



India's land acquisition in Ethiopia: Benefactor or Coloniser?

A Briefing Note
by
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India is amongst the largest investors in land in Ethiopia

Almost half a million hectares of land is under lease to Indian companies, mostly for cash crops; investments are worth US\$5 billion

Severe human rights and environmental abuses have been reported from many of these sites, as local communities get displaced and dispossessed

There is no process of consultation and consent of local communities when the land lease deal takes place

Given that the products from these lands are for exports, with profits being made by the companies, there are little benefits to Ethiopia's citizens

The Indian government and Indian companies need to ensure that all human rights and environmental norms and agreements that apply domestically and internationally, are adhered to; meanwhile all such land investments should be stopped

Ethiopia, ranked as 171 out of 178 countries in terms of its Human Development Index, appears to be focusing on leasing its land as a strategy towards economic 'progress'. In the past decade, it has leased out huge areas of land to foreign investors¹ at low prices for agricultural activities (both food and agro-fuel crop production). Though this may make economic sense for investors and a few beneficiaries in Ethiopia, it often comes at a serious social and environmental cost with negative consequences especially for the poor.

India is one of the largest players in the market, investing in hundreds of thousands of hectares in land and agriculture in Ethiopia. As one of the stakeholders in the ongoing process of land acquisition in Ethiopia, it is a responsibility of India as a nation, to ensure that

¹ 3,619,509 ha of land have been transferred to investors from different countries (The Oakland Institute 2011b).

the activities of its companies and citizens abroad do not violate international codes of social and environmental justice.

India as a neocoloniser?

Indian companies are amongst the largest investors in the Ethiopian economy with approved investments worth nearly \$5 billion and land lease agreements for over 440,000 hectares across Ethiopia. 100,000 hectares of land has been granted to a single Bangalore-based company, Karuturi Global Ltd. International. Many of these investments are attracted by the long term lease periods of 25-50 years and the very cheap financial costs (Dasgupta 2011). The Indian government acts as a facilitator to the whole process. It is supporting the conventional Green field foreign direct investments, merger and acquisition purchases of existing firms; public-private partnerships; specific tariff reductions on agricultural goods imported to India through the negotiation of regional bilateral trade and investment treaties and double taxation (avoidance) agreements. The largest single line of credit approved by the Exim Bank so far has gone to Ethiopia (\$ 640 million) for its Tindaho Sugar Project and it is also widely expected to facilitate Indian investments. The soft loans, with an annual interest rate of 1.75 per cent, are to be repaid over 20 years.

The annexed table is a region-wise compilation of land allocations in Ethiopia (in which India has a stake), and associated social and environmental implications.

Such a process has been termed by several concerned groups across the world as 'neocolonisation' referring to the new era of creation of conditions of massive exploitation of resources and violation of human rights of a country, similar to the time of colonial rule. This process is linked to India's bid to emulate the rich industrialised countries of the west, using the very same macro-economic strategies that promise rapid growth of GDP. Since 1991, India's economic 'reforms' have increasingly integrated it into the global economy, as also generated massive demands on natural resources within and outside India, including land and water. In countries like India and Ethiopia, most lands and other natural resources already have traditional dependence on them; there is no such thing as land lying unused to be given for new investments and acquisitions. Inevitably, then, such strategies lead to dispossession and displacement, and their justification as 'development' becomes suspect.

It should also be noted that the production on these leased lands is for export; there is little evidence that this is benefiting Ethiopian citizens in general, other than those involved in brokering or processing the deals. The process is quite evidently for the profit maximisation of elites in India and Ethiopia, and in no way helping to address the dire situation of poverty and food insecurity in either country.

Causes of concern

Insufficient rights recognition before land acquisition

One of the major concerns about this large scale take-over of land by big companies in Ethiopia is that the process of land acquisition has been taking place without sufficient recognition and acknowledgement of rights of the local communities present in the area. The most prevalent kind of rights consideration is through relocation and resettlement (often in form of collective villagisation). Relocation does not address or consider the problems of the indirectly affected people (whose access to grazing or fishing ground or seasonal cultivation grounds is being taken away). There is also little consideration given to the overall socio-

cultural impact of these new developments and the immediate cultural shift eg. shift from pastoralism to agriculture.

For example there are reports from Bako in Oromia that many farmers lost land to a 10,000 ha. Karuturi farm. Compensation was only given to people with land titles without considering the fact that land registration in Oromia is not yet complete and many lands in Oromia have been traditionally used for grazing and other communal purposes (The Oakland Institute 2011b).

Absence of democratic process

There has been criticism that many times the land acquisition is taking place without any meaningful consultations and compensation packages. For example Human Rights Watch's visit to the Karuturi Global lease area in May 2011 found that Anuak people's maize, sorghum and groundnut crops had been cleared without consent as a result of which many of them moved out (Mahaprashasta 2012).

Violations of human rights

There have also been reports of atrocities by state security forces in the process of relocation, and threats, assaults, arrests against protesters. Independent researchers have also found inadequate health, education, agricultural and economic facilities at relocation sites. There have been accusations that the Indian firms have been violating labour laws in Ethiopia by opposing the creation of workers' unions. Tessema Heramo Bajigo, of the Confederation of Ethiopian Trade Unions has pointed out that as many as 45 per cent of Indian companies operating in his country haven't allowed their workers to form unions (Dasgupta 2011).

