



## OXFAM MEDIA BRIEFING

# Nothing sweet about it: How sugar fuels land grabs

## Background

*Land grabbing is a bitter secret in the sugar supply chains of some of the world's biggest food and beverage companies. Poor communities across the globe are in dispute or even being kicked off their land, without consultation or compensation, to make way for huge sugar plantations. When they lose their land they often lose their homes and their main source of food and income. Oxfam's Behind the Brands campaign focuses on 10 of the world's most powerful food and beverage companies: Associated British Foods (ABF), Coca-Cola, Danone, General Mills, Kellogg, Mars, Mondelez International, Nestlé, PepsiCo and Unilever. None of these companies has adequately addressed the major risks of land grabs or conflicts over land that could be taking place within their supply chains. The three agricultural commodities which pose the greatest risk of being linked to land grabs are sugar, soy, and palm oil. Of the three, sugar uses the most land for food production. Sugar is grown on 31million hectares of land globally – an area the size of Italy. There have been 100 recorded large-scale land deals for sugar production occupying at least 4 million hectares of land since 2000. Sugar is a key ingredient for the food industry – 51 per cent of sugar produced is used in processed foods such as soft drinks, candy, baked goods, and ice cream. Demand for sugar is set to rise by 25 percent by 2020, thanks in part to our insatiable sweet tooth. This growing demand for sugar will propel even greater competition for land. Oxfam investigations in Brazil and Cambodia –together with previous documentation of controversies in several other countries – illustrate the worrying role that land grabbing and land conflicts play in the long, often invisible, supply chains of companies like Coca-Cola, PepsiCo, and ABF; three of the largest food and beverage companies in the world. This report aims to bring the facts of these investigations to a wider audience and calls on the world's biggest producers and buyers of sugar – Coca-Cola, PepsiCo and ABF – to lead the way in tackling the problem of land grabs.*

## Introduction

Did you know that every time someone takes a swig of soda or bites into a cookie, they may be consuming sugar grown on land that has been taken from its previous occupants – often poor communities – without their consent? Indeed, many of the world's largest food companies rely on long chains of production that maintain great distance between their corporate offices and the fields where their raw ingredients are grown. As a result, the biggest sugar buyers and producers have failed to keep tabs on their industry's insatiable demand for land, and the lengths to which the third party companies they work with will go to acquire it.

A growing number of people around the globe are reaching for sweet and highly-processed convenience foods and drinks, and a thriving market for biofuels is causing the demand for sugar to rise by an estimated 25 percent by 2020.<sup>1</sup> This spike in demand is creating a kind of ‘sugar rush’ for agribusinesses, which need no other incentive to use aggressive tactics to push current residents without formal legal rights off the land they hope to cultivate. For smallholder farming and fishing communities who originally occupied the land, it is their main source of food and income to support their families.

Take the 53 families who had been living on 17 islands in the Sirinhaém estuary in Brazil’s Pernambuco State. Since 1914 multiple generations of families grew crops, fished and collected shellfish to eat and sell. The families were evicted in 2002, after several decades of intermittent pressure from Usina Trapiche, a giant company which provides sugar to Coca-Cola and PepsiCo.<sup>2</sup>

In 1998, members of the sugar company’s private militia destroyed the communities’ homes and farm land, burning down their houses and then, after they had been rebuilt, burning them down again.<sup>3</sup> The community received death threats and feared for their safety. Finally in 2002, Trapiche was successful, through court proceedings, in pushing the community off their land. Federal officials have tried, unsuccessfully, to restore the community’s rights to the land but Trapiche has successfully leveraged its political influence to retain control.

Maria Nazarete dos Santos, known as Nazare, is 41 years old, and lived on the islands her entire life until she was evicted by the company. She now lives in a two bedroom brick house that floods during the rainy season. ‘Some of the people who left the area early moved because of the threats,’ she told Oxfam. ‘But they got no compensation from the company and live underneath the bridge now [they are homeless].’

Today, the struggle to regain access to the land continues. Many community members must travel great distances back from the slums where they’ve relocated in order to fish, and risk harassment by Trapiche.

Whereas once they were able to subsist and make a small living beyond their own needs, now they must spend most of what they earn to buy food. To make matters worse, the waters around the mangroves where they fish has been polluted by the sugar plantation, contaminating the area and killing many fish and shellfish.<sup>4</sup> ‘The pollution affects us financially; we sell less, we get less income and it affects our health quite badly,’ said Maria Christina de Holanda Santos, a 52-year-old woman with eight children who has been fishing for 35 years. ‘When the water gets too polluted, we have to spend many days without doing fishing.’ Members of the community estimate the river is unfishable for 6 months out of the year due to pollution.

This community’s story is not unique. Oxfam has found evidence of other land grabs and disputes by companies that supply sugar for Coca-Cola and PepsiCo products. Associated British Foods and its subsidiary Illovo, have been linked in media reports to land conflicts in Zambia<sup>5</sup>, Mali<sup>6</sup> and Malawi<sup>7</sup>.

In addition to the sugar-related stories we present in this briefing, land grabs and land conflicts are also taking place in the soy and palm oil industries in order to feed growing demand for animal feed, biofuels, and junk foods.

But it doesn’t have to be this way. In fact, significant potential for change lies in the hands of three of the most powerful food and beverage companies with immense sugar footprints: Coca-Cola, PepsiCo, and Associated British Foods (ABF).

