Arab-Australian Land Deals
Between Food Security, Commercial Business, and Public Discourse

Sarah Ruth Sippel
Arab-Australian Land Deals: Between Food Security, Commercial Business, and Public Discourse

By Sarah Ruth Sippel

Published by:
The Land Deal Politics Initiative
www.iss.nl/ldpi
landpolitics@gmail.com

in collaboration with:
Institute for Development Studies (IDS)
University of Sussex
Library Road
Brighton, BN1 9RE
United Kingdom
Tel: +44 1273 606261 Fax: +44 1273 621202 E-mail: ids@ids.ac.uk Website: www.ids.ac.uk

Initiatives in Critical Agrarian Studies (ICAS)
International Institute of Social Studies (ISS)
P.O. Box 29776
2502 LT The Hague
The Netherlands
Tel: +31 70 426 0664 Fax: +31 70 426 0799 E-mail: iss.icas@gmail.com Website: www.iss.nl/icas

The Institute for Poverty, Land and Agrarian Studies (PLAAS)
School of Government, Faculty of Economic and Management Sciences
University of the Western Cape, Private Bag X17
Bellville 7535, Cape Town
South Africa
Tel: +27 21 959 3733 Fax: +27 21 959 3732 E-mail: plaas@uwc.ac.za Website: www.plaas.org.za

The Polson Institute for Global Development
Department of Development Sociology
Cornell University
133 Warren Hall
Ithaca NY 14853
United States of America
Tel: +1 607 255-3163 Fax: +1 607 254-2896 E-mail: ta12@cornell.edu Website: polson.cals.cornell.edu

© May 2013 All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without prior permission from the publisher and the author.

Published with support from the UK Department for International Development (DfID), Atlantic Philanthropies, Inter-Church Organization for Development Cooperation (ICCO), Ford Foundation and Misericor.
Abstract

Investments in global agricultural land properties have recently gained much attention. While the focus is often on “North-South” dimensions addressing impacts on small-scale farming, livelihoods, and food security in the global South this paper explores investments from the Arab Gulf targeting agricultural properties in Australia. For the Arab Gulf States who highly depend on external food supplies investment abroad is one strategy to guarantee future food security. Australia offers several advantages differentiating it from other targeted regions. At the same time, leading Australian political and economic representatives have been eager to attract investments from the Gulf. Increasing media reporting has however also raised critical voices and provoked a vivid public debate on the selling off of Australian land properties. Concepts of foreign direct investment and its role are currently renegotiated with regard to Australia’s own food security, the “national interest”, and the redefinition of “Australian agricultural land”. Having said this, I address the following questions: How do farmland investments take place in a developed context, such as Australia? What distinguishes foreign direct investments in land properties from other foreign direct investments, for instance in agribusinesses or other parts of the economy? And, finally, what characterises forms of resistance in a democracy?

About the Author

Sarah Ruth Sippel is a postdoctoral researcher at the Centre for Area Studies at the University of Leipzig in Germany. She studied Middle Eastern Studies and Philosophy in Leipzig and Aix-en-Provence. In her PhD on the Moroccan export production of fresh fruit and vegetables she combined a global agri-food systems perspective with approaches on human security in order to investigate processes of social differentiation within the context of intensive agricultural production. In her post-doctoral research she has focused on the financialisation of agriculture and food. She conducted field research on Arab investments in Australia when she was working as a visiting researcher at the University of Queensland in Brisbane from late 2011 to mid-2012.
Table of Contents

1 Introduction ..................................................................................................................... 1
2 Reorientation of food security strategies in the Arab Gulf ............................................... 2
3 The case of Hassad Food: Qatar’s investments in Australia .............................................. 6
4 Foreign direct investment, land ownership, and food security in Australia ...................... 8
5 Community perspectives and Hassad’s shift from food security to commercial business 13
6 Conclusion ..................................................................................................................... 19
Literature.......................................................................................................................... 21
1 Introduction

