (controlled by Tampieri 51%)</td>
<td>Senegal</td>
<td>USD 100,000 / year</td>
<td>20,000</td>
<td>sweet potato/sunflower</td>
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<tr>
<td>TRE-Tozzi Renewable Energy through JTF Senegal SARL</td>
<td>Senegal</td>
<td>n.a.</td>
<td>currently 2,500</td>
<td>Jatropha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>50,000 planned</td>
<td></td>
</tr>
<tr>
<td>TRE-Tozzi Renewable Energy</td>
<td>Laos</td>
<td>n.a.</td>
<td>50,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>TRE-Tozzi Renewable Energy through JTF Madagascar</td>
<td>Madagascar</td>
<td>USD 300mn</td>
<td>50,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Delta Petroli</td>
<td>Madagascar</td>
<td>USD 70mn</td>
<td>20,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Troiani e Ciarrocchi</td>
<td>Madagascar</td>
<td>n.a.</td>
<td>100,000</td>
<td>Jatropha</td>
</tr>
<tr>
<td>Green Waves</td>
<td>Benin</td>
<td>n.a.</td>
<td>250,000</td>
<td>Girasole</td>
</tr>
<tr>
<td>Agroils</td>
<td>Senegal/Egypt/Laos/Mozambique/Brazil/Togo/Equatorial Guinea/Indonesia/Slovakia/Algeria/Cameroon/Morocco/Ghana</td>
<td>n.a.</td>
<td>più di 250.000</td>
<td>jatropha/rapeseed/sunflower</td>
</tr>
<tr>
<td>Benetton through Compañía de Tierras Sud Argentino (CTSA)</td>
<td>Argentina</td>
<td>n.a.</td>
<td>900,000</td>
<td>Lana</td>
</tr>
<tr>
<td>Reda Holding</td>
<td>New Zealand</td>
<td>USD 4.8 mn</td>
<td>16,660</td>
<td>Lana</td>
</tr>
<tr>
<td>Italgest</td>
<td>Honduras/Indonesia/Africa</td>
<td>n.a.</td>
<td>n.a.</td>
<td>oil palm</td>
</tr>
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</table>
are already rumours that more land will be licensed\(^{11}\) and that local farmers might be given the possibility to continue to grow this plant independently. This land is situated in a highly strategic spot. Precisely, it stretches along the coastal district of Nacala-a-Velha, in the northern province of Nampula, only 35 kilometres away from one of the region’s main harbours. The project also envisages the construction of a local refinery to transform jatropha seeds into fuel.

Avia declared that when it is fully operational, this project will employ over 2,000 people. However, only few months after signing an agreement with Belgian company Quinvita, involved in the management of technological applications for industrial energy crops, Avia was severely criticised by Nampula’s governor Felismino Tocoli. In an interview published in August 2012 on the local newspaper Noticias\(^{12}\), he declared that Aviam had not lived up to its promises and that, as a consequence, it might lose its licence.

In fact, it seems that only as few as 150 hectares of land have been planted and no more than 100 people, all coming from other parts of the country, have been employed.

Then, there is the case of Bioenergy Italia S.p.A., another company actively involved in jatropha farming in Mozambique. According to several sources\(^{13}\), Bioenergy Italia has earmarked USD 20mn to boost jatropha cultivation in Sabie, in Moamba’s southern district. Seeds will be exported to Italy, where they will be processed and turned into biofuel. It seems that farming started in 2008 with only 10 plants; now, the number has risen to 5,300 plants, covering an area of 70 hectares, which will eventually expand to 120 hectares. The target is to obtain 200 tons of jatropha every season to produce biofuel.

Available information also show that, in a first phase, Bioenergy plans to import the crop to Italy and then process it into agrofuel; in a second phase, it intends to build a refinery locally and then export the finished product.

Curiously enough, this information was not found on Bioenergy Italia’s official website but on an English language Chinese portal based in the Macau region (a former Portuguese colony in China) aimed at promoting and improving business opportunities between the People’s Republic of China and Portuguese speaking countries. This is also a sign of the global interest generated by land investments.

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\(^{11}\) http://www.aviam.it/progetto.html

\(^{12}\) Biofuel firm may lose Mozambique license, Afrique Avenir, 7th August 2011

Another company which is strengthening its position in Mozambique is Moncada Energy Group S.r.l., established in Agrigento with registered office in Milan and over 270 staff. Moncada was founded in 1991 and was initially involved in the construction industry. Then, in 2001, after the “Bersani Decree” liberalised the Italian electricity market, it turned to the energy sector with a special interest in renewable sources.

In 2008, the Moncada Energy Group holding was created. In the same year, the Moncada family sold a 30% stake of its Italian assets to Swiss multinational Atel and signed an agreement to produce biodiesel and vegetable oil in Mozambique controlled by Moncada Energy, based in Agrigento. This agreement was apparently facilitated by the Italian government and in particular by former deputy minister for Economic Development Mr Adolfo Urso, who flew to Mozambique in July that year together with some representatives of Simest (a state-controlled development finance institution providing services to Italian companies abroad), ICE (the Italian Institute for Foreign Trade) and Assafrika (the African department of the Italian employers’ association Confindustria). This mission was then followed by Mozambican Energy minister Salvador Namburete’s tour of Moncada plants in Sicily, a visit organised by the Italian diplomatic representation in Mozambique. The plants in Sicily will receive biofuel produced from jatropha plantations stretching across 15,000 hectares around the capital Maputo (for an investment of USD27mn), which Moncada has been growing since August 2009.

Moncada’s original project is to be extended by another plantation of the same size, a joint energy venture with local oil company Petromoc, who will hold a 30% stake with some other minor investors. In this case, production will feed into the local biofuel supply chain. As a first step, a 2,000-hectare nursery is currently being created to supply the plantations. A limited liability company has been set up for this purpose, where the Moncada group holds 70% of participation shares, Petromoc 26% and Mozambican 3 T Services 4%.

The investment will be of USD 15mn.

Moncada’s interests in Mozambique are not limited to biofuels. In fact, the company is holding a series of negotiations with local authorities to set up a great wind farm in the southern Tofo district. With an expected investment of about USD 53mn, the farm will generate 30MW a day. Another project will soon be submitted to grow marine algae.

Another company which is strengthening its position in Mozambique is Bioenergy Italia’s investment in Mozambique was not announced on the company’s official website but on an English language Chinese portal in the Macau region.