These companies have immense market power to drive reform:

- ABF is the world’s second-largest sugar producer, responsible for 4.3 percent of the world’s overall sugar production – with a capacity to produce 5.5 million tons of sugar.<sup>8</sup> They own AB Sugar, one of the world’s largest sugar companies operating across 10 countries – including the largest sugar company in Africa, Illovo<sup>9</sup> – where half of all recorded large-scale land deals have taken place over the last decade.<sup>10</sup>
- Coca-Cola is one of the world’s largest purchasers of sugar<sup>11</sup> and controls 25 percent of global soft drink market share,<sup>12</sup> PepsiCo trails just behind with an 18 percent share of the soft drink market.<sup>13</sup>
- The three companies earn billions of dollars a year in profits:<sup>14</sup>
  - Coca-Cola: \$9.02bn
  - PepsiCo: \$6.18bn

- Associated British Foods: \$896.6m

These companies continue to preside over supply chains within which the risks have increased of land grabs and land conflicts. Yet they are doing little if anything to prevent land grabs in their own supply chains. More importantly, as market leaders accountable to consumers for how their ingredients are produced, they have both the power and responsibility to help put an end to land grabs once and for all. If these three companies change their policies for the better with regard to land, they have the potential to lead positive reform to protect land rights across the sector.

## Why focus on sugar cane?

Sugar is one of three agricultural commodities most responsible for driving competition for land in developing countries. Sugar is produced on 31 million hectares (76 million acres) of land globally – an area the size of Italy. At least 4 million hectares (10 million acres) of that are linked to 100 large-scale land deals since 2000, though the area is likely be much greater since not all recorded deals include information on land size.<sup>15</sup> Both soy and palm oil also have considerable land footprints, and both those industries are expected to grow by 20 percent by 2020.<sup>16</sup>

Of the three commodities, sugar uses the most land for direct food production.<sup>17</sup> Companies like Coca-Cola, PepsiCo and ABF use sugar in a wide range of processed foods, from candy, soft drinks, and yogurt to frozen convenience meals, sauces, and packaged breads. While most soft drinks produced for U.S. consumers are now made with high fructose corn syrup and sugar substitutes, those same drinks, as well as other products, are generally made with real sugar in the EU and elsewhere. In many markets a 12 oz can of Coca-Cola contains approximately 39 grams of sugar while a 12 oz can of Pepsi contains 41 grams.<sup>18</sup> One serving of Twining's Chocolate Indulgence, a brand owned by ABF, contains 6 grams of cane sugar.<sup>19</sup>

The sugar industry is also highly consolidated, with only six traders accounting for approximately two-thirds of world sugar trade: Bunge, Cargill, Czarnikow, ED&F Man, Louis Dreyfus, and Sucden.<sup>20</sup> Control of most sugar production by a small group of powerful companies means that a shift in policy by just a handful of industry leaders could lead to greater protection of land rights across sugar supply chains worldwide.

Furthermore, sugar production, processing and trade have a central role in many economies throughout the developing world. In 2011 the world trade in raw sugar was worth \$47bn, up from \$10.2bn in 2000.<sup>21</sup> Of that total, \$33.5bn worth of exports were from developing countries, with \$12.2bn from developed countries.<sup>22</sup>

Yet in spite of the well-documented risks of land conflicts associated with sugar, soy and palm oil production, a lack of transparency by food and beverage giants makes it difficult for the public to hold companies accountable for the impacts on communities of their sourcing policies. In fact, most of the biggest food and beverage companies do not even disclose how much sugar they buy or the countries they buy it in, let alone the names of their suppliers or the social and environmental impacts of their sourcing.

## Land grabs: the big picture

Since 2000, nearly 800 large-scale land deals by foreign investors have been recorded globally, covering 33 million hectares or over 81 million acres.<sup>23</sup> In the past decade, an area of land four times the size of Portugal has been sold off to foreign investors globally.<sup>24</sup> The 2008 boom in food prices is widely recognized as having triggered a surge in investor interest in agriculture: from mid-2008 to 2009 the number of reported land deals rocketed by around 200 percent.<sup>25</sup> In early 2011, food prices rose above 2008 levels, hitting record peaks driven largely by high sugar, grain and oilseed costs.<sup>26</sup>

While large-scale land deals are ostensibly being struck to grow food, the crops they produce rarely provide sustenance to the people who live there. In fact, more than 60 percent of foreign land investors in developing countries intend to export everything they produce on the land.<sup>27</sup> This is especially problematic because the land is being acquired in countries where food insecurity and hunger are well-documented, growing problems. Two-thirds of agricultural land deals by foreign investors are in countries with a serious hunger problem.<sup>28</sup>

While satellite data often shows land that is 'idle' in technical terms, quite often that land – especially if it is irrigated – is already being used for small-scale farming, pastoralism and other types of natural resource use.<sup>29</sup>

Large-scale<sup>30</sup> land acquisitions become land grabs when they do one or more of the following:

- violate human rights, particularly the equal rights of women;
- flout the principle of free, prior and informed consent (FPIC) – under which affected communities are informed about and are able to give or refuse consent to a project;
- Take place without, or disregard, a thorough assessment of social, economic and environmental impacts, including the impact on women;
- avoid transparent contracts with clear and binding commitments on employment and benefit-sharing;<sup>31</sup>
- Eschew democratic planning, independent oversight, and meaningful participation

These violations rarely happen on their own, but tend to take place in concert. Without working to ensure free prior and informed consent, for instance, many companies buying the land often have no way to properly identify the rights of communities living on the land. In doing so, they often offer financial compensation that is much lower than market value, if they offer it at all.

As a result, smallholders are robbed of self-sufficiency, their property is destroyed, and they are left destitute and stripped of their source of food and income. Many of the fishermen in the Pernambuco case, for example, have had to resort to working in the sugar cane fields to earn a living.