Environmental Implications

Environmental concerns with agriculture and floriculture persist with respect to use of pesticides and fertilizers, degradation of water quality, and disposal of waste products. There are also serious issues of deforestation, biodiversity loss and change of seasonal patterns because of large land use-land cover changes. Permits for investments are often issued before carrying out of Environment Impact Assessment, and at times even when there are strong indications of negative environmental impacts, these are ignored.

For example, in Gambella, ancestral forests with livelihood and cultural significance to the Mazengar community have been leased out to Verdanta Harvests despite the Environmental Protection Authority recommending to the Minister of Agriculture and Rural Development that the lease should not proceed, since the short term benefit would not outweigh the long term costs of this land diversion (afrol News 2011).

According to Mr. Solomon Kebede, head of the EIA service, lack of sufficient environmental regulation of such projects stems from government's desire for FDI, lack of political commitment, political lobbying for these land investments and lax implementation of environmental laws (The Oakland Institute 2011b).

What should India's responsibility be?

Recently, there has been massive social protest and environmental action in India against undemocratic processes of land grab in the country by foreign investors like POSCO and Vedanta, or big Indian companies, pointing to the violation of environmental norms and

human rights caused by their activities. How can India, at the same time, support processes that are leading to repetition of a similar history abroad?

We therefore demand that:

1. The Government of India halts all financing and support of agricultural and other related investments in Ethiopia until a detailed investigation by an independent team is carried out looking at the social and environmental problems with present land investment deals and finances.
2. Indian firms refrain from investing in lands:
 - where there is existing local resource use and dependence,
 - where violence has been used for relocation,
 - where a complete socio-cultural and environmental assessment has not been carried out,
 - where there is no free prior and informed consent from relevant local communities.

We also urge the people of India to protest against this international violation of social and environmental justice and demand for transparency in process of clearance for large scale land investment projects. We should also support the demands of Ethiopian communities and civil society who are raising issues about such land investment, and demanding full investigation, stoppage of human rights and environmental abuses and putting all information including EIA and SIA reports in the public domain.

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Annex: Examples of India's role in land investments in Ethiopia, and their impacts

| Region | Nature of recent land diversions | India's role | Social Implications of land diversion ² | Environmental Implications ³ | Source of information |
|------------------|--|---|---|---|---|
| Lower Omo Valley | <p>245,000 ha of state owned sugar plantations.</p> <p>15 land concessions encompassing 111,000 ha in South Omo area since 2008, majority for cotton.</p> <p>Gibe III dam for hydro-electric power</p> | <p>Indian govt. is financing Ethiopia's growing sugar industry. The Indian Export-Import Bank has pledged USD 640 million of credit over five years for Ethiopia's sugar industry. From 2006 to 2008, USD 80.45 million of Indian investment went into sugarcane production.</p> <p>Whitefield Cotton 10,000 ha. cotton</p> | <p>Collective villagisation and at times involuntary resettlement, loss of livelihoods and rapid, involuntary shift from pastoralism to commercial farming and mechanized agriculture, human rights violations towards the Mursi, Suri, and Bodi agro-pastoralists at the hands of the Ethiopian Defence Forces (EDF)</p> | <p>The Lower Omo Valley is a UNESCO World Heritage Site, and contains two national parks. The cumulative impact of the dam along with developmental activities of sugar plantation and associated land use and land cover changes are not being sufficiently recorded or discussed.</p> | <p>The Oakland Institute 2011a, Dasgupta 2011, SugarOnline 2011</p> |
| Gambella | <p>Floriculture, agricultural (corn, palm oil, sugar cane, etc)</p> | <p>Karuturi 100,000 ha. rice, palm oil, maize, sugarcane; Ruchi Soya 25,000 ha. soybeans; BHO Agro 25,000 ha. Agrofuel seed; Sonnati Agro Farm Enterprise 10,000 ha. rice, pulses, and cereals; Verdanta Harvests 3,012</p> | <p>The 3 years long regional government plan of relocation for 'social development' is relocating mainly from sites marked for land investment. Already systematic displacement of at least 70,000 indigenous people from Gambella. There are reported human violations</p> | <p>The land is being viewed as unused and unproductive but from ecological perspective it is a global source of water, biodiversity and climate protection. People from Mazengar community have expressed their concerns to Verdanta of potential serious impacts of deforestation. A letter was also sent by the Ethiopian President to the Prime Minister on the possible serious</p> | <p>Mahaprashast a 2012, Dasgupta 2011, Hartmann 2011</p> |

² These implications are not necessarily only from Indian investments.

³ As footnote 2 above.

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| | | ha. tea, cotton and allied crops | on indigenous people such as the Anuaks because of the strategic position of their traditional lands. | impact of the Verdanta cotton plantations on the headwaters of the region. Karuturi and Verdanta have established offices in the Gambella National Park | |
| Oromia | Floriculture , food and agro-fuel production | Karuturi 11,000 ha agriculture, 100 ha floriculture, Emami Biotech 100,000 ha. Jatropha and edible oil seeds, Romton Agri plc 10,000 ha. tomatoes), Almidha 28,000 ha. sugar | There are reports from Bako in Oromia that many farmers lost land to a 10,000 ha Karuturi farm. | Environmental concerns regarding pesticide and fertilizer use, degradation of water quality, and disposal of waste products. | The Oakland Institute 2011b |

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