14 Rapporti Ambasciate, Tribuna Economica – Year 25, 25th April 2011, p. 6
15 Diplomazia Economica Italiana, Newsletter realised by Il Sole 24 Ore newspaper in collaboration with the Italian Foreign Ministry Office for the Promotion of National Companies, n. 17, Year 2, 22nd December 2008.
16 Ibid.
17 http://www.tribuna.com/aas/energiaambien-
tesothermenu-83/13547-moncada-energy-urso-
accordo-per-biodiesel-in-mozambico.html
been allocated the rights to 6,300 hectares of jatropha plantation for an investment of USD 15mn. This project, expected to start in 2012, consists in the extraction of jatropha oil to be exported and refined in Italy. It started with the purchase of the plantation, situated in the Inhambane province.

The CIR Group, owned by Mr Carlo De Benedetti, has discovered Africa too. It bid USD 4mn on Agriterra, a farm company operating in Mozambique. As an aside, Agriterra, whose third biggest share (8.06%) belongs to the De Benedetti family, has already declared it intends to make the best of the capital increase that followed the acquisition of Shawfors Investments, which holds a 50-year licence on 45,000 hectares of land in the South of Sierra Leone (considered to be a favourable area for palm oil production).

Last but not least in our roundup of Italian companies operating in Mozambique, the very Italian Eni too understood that controlling land brings high returns, whatever the product. Alongside its traditional investments in offshore oil extraction projects, the company represented by the shape of a six-legged dog is now starting to show interest in biofuels too.

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22 “Cir scopre l’Africa, con Agriterra”, Corriere della Sera, 8th December 2011, p. 43.
Jatropha: fact or myth?

Companies involved in its production hail it “the new frontier of sustainability” as they maintain that it poses no obstacle or threat to food security. In fact, its supporters focus on the fact that jatropha is not an edible crop anyway and that it grows on arid soils. Also, it can be used as hedges around fields – thus fighting desertification, especially in Africa – and it can be intercropped with two or more food crops.

However, several studies show that jatropha is not living up to expectations: its yields are not satisfactory on marginal land and large-scale jatropha plantations require high fertiliser, pesticide and water inputs. The combination of higher production costs and low yields often presents a disappointing picture. The unpredictability of jatropha yields is further aggravated by the unpredictability of market conditions, which seriously affect economic viability. Some producer countries are starting to place moratoria on jatropha cultivation; also, political discussions within the EU to revise its biofuel policies adds to the uncertainty, making jatropha an increasingly insecure investment.

Jatropha growing has also had some dramatic impacts on the environment and on the life of some rural communities living in producer countries. Contrary to what its supporters claim, jatropha is often placed in competition with food production, both when it is grown on very fertile land and when it is planted on so-called marginal lands, which are vital for the livelihood of subsistence farmers, herders, hunters and gatherers. The destruction of these means of subsistence is permanent while, on the other hand, jatropha plantations do not create enough well-paid jobs to sustain thousands of displaced people.

Valuable ecosystems are being destroyed to make way for jatropha and biodiversity is being irreversibly damaged. The much hailed reductions in carbon dioxide emissions are a far cry from the truth too: emissions resulting from the land-use change of forests and pastoral drylands are far larger than the potential carbon savings from jatropha. Large-scale jatropha growing is neither economically viable nor environmentally and socially sustainable.

1 Jatropha: money doesn’t grow on trees, Friends of the Earth International, December 2010
Ethiopia

There is a point in common between Ethiopia’s great swathes of land and the Italian thermoelectric plant at Acerra: it is palm oil, which will be produced in abundance in Ethiopia, thanks also to the very active role played by Fri-El Green Power S.p.A. This company operates across the whole spectrum of renewable energy projects, from wind power to biomass, from marine currents to biogas, covering the whole production process, from R&D to direct power sales (for a total of 524.5 MW installed in 2010). Fri-El Greenpower has its headquarters in Bozen and is a growing company. Its revenue for 2010 was about €150mn, with a net profit of €43mn, up 68% and 38% respectively from the year before.

In 2006, its subsidiary Fri-El Acerra S.r.l. was established and €85mn were invested to operate the thermoelectric plant at Acerra (near Naples), which is the second biggest plant in Europe for the production of energy from vegetable oils (with an installed capacity of 75MW).

Although top management have not declared it explicitly, in the future the company is very likely to import palm oil, the raw material needed to operate the plant, from the prosperous plantations scattered all over Africa, a total of 80,000 hectares between Ethiopia, Nigeria and the Republic of Congo.

According to information at our disposal, Fri-El Green has been operating in Ethiopia since 2007; through its local subsidiary Fri-El Ethiopia Farming and Processing, it was allocated 30,000 hectares of land in the Omorate area, in the South West of the country, where most of the population belongs to the Dasanech ethnic group. This licence was granted thanks to a 70-year, 1.7mn birr/year lease signed with the government (that is, €2.5 per hectare per year). Definitely a good deal for Fri-El Green, which will be allowed to exploit some of Ethiopia’s most fertile farmland, producing mainly palm oil (and jatropha) to export to Italy.

However, it is still early to talk about exporting, as the project is still in its experimental phase and oil palm needs from 5 to 7 years before it becomes productive. In the meantime, intercropping was started, with 320 hectares planted with palm and 120 hectares growing maize, which can be harvested twice a year and sold on the local market quite easily.

Eventually, Fri-El Green aims at turning the 30,000 hectares at its disposal into a large-scale plantation, which is expected to be productive and therefore profitable in 8-9 years at the latest. In the meantime, overheads are negligible and the acquired land has all it takes to become a large-scale oil palm plantation: a very hot climate, large areas of flat land and direct access to the waters of river Omo for irrigation (with an average consumption of 200 litres of water a day per crop).
In actual fact, not long ago, Fri-El Green Managing Director Mr Josef Gostner gave an interview to the Corriere della Sera newspaper\(^{24}\) where he declared that, contrary to original plans, their Ethiopia-based plantations were turning into extensive food crops (soy, maize, sugar cane and palm oil) to sustain those regions in the country that usually experience long periods of famine. Shame the information we have, coming straight from Addis Ababa, tell a different story. In fact, it would seem that the 120-hectare maize plantation will only last for a transitional phase; the aim is to offset costs for the first few years while waiting for oil palm to become productive, while oil palm cultivation for biofuel production remains the core business.

Gostner’s declaration was met with scepticism among several humanitarian organizations involved in emergency food assistance in the Horn of Africa, as they believe that the increase in large-scale plantations of this type of crops does not necessarily help to tackle food crises\(^{25}\).