### **Free, prior, and informed consent (FPIC)**

FPIC can result in better community engagement and shared benefits of investment, which are not only good for local livelihoods and food security, but also help to avoid costly and damaging conflicts. Constructive and transparent community engagement is inextricably linked to a company's bottom line.

Where a large -scale land investment takes place, local communities should be able to say 'yes' or 'no' to proposed projects, based on the principle of FPIC. Agreements must be non-coercive, carried out prior to new operations, and based on full and accessible information.<sup>32</sup> There must be appropriate screening by companies that also incorporates an analysis of how the proposals will affect both women and men<sup>33</sup>, as well as monitoring throughout planning and implementation. Contracts should be transparent.

The principle of FPIC was formally recognized under international law in the 2007 United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It is now codified in a number of additional international instruments<sup>34</sup> and under various national legal systems.

To date, international law has only recognised the right to FPIC with respect to indigenous peoples. However, it represents best practice in sustainable development and should therefore guide company practice when consulting and negotiating with all affected communities – both indigenous and non-indigenous.

## **Grabbed land, wrecked lives**

### **Bunge and Mato Grosso do Sul**

The Brazilian state of Mato Grosso do Sul is one place where the clash between the sugar industry and the indigenous population has been dramatic. Sugar cane farming there has more than tripled, jumping from 180,000 hectares (444,790 acres) to 570,000 hectares (1.4 million acres) between 2007 and 2012.<sup>35</sup> According to the report 'Violence Against Indigenous People – 2012,' released by the Conselho Indigenista Missionário Indianist Missionary Council (CIMI), 37 of 60 indigenous people killed in Brazil were killed in Mato Grosso do Sul. Similarly the research showed that of the 1,076 cases related to violence against indigenous people in the country, 567 occurred in Mato Grosso do Sul.<sup>36</sup>

At the center of the conflict is a piece of indigenous land called Jatayvary, which is located in the municipality of Ponta Porã near Brazil's border with Paraguay. Here members of the Guarani-Kaiowá tribe have struggled to reclaim their land for the last 30 years. In that time they have faced decades of conflict.

The Guaran-Kaiowá land was first formally recognized as indigenous land by the Brazilian National Indigenous Foundation (FUNAI), part of the Ministry of Justice, in 2004. It was a first step in a long process to reclaim their land. In 2011, the Minister of Justice published the declaration of Jatayvary, setting the boundaries and recognizing the Guarani-Kaiowá's rights to the land. But the struggle to regain control of their land continues.

Large sugar cane farms now cover most of the land the Guarani-Kaiowá community once relied upon for fishing or hunting. They have to travel further and further away to hunt because so much of the forest has been cleared for farms. Many in the community work as low-waged laborers on plantations far from home or rely on government programs to make ends meet.

The community is also greatly affected by the pesticides sprayed on the sugar plantations, which has been said to cause diarrhea and vomiting, particularly among children. The heavy traffic going to and from the plantations has also radically altered the landscape.

That's where Bunge, the multinational agribusiness company which bought a mill called Monteverde in Ponta Porã in 2008, enters the picture. Unlike many other sugar producers that operate in the region, Bunge has declared that it intends to continue to buy sugar cane from five farms located inside the Indigenous land of Jatayvary until their contracts end or the government completes the demarcation process.

Coca-Cola purchases sugar from Bunge in Brazil. According to the company, the sugar does not come from the Monteverde mill.<sup>37</sup>

However Bunge's use of sugar grown in indigenous territory offers a clear rationale for Coca-Cola to strengthen its requirements for how its suppliers address land rights to avoid conflicts.

Oxfam investigators in the area talked to several indigenous people who are struggling to cope with this ongoing loss of land and livelihood, while being targeted with intimidation by local sugar plantations who have fired guns into the air and sent bulldozers and other agricultural machinery to work on the land as if there were no people there.<sup>38</sup>

'Now, I have to rely on myself. I have to get by,' said Edilza Duarte a mother of two from the Guarani Kaiowá community. Edilza's husband Silvano, had until recently been working as a contract worker on a plantation that is a two hour drive from his home. He lived in an indigenous area near the fields and worked 6 days a week. He would get up at 3am every morning to catch a bus to the fields. Every Saturday night he traveled back home to spend Sunday – his only day off – with his family, before returning to work early on Monday morning. For his efforts he earned about \$13 per day.

'That's why we need our land back, so we can plant and eat,' said Edilza. 'We want our land back.'

The community is seeking an end to the conflict so they can live normal lives. 'The sugar company needs to resolve the land problem so that we can start planting crops,' said Keila Snard, a 46-year-old widow and mother of four. Keila's family relies on food from government distribution at a nearby health post each month. 'My concern is to get our land back. I don't feel anger towards the company, I just want our land returned and this problem to be resolved.'

### **Sre Ambel, Cambodia**

The World Bank has found that the main link between countries with the most large-scale land deals is the poor protection of rural land rights.<sup>39</sup> What has happened to the people in Sre Ambel district, in the Koh Khong Province of Cambodia – the country with the highest number of large-scale land acquisitions in recent years<sup>40</sup> – is a good example of this scenario.

Beginning in 2006, two shell companies – both owned by the Thai sugar giant, Khon Kaen Sugar Co Ltd (KSL), pushed 456 families off of their land, to make way for a 18,057.32 hectare<sup>41</sup> sugar plantation.<sup>42</sup> Communities claim this took place without prior consultation or consent. The families had all lived on the land since before 1999 – and some had been there since as far back as 1979. According to first-hand accounts, they had also worked hard to clear the land in order to farm and graze animals. However, none of the villagers have official titles to their land – a situation common in rural Cambodia due to the lack of formal land titles since the Khmer Rouge regime though the Cambodian government has recently taken steps to rectify this situation<sup>43</sup>.

The villagers continue to work tirelessly to voice their discontent to the company. At the time the sugar plantation was established, their protests were met with threats and their movement was restricted.

‘There were bulldozers clearing the land and we tried to stop them,’ recalls Mon Yorm, a 57-year-old villager. ‘When we told them it was our land, the men on the bulldozers simply said they were following orders from the company.’

Since being displaced, many community members have sunk into significant debt, as their main livelihood, grazing animals, has disappeared along with the land. In the past, these families often raised as many as 15 or 20 cows and buffalo at a time. Sre Ambel community leader Teng Kao told Oxfam that the villagers, ‘barely have any animals left at all, as there is nowhere for them to graze.’

Now, many of the villagers, such as the 63-year-old father of six, Keo Chhorn, have had to resort to working grueling hours in the sugar cane fields, for less than \$2 a day.

‘It’s not good money we get, but we have no other choice,’ says Chhorn. ‘I don’t like taking the children, but I need their help so we can earn more money. My youngest sons go to school, but during the sugar cane harvest [December–March] they often come with me to the sugar plantation where we cut sugar.’

Even so, food security is an issue for Chhorn. ‘Day to day, there is not enough rice to eat,’ he says. ‘It isn’t like before, when we could grow and provide all our own food. We’d eat three times a day, but now it is just twice a day.’

As in Brazil, big food and beverage companies are purchasing large quantities of sugar – and helping to drive the insatiable quest for land on the part of the sugar producers.

In 2010 KSL reported the first ever export of 10,000 tons of sugar to leave Cambodia in 40 years, estimated to be valued at \$3.13m. It has been reported that KSL has a five-year contract with London-based Tate & Lyle Sugars to supply all of its output from Cambodia at the price of 19 cents a pound.<sup>44</sup> However, according to Tate & Lyle Sugars, there is no such contract. The company says it has received shipments of sugar from KSL on two occasions to date, in May 2011 and June 2012 and has no plans to do so in the future. Tate & Lyle Sugars is owned by the US sugar giant American Sugar Holdings (ASR Group) based in West Palm Beach, Florida.

Sugar sold by Tate & Lyle Sugars is purchased by Coca-Cola and PepsiCo bottlers and used in their products.<sup>45</sup> The case highlights the significant risks Coca-Cola and PepsiCo face without stronger policies in place to ensure their suppliers and their bottlers’ suppliers are respecting land rights. Without better preventative measures Coca-Cola and PepsiCo have no way to guarantee to customers that the ingredients used in products like Coke and Pepsi were not grown on land that was grabbed from farmers without their consent.

### **Associated British Foods: a category all its own**

Unlike the other Big 10 companies, which must purchase sugar for their products, ABF owns its own sugar production operations. In fact, ABF is the world’s second largest sugar producer. In addition to the Silver Spoon brand of sugar in the UK, and major retail sugar brands in southern Africa, the company also produces a number of foods and drinks containing sugar, including Tip Top breads and baked goods, Askeys ice cream, Crusha milkshake mix and Ovaltine, which contains 22 grams of sugar per serving.<sup>46</sup>

When it comes to large-scale land acquisition, ABF’s position as the owner of Illovo<sup>47</sup> – the largest sugar company in Africa where half of all large-scale land acquisitions over the last decade have occurred – risks exposing them to land conflicts. There have been reports of land-related controversies linked to Illovo in Zambia<sup>48</sup>, Malawi<sup>49</sup> and Mali.<sup>50</sup>

According to media accounts, after investing millions of dollars to create a large-scale sugar plantation, Illovo recently pulled out of a major deal in Mali, which had faced protest and opposition from some in the community.<sup>51</sup><sup>52</sup> ABF says Illovo withdrew because of security concerns.

Farm Radio Weekly in Malawi reports that people of Thom Chipakuza village, ‘were shocked when Illovo Sugar seized their farmland last year.’<sup>53</sup> ABF says that all of the areas Illovo has leased are well mapped and clearly documented by the Department of Lands and that Illovo is optimistic that dialogue between the company and local communities will ensure mutually agreed resolutions to land matters.

In Zambia, reports suggest that ongoing expansions of a sugar plantation adjacent to the town of Mazabuka, 'have resulted in the displacement of many people'.<sup>54</sup> ABF says that none of the expansion was on traditional land and therefore no one was displaced.