Anyway, this is an extremely valuable investment for Fri El Green. One just needs to consider the location of the land acquired: it is a 30,000-ha triangle situated east of river Omo, which is a long 830 km away from Addis Abeba but, on the other hand, only 20 km away from the Kenyan border, in a perfect position for transporting products headed abroad. That is not all. Fri El Green is not bound by contract to provide services to the local community; this means that residents might suffer the well-known consequences brought about by the creation of a large-scale plantation on farmland and pastures that had been used for the livelihood of local communities for centuries. As it is often the case in situations like these, the company is relieved from the obligation to compensate local communities for their losses. However, Fri El Green has made it clear it was ready to “donate a school, an ambulance or a clinic, depending on what the District authorities will choose as a priority”.

A study conducted by Survival International shows that foreign companies like Fri-El Green have been allocated some of Ethiopia’s most productive land in the Omo Valley, asSurvival International\(^{26}\) shows that foreign companies like Fri-El Green have been allocated some of Ethiopia’s most productive land in the Omo Valley, which they are now using to produce biofuel and food crops for export. At the same time, thousands of Ethiopians are starving due to a terrible drought.

Anthropologist Marco Bassi confirmed that the nomadic peoples living in the Omo valley might be displaced to make room for large-scale plantations. “Due to its environmental features, this land is not occupied on a permanent basis; therefore, the government declares it is «empty» or «unused»

\(^{24}\) “C’è la carestia, e l’Etiopia cede le sue terre”, Corriere della Sera.it Ambiente, 3rd August 2011.


\(^{26}\) http://www.survival.it/notizie/7521.
Awash, Ethiopia, March 2012. Government-owned Metahara Sugar Factory, the country’s biggest sugar factory, near Awash. An even bigger sugar factory is going to be built next to it. Local farmers and herders object that they will have no land left for their cattle.

TerraProject
(Foto di TerraProject)
ETHIOPIA,
Up for grabs

It is not easy to obtain first-hand information from Ethiopia. However, reports from the BBC early in 2012 revealed a worrying picture. According to the data gathered by US-based NGO Human Rights Watch, in Ethiopia’s western Gambella region, at least 70,000 people were moved out of their land and dwellings to “meet the needs” of foreign biofuel investors. The relocation (o “villagization”) process has been marked by the use of force with virtually no compensation and widespread human rights violations. Human Rights Watch met 100 displaced people, who told stories of abuse and violence, such as torture, threats, burning of property and deportation. The central government in Addis Ababa keeps denying that local communities were moved against their will. The same situation is occurring in the Omo Valley, where the Ethiopian government is using arbitrary arrests and widespread violence against local agro-pastoral communities to make way for large-scale irrigation schemes linked to agro-industrial plantations. Between 2008 and 2011, Ethiopia “leased” 3.6mn hectares of land, about the size of Holland, to foreign investors. In order to do so, it forced local residents from


2 “What will happen if hunger comes?” Abuses against the Indigenous peoples of Ethiopia’s Lower Omo Valley, Human Rights Watch, 2012
and leases it out to investors. Negotiations occur only between companies and governmental authorities; indigenous peoples are not consulted and their lifestyle and customs, which guarantee the survival of these weaker members of the rural community, are completely ignored [...] Usually, no compensation is paid to nomadic peoples living in Ethiopia’s pastoral areas.27

On the Italian front, Fri-El Green Power also has to deal with the other side of the coin. There are accusations concerning the alleged presence of polychlorinated biphenyls (PCBs) in the palm oil used to for combustion in the Acerra plant. This could be for various reasons: the palm oil comes from contaminated soil, it was blended with exhausted synthetic oil, or it was stocked in some contaminated containers28. For many years now, local organisations have been organising protests and campaigns against the dangers of the Acerra plant.

Nuove Iniziative Industriali, with its head-quarters in Galliate, in the northern Italian province of Vercelli, has decided to take direct action. In June 2011, it launched a petition4 addressed to US President Barack Obama and USAID Administrator Dr Rajiv Shah asking them to take action to stop land grabbing in Ethiopia3 and then, early in 2012, it launched a petition4 addressed to US President Barack Obama and USAID Administrator Dr Rajiv Shah asking them to take action to stop land grabbing in the country.

Considering that the European Union is one of the greatest international aid donors for Ethiopia, four Italian MEPs tabled a parliamentary question to EU Foreign Affairs High Representative Catherine Ashton about what was happening in Ethiopia. Unfortunately, according to Lady Ashton, the information in her possession did not seem to support the allegations made by Human Rights Watch. It did not matter if in 2011 even the respected Oakland Institute expressed concern about escalating land grabbing in Ethiopia3 and then, early in 2012, it launched a petition4 addressed to US President Barack Obama and USAID Administrator Dr Rajiv Shah asking them to take action to stop land grabbing in the country.

27 “I diritti dei popoli della Valle dell’Omo” (The rights of the people of the Omo Valley) Marco Bassi, Corriere della Sera.it Ambiente, 3 August 2011.


3 “Understanding land investment deals in Africa: country report – Ethiopia”, Oakland Institute, 2011

4 http://www.thepetitionsite.com/7/stop-forced-relocationsethiopia
district of Novara, has also discovered the “Ethiopian plantation”\(^29\). Through its 70\% owned O.B.M. Renewable Energy Ltd., NII is also looking at growing jatropha in Ethiopia on a 40,000-hectare land in the Omo region, thanks to a 50-year lease obtained from the Ethiopian government. This is an excellent opportunity for the company to establish its own supply chain and thus ensure self-sufficiency for its Italy-based plants\(^30\).

### Senegal

Let us now move to Senegal, another business haven for Italian companies seeking easy profits among Africa’s thousands of new land-grab opportunities.

**Senhuile SA** is 51\% Italian (owned by Gruppo Finanziario Tampieri) and 49\% Senegalese (SenEthanol SA), or so it seems. It acquired 20,000 hectares of land in the Senegal river valley (in the northern Podro region) at the outstanding price of USD 100,000 a year (that is only €3.5 per hectare every 12 months!). Its intention was not to grow jatropha but sweet potatoes, sunflowers and other fodder crops for livestock. In particular, it planned to use its expected annual output of 180,000 tons of sunflower seeds to produce biofuels.

However, things took a nasty turn. In October 2011, Senegal’s Prime Minister Souleymane Ndéné Ndiaye officially declared that the project had been suspended due to violent clashes between the police and some demonstrators. The toll was heavy, with two people dead and over twenty injured. The protests, organised by the Collectif pour la défense des terres de Fanaye, were against the way the project had been handled by the President of Conseil Rural: according to protesters, he acted without consulting local people and literally gave the land away to the Italians.

In the meantime, a curious fact came to light: SenEthanol is 70\% owned by Abe Italia, which is 100\% controlled by US Agro Bioethanol Int., based in New York, in a suite in Madison Avenue that is the registered office of many other companies. Abe United States is managed by another company, Wallace Oceania, based in New Zealand, whose director is a Panamanian citizen. Abe Italia S.r.l. has the same registered address as Storti S.p.A. The first few links of this complex chain of holding companies were revealed by Abe Italia President himself during an interview given to journalist Piero Riccardi for Rai 3 programme Report\(^31\).