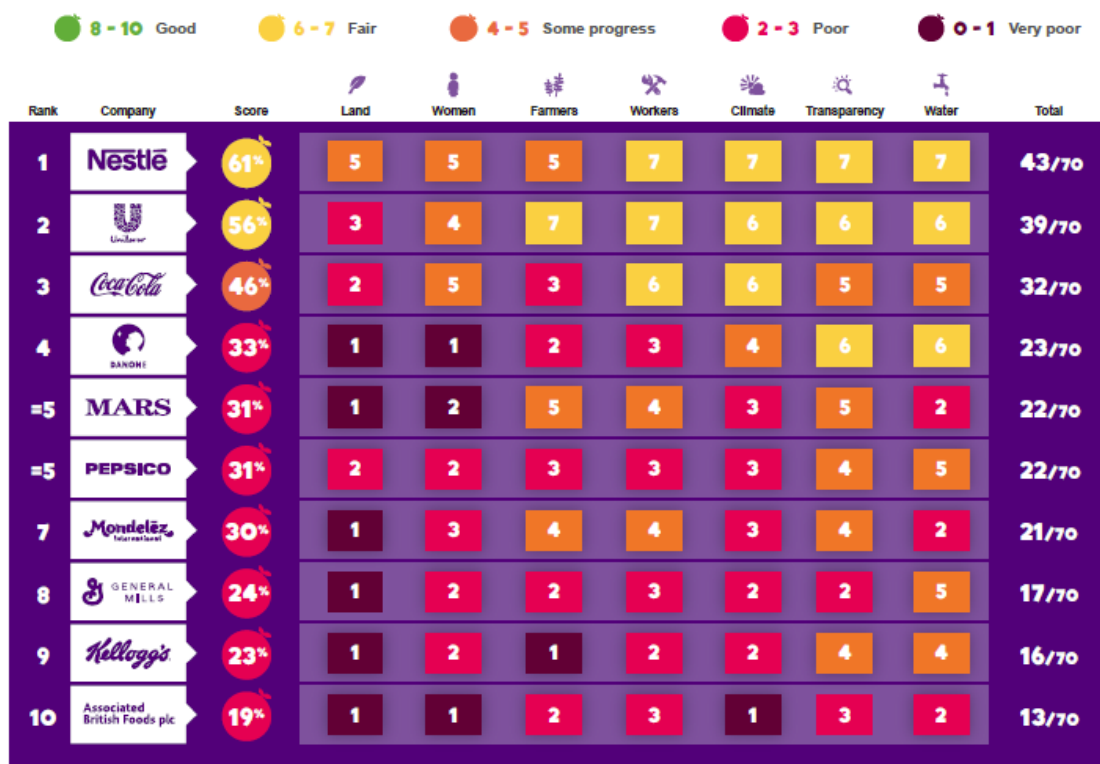
In all three examples, ABF maintains that it does respect land rights and has disputed the facts of reports describing the cases. Yet in spite of its leading position in Africa's sugar industry, and numerous public cases that highlight the risks of conflicts, ABF has taken few steps to implement policies to ensure land rights are respected in its operations and those of its subsidiaries. Implementing clear guidelines to ensure that ABF's sugar operations in Africa respect land rights could have significant ripple effects.

## Scoring the Big 10 on Land

As rising demand for commodities has driven an unregulated rush for land, the risk that food and beverage companies face that their ingredients or operations will be linked to land grabs has also grown. Yet companies are doing little, if any, due diligence to ensure that their suppliers and subsidiaries are respecting land rights.

As part of Oxfam's GROW Campaign, the Behind the Brands scorecard ranked the Big 10 food and beverage companies on the social impacts of their supply chain policies. All of the brands fall short on land issues. In spite of their exposure to risks in sugar supply chains, Coca-Cola, PepsiCo and ABF have barely begun to address land rights. ABF remains tied at the very bottom of the pack scoring a dismal 1 out of 10. Coca-Cola and PepsiCo, each scoring just 2 out of 10, fare scarcely better.

### BEHIND THE BRANDS: FOOD COMPANIES SCORECARD



Visual 1: Behind the Brands Scorecard as of 17 September 2013<sup>55</sup>

Scores for all companies remain low. No company has declared zero tolerance for land grabs and committed to fully enforcing land rights within their supplier codes. Companies are excessively secretive and opaque about where their commodities come from, making it impossible for communities to hold companies to account for land rights violations. Even though companies make significant investments to audit suppliers for quality issues, they do little to investigate or disclose the impacts of their sourcing practices on communities' access to land.

Although land is rarely directly owned or leased by the Big 10, companies' policies ensure they are largely blind to any questionable approach to land acquisitions followed by their suppliers. The issue of land has simply not been on the radar of most companies in the same way that many other environmental and labor concerns have been.

This represents a major risk to companies' operations and reputations. As Mark Bowman, managing director of brewing company SAB Miller Africa, one of Coca-Cola's largest bottlers put it, 'Land purchases which ignore the interests of local communities and the local landscapes are both morally wrong and commercially short-sighted.' Bowman argues that these kinds of land cases, 'fuel opposition to all outside investment.'<sup>56</sup>

Muhtar Kent, CEO of Coca-Cola has said, '...we recognize that the success and sustainability of our business is inextricably linked to the success and sustainability of the communities in which we operate. The strength of our brands is directly related to our social license to operate, which we must earn daily by keeping our promises to our customers, consumers, associates, investors, communities, and partners.'<sup>57</sup>

These are the same arguments that have led Coca-Cola, PepsiCo, ABF and other companies to make public commitments to take on other morally challenging issues in sugar supply chains, such as child labor.<sup>58</sup>

Increasingly, consumers are demanding that companies make socially responsible decisions all along the supply chain. A recent study in China, for instance, found more than three quarters of respondents are willing to, 'not purchase or reduce their purchasing of convenience foods produced by companies who are not socially responsible.'<sup>59</sup> Another in the U.S. found that 70 percent of consumers in the U.S. now avoid buying products from companies they do not like, and almost as many say they increasingly check products to find out who makes them.<sup>60</sup>

Attention to land issues is growing, and some companies are starting to wake up to the risks and opportunities they face. Nestlé's score has crept up from a 3 out of 10 to 5 out of 10 on land in the Behind the Brands scorecard, after publishing new sourcing guidelines. While Nestlé still does not commit to zero tolerance for land grabs, it is the first company of the big 10 to fully support Free and Prior Informed Consent for local communities in its supplier guidelines, used for the sourcing of sugar, soy, palm oil and other commodities.<sup>61</sup>

## What the companies can do

Identifying and stopping land grabbing involves hard decisions, but mostly it requires genuine commitment from companies, governments and all stakeholders. And although they may not acknowledge it, these food and beverage companies have an enormous amount of power to change the current dynamic, ensuring that food production happens in a manner that is consistent with human rights.