Senegal could not but attract the already mentioned Nuove Iniziative Industriali. Through its 60\% owned company Senergie S.A., which has a share capital of €60,000, NII is involved in a jatropha plantation project on 5,000 hectares of land, which could be increased to 50,000\(^32\) for 50 years.

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\(^{29}\) [http://www.niisrl.eu/?option=com_content&view=article&id=55&Itemid=6](http://www.niisrl.eu/?option=com_content&view=article&id=55&Itemid=6)


\(^{31}\) [http://www.report.rai.it/dl/Report/puntata/Conten tItem-f5e627d7-77b3-44f5-a0d4-8cc3e2333c95.html](http://www.report.rai.it/dl/Report/puntata/ContentItem-f5e627d7-77b3-44f5-a0d4-8cc3e2333c95.html)

\(^{32}\) [http://www.niisrl.eu/?option=com_content&view=article&id=19&Itemid=7](http://www.niisrl.eu/?option=com_content&view=article&id=19&Itemid=7)
Another famous Italian company operating in Senegal is TRE-Tozzi Renewable Energy, part of Tozzi Holding, which has started a jatropha plantation project in the Tambacounda region through the creation of JTF Senegal SARL, a company operating under Senegalese law.

The project was launched on 19th January 2010\(^{33}\): in the first year, it was going to establish a 500-hectare pilot plantation, employ a few dozens families of farmers, start training activities and build infrastructure. In the second year, plantations would be extended to an additional 2,500 hectares and eventually reach 50,000 hectares within six years.

Here too, land grabbing is part of a clear insourcing and raw material supply strategy for biofuel production; in this way, the company intends to weather wider biofuel price swings and operate the solid and liquid biomass plants it owns for the most part in the South of Italy.

Mr Zompetta, the engineer in charge of the biomass development sector at Tre, revealed the advantages contained in the lease granted by Senegal’s government. “In Senegal, the picture is positive. We are about to obtain a 50,000-hectare concession (under a 99-year lease contract) (…). We will be able to export our oil production; the government has only reserved the right to purchase part of our production at world prices. The government has also allowed us to import the materials and equipment needed for startup free of duty”\(^{34}\).

While Tozzi was delighted with its favourable contract (99 years without having to pay any duties on imported materials and equipment with no share of the finished product owed to the host country, unless it buys it at market price), the damage to natural forests, the loss of tenure rights and the marginalisation of subsistence farmers were listed as potential negative impacts of the Tozzi Group’s activities in Senegal\(^{35}\).

Like Fri-El Green, the Tozzi Group has its own hard nuts to crack in Italy, as it operates solid and liquid biomass plants in Emilia Romagna, Calabria and Apulia. In particular, in Cavallino, in the southern Lecce district, the liquid biomass-powered plant managed by Tg Energie Rinnovabili s.r.l. (an affiliate company of TRE S.p.a.) is opposed by the local population for its highly negative environmental impact and for the

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\(^{34}\) http://www.notiziariofarnesina.ilsole24ore.com/archivio_newsletters/Newsletter_07082009.pdf

cumulative consequences on a territory that had already been ravaged by the greatest landfill site in the Salento province. After the negative judgement expressed by the regional environmental protection agency ARPA Puglia and the local health unit ASL during the latest Local Authorities Planning Conference held on 16th December 2011, the project seems likely to be stopped.

Furthermore, this type of plant is now legally obsolete, as the recently approved Regional Landscape Plan has banned these sites from being built on farmland. Regional law n. 31/2008 requires the establishment of a short supply chain; also, EU Directive 2009/28/CE of 23rd April 2009, demands that environmental assessments take into account the social framework where fuel is produced and the distance between the place of production and the place of consumption.

Therefore, it is not easy to understand what Tozzi intended to do with tons of jatropha that were certainly not produced locally and not only in Senegal!

**More on Africa and other parts of the world**

Senegal, is not the only foreign country coveted by Tozzi Holding. For the record, the company declared having travelled as far as Laos, in Asia, for a 50,000-hectare jatropha plantation project. Going back to Africa, according to the information published by Tozzi, since 15th November 2008, when the new joint venture JTF Madagascar was officially launched before an audience of Madagascar’s top politicians36, the company has been working on 50,000 hectares of land.

to produce jatropha. However, a report issued in 2009 by the German Ministry for Economic Cooperation and Development claims that Tozzi has been allocated as much as 100,000 hectares of land in Madagascar, for an investment of USD 300mn.

Land grabbing by foreign companies seems to be the reason behind the uprising that led to the March 2009 coup, which forced the then President Ravalomanana into exile. There was also the sensational case of South-Korean company Daewoo, which had been granted a 99-year concession on about half of the country’s total farmland to plant maize and palm trees mostly for biofuel production.

Tozzi’s projects have already sparked protests from local communities, in particular the Collectif pour La Défense des Terres Malgaches – TANY, who opposes the eviction of Madagascar families from their territories to make room for foreign-owned intensive plantations. In particular, Tozzi is accused of starting cultivating several hectares of land in the Ihorombe area, although at the moment it has only received an exploratory licence.

According to press sources in Madagascar, Tozzi is not alone: Delta Petroli has been working on a 20,000-hectare jatropha plantation since 2008, for an investment of USD 70mn, while Troiani e Ciarrocchi S.r.l. has been allocated 100,000 hectares to grow jatropha.

Land grabbing by foreign companies seems to be the reason behind the uprising that led to the March 2009 coup in Madagascar


Kenya Jatropha Energy, with a share capital of €50,000. It was about to be granted a 33-year government lease on approximately 50,000 hectares of land for a jatropha plantation project. Local populations and international civil society groups spoke out firmly against the disastrous impact of such a large-scale project: plantations would have worsened water scarcity, soil erosion and food insecurity; also, they would have caused the extinction of some rare animal and plant species and would have forced

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41 http://www.ilquotidiano.it/articoli/2008/04/30/84677/jatrapha-combustibile-da-una- pianta-del-madagascar
20,000 people from their land\(^\text{42}\). Following these protests, the NII project in Kenya has been stopped and jatropha plantations for biofuel production have been banned in the country’s whole coastal region\(^\text{43}\).

However, Nuove Iniziative Industriali does not give up easily and so it flew to Guinea Conakry. There, according to information published by them, NII owns 70% of Guinee Energie S.A., a company with a share capital of €15,000 created to develop a jatropha cultivation project. Guinea’s government granted the company an astonishing 710,000 hectares of land divided into four areas.