Oxfam is already in dialogue with Coca-Cola, PepsiCo and ABF and has asked the companies to talk to their suppliers to investigate the details of the cases referenced in this report. We are asking the companies to play a constructive role in ensuring that their suppliers and relevant local authorities address the concerns of impacted communities.

But companies' responsibility goes beyond the individual cases. By implementing standards and policies for their operations and suppliers which ensure respect for land rights throughout the supply chain, the Big 10 must lead the food and beverage industry toward effective, transparent policy and practice to help stop land grabs and encourage responsible investment in agriculture.

Oxfam is calling on PepsiCo, Coca-Cola, and ABF, as the most powerful companies in the sugar industry, to lead the way by doing the following:

### 1. Know and show risks related to land issues<sup>62</sup>

- Disclose from where and whom the company sources sugar, palm oil, and soy commodities.
- Uncover and disclose risks to and impacts on communities from land issues through credible and relevant impact assessments,<sup>63</sup> with the full participation of affected communities.



## 2. Commit to zero tolerance for land grabbing

- Establish and implement a credible 'zero tolerance' policy on land grabbing and include it in supplier codes of conduct, including for franchisees.<sup>64</sup>
- Commit, as a means to improve policy and practice,<sup>65</sup> to sector-specific production standards in sugar, palm oil, and soy,<sup>66</sup> aimed at helping to improve sustainability by 2020.

## 3. Advocate for governments and traders to tackle land grabbing and support responsible agricultural investments

- Publicly advocate that governments and traders<sup>67</sup> commit to and implement responsible agricultural investment, and commit to the Voluntary Guidelines on the Responsible Governance of Tenure of Land, which includes protecting and promoting all land rights of affected communities.
- Mobilize suppliers and peers to adopt zero tolerance policies, join sector-specific initiatives to improve sustainability, and take on active roles within initiatives to increase their impact and create a race to the top.

## Conclusion

As the global appetite for sweet and processed foods is set to rise in coming years, the politics of sugar production are likely to take center stage.

It's time for some of the world's largest sugar buyers and producers – PepsiCo, Coca-Cola and ABF – to acknowledge their responsibility for addressing the growing threat of land conflict in their supply chains and the disastrous impact these cases can have on communities.

As consumers begin to learn about the part that sugar production plays in displacing indigenous and other rural populations from land they have relied on for generations, they will start to demand products made with land rights in mind.

To this end, Oxfam calls on three of the world's largest players in the sugar industry to take a hard look at their approach to land acquisition in their supply chains, and sweeten the deal for poor communities.

## Notes

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<sup>1</sup> B. Lee, F. Preston, J. Kooroshy, R. Bailey and G. Lahn (2012), *Resources Futures*, Chatham House, p 14.

<sup>2</sup> <http://www.revistaecoenergia.com.br/images/revistas/edicao14/> page 6. As confirmed in dialogue with Coca-Cola and PepsiCo.

<sup>3</sup> Oxfam interviewed CPT (Pastoral Land Commission) representative Placido Junior, on 1 August 2013, and he confirmed this narrative and the various legal processes. Oxfam interviewed a Father Sinésio Araújo, based in Sirinhaém, who confirmed the conflict. On the CPT website ([www.cptpe.org.br](http://www.cptpe.org.br)) there is additional information about the conflict, along with testimonies of the affected community.

<sup>4</sup> [http://www.youtube.com/watch?v=0VNjUtxiy-w&desktop\\_uri=%2Fwatch%3Fv%3D0VNjUtxiy-w&nomobile=1](http://www.youtube.com/watch?v=0VNjUtxiy-w&desktop_uri=%2Fwatch%3Fv%3D0VNjUtxiy-w&nomobile=1)

<sup>5</sup> <http://www.oaklandinstitute.org/understanding-land-investment-deals-africa-zambia>

<sup>6</sup> <http://www.ipsnews.net/2012/09/malian-farmers-want-their-land-back/> (After investing a reported \$17m in this deal, Illovo Sugars pulled out citing security concerns and other complaints. Complaints from some community members preceded Illovo's decision to back out of the deal.

<sup>7</sup> <http://farmlandgrab.org/post/view/5578>

<sup>8</sup> <http://www.abf.co.uk/documents/pdfs/ar2012/abf-annual-report-2012.pdf> page 17

<sup>9</sup> <http://www.absugar.com/Our-Group/Africa>

<sup>10</sup> Based on concluded deals by transnational investors. Data is accurate as of 13 August 2013. <http://landmatrix.org/>

<sup>11</sup> <http://www.coca-colacompany.com/our-company/stakeholder-engagement>.

<sup>12</sup> IBISWorld, Industry Report C1124-GL: Global Soft Drink & Bottled Water Manufacturing, January 2013, page 25.

<sup>13</sup> IBISWorld, Industry Report C1124-GL: Global Soft Drink & Bottled Water Manufacturing, January 2013, page 25.