Another big Italian biofuel company, Futuris S.p.a, seems to be at home in Africa. It is a public company headed by the Danielli family with a share capital of €8mn. Since its creation in June 2009, it has been operating in the renewable energy sector, with a special focus on biomass-powered plants. In Italy, through its several controlled companies, Agroils S.r.l. (94%), Futuris Papia S.r.l. (80.1%), Futuris Aquilana S.r.l. (85.7%) and Futuris Etrusca S.r.l. (51%), a number of plants are currently being realised: a 1-MW vegetable oil cogeneration power plant at Percoto, in the municipality of Pavia di Udine; a cogeneration solid biomass plant at l’Aquila and a biomass-powered plant at Sedegliano (in the district of Udine). From 2014, these plants will be fuelled mostly with jatropha oil produced in various African countries.

In June 2011, Futuris S.p.a. took over 94% of Agroils Technologies s.r.l., a company established in 2006 by three Tuscan graduates who had understood the potentials of the alternative fuels market from its early days. With Agroils, Futuris also acquired Smart Oil Ltd, a company solely owned by Agroils operating under Ghanaian law and involved in a jatropha plantation project in Ghana’s province of Brong Ahafo.

Currently, there is only a pilot plantation of few hectares; however, in April 2010, an agreement was signed with the Paramount Chief of the Yeji area (the region’s top tribal leader) for 46,000 hectares of land; then, in July 2011, Smart Oil Ltd. started procedures to obtain an authorisation to exploit an area of 4,000 hectares.

Starting from 2014, the production of non-food vegetable oil, especially suitable for electric power generation, will be destined to the plants owned by the Futuris Group in Italy.

When Agroils was acquired by Futuris, it was involved in a wide variety of activities, ranging from plantation development to the mechanisation of the production process and the genetic enhancement of jatropha. Several feasibility studies were being carried out in the following countries: Laos: 600 hectares (applicable to 50,000 hectares); Mozambique: 20,000 hectares; Brazil, Togo and Equatorial Guinea: pre-feasibility study on oilseed production; Indonesia: 20,000 hectares; Slovakia: 20,000 hectares

\(^\text{42}\) È tempo di cambiare marcia: l’Unione Europea deve rivedere le sue politiche sui biocarburanti (Time to change gear: the EU must reconsider its biofuel policies\(^\text{2}\)), Action Aid, December 2011

of rapeseed; **Algeria**: 2,000 hectares of sunflower seeds[^44].

The company was also running a number of joint projects with some local companies in **Senegal** (the “SBE Senegal” jatropha project, where it held 25% of its share capital[^45]) and in **Egypt**, where it was a technical partner for the development of a 100,000-hectare plantation project.

**Fri-El Green** has other interests than its already mentioned investment in Ethiopia. In 2009, it was granted a concession for 11,292 hectares of oil palm plantation in the Abia State, in southern Nigeria, with rights to expand the concession up to 100,000 hectares[^46].

On 23rd July 2008, the Reuters press agency reported of an agreement signed between Fri-El Green and the Republic of Congo’s government for the acquisition of state-owned companies Sangha Palm and Congo National Palm Plantations Authority[^47]. In this way, the Italian company took direct control of 4,000 hectares of oil palm plantation, with the possibility to expand to an additional 40,000 hectares over 30 years[^48].

In the **Republic of Congo**, Fri-El Green is not alone. In 2009, Eni, alongside its traditional extractive operations (in Congo, it also exploits unconventional sources like

[^44]: Agroils presentation 2008

[^45]: Financial statement for 2010


tar sands\textsuperscript{49}), signed an agreement with local authorities for an oil palm plantation project in the Niari region. This project, called Food Plus Biodiesel, is not without controversy.

As the Heinrich Boell Foundation reported, the multi-billion dollar agreements between Eni and the Congolese government involving a package of investment in the country from tar sands extraction to palm oil production for food and biodiesel and the capture of flared gas have never been made public. The Boell report revealed an almost complete lack of public awareness of these projects. Neither Eni nor the Congolese government have ever really engaged with citizens at local or national level about the projects’ potential social and environmental impacts.

One of the many controversial aspects of the Food Plus Biodiesel project is the lack of precise information on its extent, its localisation and on how the palm oil produced will be used.

While various press sources\textsuperscript{50} include Eni’s project among the initiatives that will lead Congo on the road to biofuels, the company states rather ambiguously that its “pro-

\textbf{Neither Eni nor the Congolese government have ever really engaged with citizens at local or national level about the projects’ potential social and environmental impacts}

In response to persistent requests from the Fondazione Culturale Responsabilità Etica (Cultural Foundation for Ethical Responsibility), Eni specified that “associating this project with land grabbing would be inappropriate, as this project is promoted by the Republic of Congo with the aim of developing food farming in the country and therefore reduce expensive food imports”. This statement contradicts what all the African press has written on the subject.

To this day, we still do not know with certainty the total extent of the cultivated area or the size of the investment.

In a press release dated 22nd December 2011, Eni announced the signing of a cooperation agreement with Sonangol, an Angolan state-owned company responsible for the exploration, production and transportation of hydrocarbons in Angola. This agreement started, among other things, a pilot project in food & biodiesel production\textsuperscript{52} to develop

\footnotesize\textsuperscript{49} “Energy futures? ENI’s investments in tar sands and palm oil in the Congo Basin”, Heinrich Boll Stiftung, November 2009.


\footnotesize\textsuperscript{51} http://www.eni.com/en_IT/world-eni/republic-congo/local-development/sustainability.shtml

Compania de Tierras Sud Argentino (CTSA), a company established by the British in 1889 under the name of Southern Land Co., is now the country’s main agro-industrial business. This makes the Benetton brothers, who control Compania de Tierras, Argentina’s biggest private landowners, after the State. CTSA, a huge agro-industrial company stretching across the Andes towards the Atlantic Ocean, owns at least 16,000 cattle and 260,000 sheep, producing up to 1.3mn tons of wool every year, all exported to Italy. For many years now, Benetton has been under the scrutiny of several humanitarian organisations due to the impacts of its operations on the Mapuche indigenous people, who were evicted from their own land.

12,000 hectares of oil palm plantations.

Our African review ends with financial group Green Waves. In August 2007, Le Matinal newspaper reported that this Italian-based company was given the authorisation and the support of the Government of Benin to produce sunflower on 250,000 hectares in the Ouèssè region.

Let us now move from Africa to South America and namely to the open stretches of land of Argentina’s Patagonia. It is common knowledge that Benetton purchased 10% of the whole land to breed and graze sheep.

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54 ibid.
According to the latest updates on the case, an injunction has been issued against the Mapuche-Tehuelche community to clear the 534 hectares of land owned by Tierras Sud Argentino, part of the Benetton group, where the community had settled to protest against evictions. However, the Mapuche communities involved have not given up and are now waiting for the ruling of the appeal filed by their lawyers. The appeal is based on Benetton’s non compliance with indigenous law (which is recognised in Argentina) and on the fact that only witnesses called by Benetton’s lawyers were heard.

From Patagonia, let us now fly to New Zealand, where Reda Holding, a textile company from the Biella area belonging to the Botto Poala family, bought two plots of land to be operated as merino sheep farms in the Waitaki Valley\(^\text{57}\), for a total of 16,660 hectares, in a $4.8mn deal.

Last but not least in the round up is a wholly Italian story, which starts in Casarano, in the southern Apulia region. There, Italgest S.r.l. wanted to establish two impressive sounding vegetable oil-powered plants: Heliantos 1 and Heliantos 2, which, to this day, have not been built. As far as Heliantos 1 is concerned, it received a string of negative assessments from local authorities such as the Local Health Unit of the Lecce district,\(^\text{57}\)
the regional environmental protection agency ARPA Puglia and Apulia’s regional government, which were later rejected by Apulia’s Regional Administrative Court.

In that instance, Italgest decided not to build the plant anyway. Too many associations, grassroots groups and local institutions had opposed that biomass power station as they believed it would have been unsustainable and detrimental for the region. Heliantos 2 was a different story with a similar ending. In 2010, the Casarano municipal council unanimously approved the project, which had been “advocated” by Mr Ivan De Masi, mayor of Casarano and brother to Paride, who until a few months ago was a co-owner of Italgest. The amount of money at stake was considerable: €12mn in royalties to be paid to the municipality.

Just like in Lecce, the civil society did not agree. The “No Plant” movement created for this purpose explained the reasons why building this plant would be impracticable. A key question was that the biofuel vegetable oil needed to operate the plant would have had to be imported from high-biodiversity areas in the South of the World.

In December 2010, ARPA Puglia issued a negative opinion, setting a very important precedent, because in its official explanatory report, the agency identified a causal relationship between the environmental impact of industrial operations and the spread of cancer. In an annex containing health and epidemiological data, ARPA declared that the area, due to existing health conditions, could not sustain further pressure on the environment.

After several interviews on this case, it appeared that, at the beginning, Italgest provided a detailed description of its whole supply chain, stating how much biomass it needed to buy in order to operate the plant and where from (Indonesia, Africa and Honduras). Later, the company changed its strategy and stopped giving information about the supply of vegetable oil. This was because the lack of a short supply chain (which could not be established locally anyway) had become the strongest argument made by associations and committees opposing the project.

For many years now, Benetton has been under the scrutiny of several humanitarian organisations due to the impacts of its operations on the Mapuche indigenous people.
Public institutions

This work has already shown that the role played by the Italian government in securing contracts for Italian companies is far from negligible, especially in Mozambique.

Bilateral relationships between Italy and Mozambique started in 1980. Italian cooperation activities currently in place in Mozambique consist in about 67 projects for a total investment of €147.1mn.

The economic partnership programme between the two countries is based on the increasing presence of Italian companies on Mozambique’s market. After the energy industry, the most promising sectors for Italian companies are mines, agribusiness and tourism. About 30 Italian companies are currently working in this African country.

In Mozambique, the Italian Embassy and the Italian Institute for Foreign Trade (ICE) have conducted a hefty campaign to promote bioenergy crops. In fact, Italy participated in the last three editions of the “Maputo International Trade Fair (FACIM)” with a group of over 100 companies. What is more, in the last two editions, the “Italian Pavilion” was visited by members of government, former Minister for Trade and Industry Mr Claudio Scajola (2009) and former Deputy Foreign Minister Alfredo Mantica (2010). Italian exports to Mozambique have increased considerably, drumming up trade between the two countries. According to ICE data, after the 2009 trade boom (+62.3%), the first 11 months of 2010 maintained the upward trend of the previous two years, with a 26.9% increase from the January-November period in 2009. In absolute terms, there was an increase from €37mn in the first 11 months of 2009 to a record €47mn in the same period in 2010, the highest figure in the last ten years.

The strategic importance the Italian government places on Mozambique for trade became apparent in the September 2009 presentation of the Africa Plan, jointly prepared by the Italian Ministry of Foreign Affairs and the Italian Ministry for Economic development. The group of 40 Italian companies attending the event were all assisted by SACE and SIMIST, Italy’s export credit agencies.

In December 2007, the World Bank and the Italian Embassy in Maputo conducted a study called “Mozambique Biofuel Assessment”, which had been commissioned by Mozambique’s Energy Ministry and Agriculture Ministry. The first phase contained a feasibility study of biofuels in Mozambique, with an assessment of technical performance and economic sustainability. The second phase, on the contrary, was concerned with the drawing of a national biofuel strategy, the policies required and the legal framework. Moreover, this report portrays Italy as a thriving market for locally-produced biofuels, as Italian demand in this sector is expected to rise in the short term.

Alas, the report was met with criticism.
and the reliability of its assumptions were questioned after the publishing of a Wikileaks file coming from the Italian Embassy in Maputo and dated December 2008, which reads: “A report on biofuels in Mozambique dated May 2008 and jointly written by the World Bank and the Italian government gives a positive outlook for Mozambique’s potential; however, this is based on several unsustainable assumptions, like government subsidies for biofuels and mandate targets for biodiesel blending. Also, its analysis does not include a global market outlook. (...) The credit crunch adds to concerns over future biofuel investments in Mozambique, suggesting that the actual development of the biofuel industry is still quite far off”.

This document also reports on the reservations held by Mozambique’s government on this subject and its unwillingness to approve more projects. In fact, in 2008, the country was still in the process of developing a national biofuel policy, which would eventually be adopted in April 2009.

Banks and insurance companies

The Generali Group

Assicurazioni Generali Spa is Italy’s largest insurance company and one of the world’s leading insurance groups. It employs over 85,000 staff with €372bn of assets under management. In its consolidated balance sheet as at 10th December 2010, we find Genagricola Spa, “Italy’s leading agribusiness company with 10,000 hectares of cultivated land and 26 companies: a landowning giant”. Genagricola Spa has a share capital of €176.85mn, wholly controlled by Assicurazioni Generali Spa. Genagricola controls farming and wine-growing estates in Italy and, since 2003, it has been operating in Romania through its holding S.C. Genagricola Romania (share capital: €60.88mn, wholly controlled by Genagricola Spa). Other Romania-based agricultural businesses controlled by Generali are: S.C. San Pietro Romania (share capital: €15.11mn), S.C. Aqua Mures (share capital: €4.33mn, 100% controlled by Genagricola S.p.a.), S.C. La Quercia S.r.l. (share capital: €35,900) and Vignadoro S.r.l. (share capital: €3.82mn, wholly controlled by Genagricola S.p.a.).