<sup>14</sup> <http://www.forbes.com/global2000/list/>

<sup>15</sup> This figure is based on FAO crop production figures for 2012 and includes 26m hectares of sugar cane and 5m hectares of sugar beet. Sugar cane is a much more important crop globally, and has been more commonly linked to large-scale land

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- acquisitions than sugar beet. Sugar beet accounts for approximately 20% of global sugar production, and is linked to at least one large-scale land deal in Russia. <http://faostat.fao.org/> and <http://landmatrix.org>.
- <sup>16</sup> B. Lee, F. Preston, J. Kooroshy, R. Bailey and G. Lahn (2012), op. cit. p 14.
- <sup>17</sup> See note 15.
- <sup>18</sup> <http://www.energyfiend.com/sugar-in-drinks>
- <sup>19</sup> <http://www.fooducate.com/app#page=product&id=FF913AA6-E10C-11DF-A102-FEFD45A4D471>
- <sup>20</sup> [http://www.fairtrade.org.uk/includes/documents/cm\\_docs/2013/F/Fairtrade%20and%20Sugar%20Briefing%20Final%20Jan13.pdf](http://www.fairtrade.org.uk/includes/documents/cm_docs/2013/F/Fairtrade%20and%20Sugar%20Briefing%20Final%20Jan13.pdf)
- <sup>21</sup> Ibid.
- <sup>22</sup> Ibid
- <sup>23</sup> <http://landportal.info/landmatrix> Due to lack of transparency around land acquisitions, however, the real number could be much higher.
- <sup>24</sup> <http://landportal.info/landmatrix>
- <sup>25</sup> The number of reported land deals by foreign investors in agriculture in the global South increased from approximately 35 in mid-2008 to 105 in mid-2009, an increase of approximately 200 per cent. See Figure 1, p.6, in W. Anseeuw et al. (2012) 'Transnational Land Deals for Agriculture in the Global South. Analytical Report based on the Land Matrix Database', Bern, Montpellier, and Hamburg: CDE, CIRAD, and GIGA. See: <http://landportal.info/landmatrix/media/img/analytical-report.pdf>.
- <sup>26</sup> <http://www.bloomberg.com/news/2011-01-05/global-food-prices-climb-to-record-on-cereal-sugar-costs-un-agency-says.html>
- <sup>27</sup> W. Anseeuw, et al (2012) op. cit
- <sup>28</sup> [http://www.oxfam.org/sites/www.oxfam.org/files/bn-land-lives-freeze-041012-en\\_1.pdf](http://www.oxfam.org/sites/www.oxfam.org/files/bn-land-lives-freeze-041012-en_1.pdf) (page 2)
- <sup>29</sup> W. Anseeuw et al (2012) op. cit.
- <sup>30</sup> Large-scale land acquisitions can be defined as the acquisition of any tract of land larger than 200 hectares, or twice the median land-holding, according to the national context. The figure of 200 hectares comes from ILC's definition of 'large-scale'.
- <sup>31</sup> The Tirana Declaration of the International Land Coalition, <http://www.landcoalition.org/about-us/aom2011/tirana-declaration>
- <sup>32</sup> Relevant information includes contracts, impact assessments, proposed benefit sharing, and legal arrangements. This is an ongoing process, since projects take many years to plan and implement, and the principle applies throughout. FPIC for indigenous peoples is enshrined in international law; in recent years the principle has increasingly been used in relation to other affected communities, though it is still rarely strictly enforced. Oxfam Australia (2010) 'Guide to Free, Prior and Informed Consent', [http://resources.oxfam.org.au/pages/view.php?ref=528&k=&search=&offset=0&order\\_by=relevance&sort=DESC&archive=0](http://resources.oxfam.org.au/pages/view.php?ref=528&k=&search=&offset=0&order_by=relevance&sort=DESC&archive=0) (accessed May 2013)
- <sup>33</sup> Such as the extent to which plans include women in consultation and negotiation; how far compensation schemes directly benefit women as well as men; and how far mitigation plans address women's specific needs. J. Bugri and R. King (forthcoming) 'Gender Dimensions of Agricultural Investments: Case studies from Ghana.', IIED, London; C. Wonani, W. Mbuta and A. Mkandawire (2012) 'Gender and Equity Implications of Land-Related Investments on Labour and Income Generating Opportunities: Zambia Country Study', draft report June 2012, quoted in B. Vorley, L. Cotula, and M. Chan (2012) 'Tipping the Balance: Policies to shape agricultural investments and markets in favour of small-scale farmers', Oxford: Oxfam, p.40
- <sup>34</sup> Such as the International Labour Organization's Convention No. 169 <http://www.ilo.org/indigenous/Conventions/no169/lang-en/index.htm>
- <sup>35</sup> Based on satellite monitoring by INPE, Brazil's National Institute for Space Research. Data available at: <http://www.dsr.inpe.br/laf/canasat/tabelas.html>.
- <sup>36</sup> <http://cimi.org.br/pub/viol/viol2012.pdf>.
- <sup>37</sup> <http://www.bunge.com.br/Imprensa/usinas-do-grupo-bunge-obtem-certificacao-bonsucro>
- <sup>38</sup> Lima, Marcos Homero Ferreira, Clean Biofuels and the Guarani Indians of Mato Grosso do Sul: Human Costs and Violation of Rights. (2013).
- <sup>39</sup> R. Arezki, K. Deininger and H. Selod (2011) 'What drives the global land rush?', IMF Working Paper, Washington D.C.: IMF Institute, [www.imf.org/external/pubs/ft/wp/2011/wp11251.pdf](http://www.imf.org/external/pubs/ft/wp/2011/wp11251.pdf); see also World Governance Indicators, op. cit.
- <sup>40</sup> Based on concluded deals by transnational investors. Data as of 28 August 2013. <http://landmatrix.org/get-the-idea/global-map-investments/>
- <sup>41</sup> Koh Kong Sugar Plantation with 8657.24 hectare, and Koh Kong Sugar Industries with 9400.08 hectares
- <sup>42</sup> More than 7 years later, 200 families continue the fight to win their land back – which they claim amounts to 1360 hectares
- <sup>43</sup> United Nations Special Representative of the Secretary-General for human rights in Cambodia (UNSRSG), 'Economic land concessions in Cambodia: A human rights perspective,' June 2007, p. 12; available at: <http://cambodia.onchr.org/EN/Pages/Files/Reports/Thematic-Reports.htm>.
- <sup>44</sup> This contract was first reported by Thai News Services in 2010 <http://www.accessmylibrary.com/article-1G1-217599129/thailandcambodia-khon-kaen-industry.html>
- <sup>45</sup> As confirmed in dialogue with Coca-Cola and PepsiCo. Coca-Cola and PepsiCo work with 'franchisees' which manufacture and produce branded products such as Coke and Pepsi. These entities are subject to Coca-Cola and PepsiCo supplier guidelines and other contract provisions which mandate certain sustainability requirements.
- <sup>46</sup> <http://www.tesco.com/groceries/Product/Details/?id=258492318>