In 2003, the Generali group, through Genagricola, organised the purchase of “5,500 hectares of buildable land in the north of the Timisoara province”, in Romania. These lands, “before Ceausescu’s rise to power, were the granary of Romania; then, following the expropriations carried out by the regime, all the land became vacant and derelict”. The Romanian investment consisted in a land reclamation phase followed at a later stage by “the drawing of a cultivation plan, mainly involving cereal cropping, animal husbandry, rice growing and wine growing”. Genagricola’s operations in Romania inflated land prices: “from € 800 per hectare in 2002, prices have peaked at a record €1,200”. There are also other costs related to R&D and crop production. “Genagricola experts worked out that an hectare would cost on average €1,500-1,700”.

“This is a significant figure in this country – noted Generali President Giuseppe Perissinotto – but it is still much lower than the average €13-15,000 needed to buy an hectare of land in Italy, Germany or France. This investment is a guarantee against any shortage of land for our operations.”

At the end of 2004, over 3,500 hectares had already been bought in Romania and an additional 1,500 hectares were about to follow suit. “Everything is going well, better than expected in fact,” declared Giuseppe Perissinotto in an interview to the Sole24Ore newspaper in December 2004. “This year, for example, wheat yield has been 4.5 tons per hectare. By way of comparison, a year ago production did not exceed 2 tons. And we know we can do even better. New pro-

60 Corriere della Sera, Voglia di Bonifiche. Quelle voci (antiche) su Genagricola (Land reclamation needs and (old) rumours about Genagricola), 9th November 2010.
61 Sole24Ore, Maxi-investimento fondiario di Genagricola in Romania (Genagricola’s massive land investment in Romania), 10th September 2003.
62 ibid
63 ibid
jests are being developed alongside existing ones, involving the farming of rice and soy, of which Romania is a net importer”.

Currently, farmland in Romania may only be bought through local companies. However, this government restriction on foreign acquisitions of farmland is expected to be removed in 2014, when the real estate market will be liberalised, in compliance with the EU Accession Treaty signed by Romania. Romania is the European country with the highest percentage of land controlled by foreign companies: along with Generali, several other financial holdings from Denmark, Germany and the Netherlands own large plots of land to produce food and biofuels. The question is: what will happen when government restrictions are lifted?

The almost 15mn hectares of farmland that foreigners find dirt cheap will in no way be accessible to small local farmers; also, the high mechanisation of foreign-owned farms makes local job creation nothing more than an illusion.

That is not all. Former Romanian Agriculture Minister realised the intrinsic danger of selling land off to foreigners, because if there is no proper control in the agricultural sector the whole production could be diverted to exports, leaving Romanian people starving with wheat being grown right under their nose64. The experience of other countries in Africa, Asia and Latin America shows that the risk is real. Was it probably to prevent this type of criticism that in 2004 Generali produced a DVD and a picture book aimed at proving that its farmland investments in Romania were made to “develop the region, not for speculative operations”\(^\text{65}\)

**Unicredit**

The Unicredit Group, Europe's second largest bank, invests or promotes investment in the agribusiness sector and in food commodities in at least three ways:

1. by means of mutual funds managed by Pioneer (Unicredit’s asset management company) and other Unicredit-owned asset management companies;

2. through the promotion of financial products among its clients whereby investors can profit from food price variations;

3. through the direct or indirect financing of agribusiness companies in Italy and in emerging countries (in particular, Russia Ukraine and other countries that were part of the former Soviet Union).

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64 Gli stranieri acquistano la terra della Romania ettaro dopo ettaro (Foreigners are buying Romanian land, hectare after hectare), from the portal Romeni in Italia, Romania is the European country with the highest percentage of land controlled by foreign companies

65 http://www.youtube.com/watch?v=wFALXmpYrEo; Il DVD called La Cultura della Terra. L'intervento di Genagricola nel Tavoliere di Timisoara (The culture of land. Genagricola’s operations in the plains around Timisoara) was distributed within the Generali Group (http://triq.it/2011/?p=130).
The Unicredit Group has also financed research in farming and soft commodities. These studies led to further investments into some agribusiness companies, in particular in former Soviet Union countries (especially Ukraine and Russia). Unicredit declared it no longer finances research in agriculture and soft commodities in Russia. Below is a list of its main financial operations in this sector:

- A USD 360 mn loan to Kernel Trade LLC in March 2011 in collaboration with ING Bank. Kernel Holding is a company specialised in the production of seed oils and in the production and export of grains;

- In December 2007, Unicredit acted as co-lead manager for the Initial Public Offering of Black Earth Farming, a company which buys and grows land in Russia's South-West. This holding company is registered in St Helier, Jersey and controls a series of companies registered in Cyprus and Russia;

- In October 2006, Unicredit was one of four underwriters of a €2 bn, 5-year bond issued by Razgulay Group, a Russian company specialised in the processing and marketing of sugar and grain.

- The USD 30 mn loan to Myronivsky Hlipo product (MHP), a Russian Ukrainian company specialised in intensive poultry farming, grain growing and fodder production, until 1st October 2010.

The Interfax press release announcing the news in August 2009 suggested that this loan went towards MHP’s further expansion. MHP is already Ukraine’s market leader; in the future, it intends to become a leader in chicken meat export in Europe and progressively increase its land acquisitions. If one looks at the company’s expansion in its main sectors in the 2009-2010 period, it appears that its land tenures were up 56% from the year before, increasing from 180,000 to 280,000 hectares. The land was mainly used to grow maize (40%), wheat (30%), sunflowers (15%) and other crops (15%).

MHP management have declared that the strategic objective for 2015 is to expand land acquisitions to 400,000 hectares in order to be able to sustain increases in poultry production. Land is controlled through 8 farms producing fodder (grains and oil seeds) for poultry breeding.

Moreover, non-fodder crops and their by-products, which are sold on the open market, are a significant additional source of income. In 2010, grain sales to third parties amounted to USD 36 mn. The refinancing of this loan is also very likely to have funded the Vinnytsia project, which consists in increasing the company’s production by expanding the poultry breeding farm (planned for 2013).

Finally, in its mutual funds portfolio, Unicredit holds shares of multinational

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companies producing oil palm worldwide. Since 2011, Unicredit seems to have sold a sizeable part of these stocks, which were still in its portfolios until December 2010. A new change of direction, however, cannot be completely ruled out. The stocks appearing in Unicredit’s portfolios until December 2010 were spread among five Luxembourg funds for a total value of €9,159,298. Unicredit investments included, among others, Indofood, Kuala Lampur Kepong, Wilmar and Cargill for a value of €3,800,967, €3,734,933, €465,916 and €379,055 respectively.

**Intesa Sanpaolo**

Like Unicredit, Intesa Sanpaolo invests and promotes investment in the agribusiness sector and in food commodities by means of mutual funds. The Group’s mutual funds (based in Italy and Luxembourg) are managed by Eurizon.

Intesa Sanpaolo is the Italian bank with the most diversified investment in this sector, with several companies operating in the production and processing of palm oil. These stocks are included in the portfolios of four Luxemburg-based mutual funds and the total market value of investments in this sector amounts to €5,601,465.59.

Intesa invests in the world’s leading palm oil companies, such as Wilmar International Ltd (€1,060,396.87), Olam International Ltd (€583,867.2), Golden Agri Resources Ltd (€492,760.72) and others.

**The Montepaschi Group**

Since 2011, Montepaschi’s mutual funds have been managed by AM Holding, a new financial corporation established on 30th December 2010 by Banca Montepaschi di Siena, Banca Popolare di Milano and asset management company Clessidra. AM Holding funds were paid in by Montepaschi and currently belong to asset management company Prima Spa and Prima Funds plc Dublin.

The Montepaschi Group invests in oil palm companies through 9 mutual funds sold to its clients, for a total market value of €8,758,687.86 euro. The MPS groups hold significant shares in Golden Agri (3,093,851), Wilmar (€2,733,989.86) and Cargill (€2,144,645).
Since land grabbing reared its ugly head, showing its most virulent and contagious features, the World Bank and its allies, together with the private sector and its public sponsors, have been putting a lot of effort into building some fancy and articulate semantic frameworks to be able to shift meanings and avoid calling things by their name.

Over time, land grabbing has become synonymous with agricultural investment, expropriations have been called acquisitions and privatisation has been named development. Land grabbers (who are grabbing not only land but also water, energy sources, forests and natural ecosystems in their entirety) know they cannot do as they please and be left completely undisturbed; they are also aware of the fact that the green rhetoric of sustainability helps to legitimise an increasing number of speculative operations and they are working strenuously to shift the focus of the debate from “what” to “how”. Therefore, they started developing some cheap guides to responsible investment and (obviously not binding) codes of conducts that should guarantee a more sustainable performance for the so-called farming investors, calling on their good will and ethical sensitivity.

Increasing transparency in land acquisition contracts is widely regarded – not only by land grabbers – as the main objective to be achieved. Indeed, transparency is desirable as it would allow impacted communities to understand what is happening on their land and take immediate action. However, transparency alone cannot protect these communities from the arrogance and the impunity of those who take their land.

Many believe that greater participation and consultation with local communities in defining their own land leasing agreements would be the panacea for all evils, as if it was not so blatantly obvious that one of the key elements in favour of land grabbers is their connivance with repressive and undemocratic host governments.

The shift of focus on the way land is acquired rather than on the consequences and risks connected to appropriations (or expropriations) is dangerously drawing attention away from the key question. The point is to speak up against any form of land grabbing expropriating local communities of their authority over those natural resources where and thanks to which they survive; the point is not to modify the way in which this happens to make it more acceptable, “sustainable” and transparent.

This is a catch 22 we all need to guard against. Similarly, we also need to deconstruct the improper association between land acquisition and agricultural investment.

Land grabbing is not synonymous with investment: the World Bank confirms it too. About 80% of the world’s announced land
grabs over the last few years are still not productive and some of them might never be\textsuperscript{67}. Often, direct or indirect control over land is enough to make a profit.

Agricultural investments are not the problem. In fact, they are all the more necessary after public policies, over the years, have been progressively dismantling smallholders’ productive capacities for local market consumption to funnel disproportionate resources towards large-scale export-oriented agribusiness. Here, the key point is what kind of investment, to benefit whom and to promote what kind of production model.

In summary, land grabbing prevents local communities from accessing the land and its resources; it eradicates local production for local consumption, turning traditional sustainable social and economic systems into large-scale food and energy production systems which are cut off from the context; it promotes an agribusiness model which keeps creating more poverty and environmental destruction; it ties food production with export instead of diverting it back to the domestic market, following the same pattern that has made many food crises so devastating for smallholders; it pretends to offset the loss of land with the creation of a few jobs under dubious conditions; finally, it makes redistributive land reform, which farmers’ organisations and social movements around the world have been strongly demanding for many years now, an increasingly remote prospect\textsuperscript{68}.

Land grabbing in its contemporary form is yet another tool to erode local communities’ control over their own territory and it

\textsuperscript{67} http://go.worldbank.org/OAV3EK4F00

\textsuperscript{68} For further information: Seized! The 2008 land grab for food and financial security, GRAIN, October 2008.
thwarts the development of the commons in the interest of the common good. These attacks waged by a stitch-up between political and corporate vested interest have no frontiers, just like the claims of those local communities suffering directly or indirectly from heinous policies and practices aimed at supporting a flawed development model that has already proved to be totally unsustainable.

Italy has a dual involvement: on the one hand, it actively seeks its place in the sun while, on the other hand, it stages an unprecedented, escalating series of attacks on the commons.

The huge mobilisation against water privatisation plans that led to an astonishing referendum outcome in June 2011 and that still has to fight repeated attacks on democracy and popular sovereignty joins forces with hundreds of local disputes all over the country, where local communities claim the right to decide over the land they live on. At the moment, the fight against the building of a high-speed train (TAV) route in the Susa Valley is probably the highest symbolic representation of these protests.

Within this framework, the attempt to undersell State property – as per article 66 of the Liberalisation Decree passed by the Italian Senate on 4th March 2012 – is Italy’s way of imposing a market- and profit-oriented approach to the detriment of community-based commons management.

The appeal of the newly-established “Terra bene Comune” (Land, a common good) campaign69 promoted by Genuino Clandestino70 reads: “selling off public farmland means permanently stripping local communities of management authority over the land they live on; it means irreversibly handing over vital assets to potential speculators; it means accepting that private interests are once again given priority over the common good through an act of force”.

Our considerations, which are far from final, can be summed up in this appeal to take action to protect land from commoditisation, privatisation, speculation and financialization and to stand up against the criminalisation of those who decide not to give in. This is a call for concerted and collective global action involving all impacted communities, wherever in the world they might be.

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69 www.terrabenecomune.noblogs.org

70 Genuino Clandestino is a campaign opposing restrictive regulations on smallholders’ produce. www.genuinoclandestino.noblogs.org