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<sup>47</sup> <http://www.absugar.com/Our-Group/Africa>

<sup>48</sup> <http://www.oaklandinstitute.org/understanding-land-investment-deals-africa-zambia>

<sup>49</sup> <http://farmlandgrab.org/post/view/5578>

<sup>50</sup> <http://farmlandgrab.org/post/view/5578>

<sup>51</sup> <http://www.bloomberg.com/news/2012-05-28/ilovo-pulls-out-of-mali-sugar-project-on-security-concerns-1-.html>

<sup>52</sup> <http://www.ipsnews.net/2012/09/malian-farmers-want-their-land-back/>

<sup>53</sup> <http://farmlandgrab.org/post/view/5578>

<sup>54</sup> [http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI\\_country\\_report\\_zambia.pdf](http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_country_report_zambia.pdf)

<sup>55</sup> [www.behindthebrands.org/scorecard](http://www.behindthebrands.org/scorecard)

<sup>56</sup> <http://www.cnn.com/2013/06/18/opinion/land-grabs-africa-mark-bowman>

<sup>57</sup> Oxfam America, 'Exploring the links between international business and poverty reduction' (2011). See: <http://www.oxfamamerica.org/publications/exploring-the-links-between-international-business-and-poverty-reduction>

<sup>58</sup> <http://www.coca-colacompany.com/our-company/addressing-global-issues>

<sup>59</sup> This is an increase from 68.7% of respondents in 2009. See: Ruder Finn and Media Survey Lab, Tsinghua University. Ethical Consumption of Fast Moving Consumer Goods, 2009-2010

<sup>60</sup> Weber Shandwick (2012) „Seventy percent of consumers avoid products if they dislike parent company, Weber Shandwick survey finds“, <http://www.webershandwick.com/Default.aspx/AboutUs/PressReleases/2012/SeventyPercentofConsumersAvoidProductsIfTheyDislikeParentCompanyWeberShandwickSurveyFinds> (last accessed November 2012).

<sup>61</sup> <http://www.nestle.com/asset-library/documents/creating-shared-value/responsible-sourcing/nestle-responsible-sourcing-guidelines.pdf>

<sup>62</sup> This and the other specific recommendations in this chapter have been developed with reference to recognised international norms, particularly the UN Guiding Principles on Business and Human Rights (UNGPR) and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT).

<sup>63</sup> Assessments should disaggregate impacts on women, since women are often disproportionately affected by land issues.

<sup>64</sup> A policy of zero tolerance for land grabbing should:

1. Acknowledge company responsibility for land rights violations involving the company or its suppliers (down to the primary producer);
2. Commit, through a company-wide policy, to respect all land rights of communities impacted by the company's or suppliers' operations, and include this policy in codes of conduct for all suppliers, requiring:

Respect for human rights with special attention to land rights of communities impacted, or potentially impacted, by the operations of the company or its suppliers;

Fair negotiations on land transfers;

Adherence to the principle of FPIC in the operations of the company and its suppliers;

Transparency of contracts and disclosure to affected communities of any concession agreements or operation permits;

Fair resolution of any disputes involving land use or ownership rights, via company grievance mechanisms, third party ombudsmen, or other processes;

Refraining from co-operating with any illegitimate use of eminent domain by a host government to acquire farmland;

Avoiding production models which involve the transfer of land rights (including land under customary tenure) away from small-scale food producers.

<sup>65</sup> Joining a multi-stakeholder initiative (MSI), or even obtaining certification, does not absolve any company of its own individual responsibilities to address issues, and certainly does not, in itself, provide any guarantee of responsible behaviour on a company's part. MSIs merely ensure that companies are involved in a multi-stakeholder group that can guide their policy and practice, and can help them stay accountable to stakeholders, particularly communities that are affected by their actions.

<sup>66</sup> Including the Roundtable on Sustainable Palm Oil, Round Table on Responsible Soy, and Bonsucro (sugar). Or at least commit to those of the three which represent a statistically significant volume in the supply chains of the company in question.

<sup>67</sup> Governments and traders have very different roles and responsibilities related to the issues described in this briefing. Trading companies that source commodities and own plantations have great influence in how land is acquired and managed. However, governments have the primary responsibility to ensure their citizens' basic human rights are protected. The point here is not to confuse their roles, but to emphasise the advocacy actions that the Big 10 can take.