“Land grabbing” as a catch-all phrase for worldwide investments in agricultural land properties has gained much attention in the media, by civil society and international organisations, and in academia in recent years. The debate has resulted in increasing public awareness for land as a scarce and finite resource. It has exposed how land has been discovered as an attractive investment opportunity and has also shown that “land” is an emotionally sensitive issue due to its vital importance for food production and livelihoods and its significance for individual and national identity. While estimations of the extent of current investments in land differ due to mechanisms of media reporting – but also varying approaches and definitions of “land deals” – most observers agree that since 2007/08 there has been a marked increase in direct investments in farmland, particularly from financial actors. Rising demand for food but shrinking availability of farming land, biofuel production as alternative energy source facing peak oil, investment opportunities in the context of climate change (e.g. carbon markets), investment portfolio diversification, and speculative purposes have been identified as main drivers (cf. Burch and Lawrence 2009, Zoomers 2010, Deiniger et al. 2011, Borras et al. 2011b, McMichael 2012, Cotula 2012). Key players are private and public entities pursuing interests such as food security, biofuel production or financial gains. The boundaries between players are, however, often blurred since private and public sector actors as well as interests frequently overlap or interact (Cotula 2012, 660ff). Due to the fact that the majority of investments in land properties have been collected for countries in Africa, Asia, and South America (see Land Matrix), the “land grabbing” literature has mainly focused on North-South dimensions and addressed impacts on small-scale farming, livelihoods, and food security in the global South. Contributions have been broadly divided into narratives of “investment, growth, and modernisation” vs. narratives of “marginalisation, displacement, and impoverishment” (Borras et al. 2011a, 212). Those who have sought to promote agricultural investments as development opportunities (e.g. Deininger et al. 2011) oppose those who consider them as threatening the livelihoods of rural populations. The latter see these investments as being detrimental to global food security, and having huge opportunity costs in terms of the “high tech” form of agriculture they foster (e.g. Cotula 2009, De Schutter 2011, Daniel 2011, Allan et al. 2013). In this paper, I will investigate a case of land deals that have been taking place under reversed constellations, namely investments from the Arab Gulf targeting agricultural land properties in Australia. The Hassad Food Company which is backed by Qatar’s sovereign wealth fund will be the main focus. Even though not representing the bulk of investments in farmland taking place at the moment, this case study can enrich the debate on farmland investments due to the specific constellation of the investor, the targeted country, and the political framework. As such, it relates to questions that have recently been raised concerning new configurations and distributions of power, changing geopolitical coordinates, and governance structures in the global food system (Margulis et al. 2013, Margulis and Porter 2013). The Gulf States have been classified as “food security grabbers” due to their limited domestic production capacities (GRAIN 2008, 3) and thereby represent the category of actors driving a key shift in the food regime described as “agro-security mercantilism”, by which states seek to guarantee access to food via direct land acquisitions offshore (McMichael 2013).

---

1 There are several approaches to and definitions of “land grabbing” in the literature varying in terms of size, kind, character, origin or purpose of investment considered. This does not only lead to considerably different quantitative outcomes (Cotula 2012, 650ff; for a recent effort to quantify global land and water grabs see Rulli 2013) but also reflects how the debate and accordingly underlying (moral) assumptions about what kind of transformations are to be included have developed since it has been initiated by the NGO GRAIN in 2008.

2 The research presented in this paper was partly funded with a grant from the International Institute of Social Studies, Erasmus University Rotterdam for which I am very grateful. The research was conducted within the framework of the Australian Research Council-funded research project “The New Farm Owners: Finance Companies and the Restructuring of Australian and Global Agriculture” at the University of Queensland, Brisbane. I would particularly like to thank Professor Geoffrey Lawrence for giving me the opportunity to partake in this project and Nicolette Larder for sharing unique field research.
My case study demonstrates that in the case of Qatar we are dealing with a complex constellation where state and private actors – but also food security, commercial, and financial interests – intersect and become blurred. Australia, as a target country, stands for a specific mixture of highly sophisticated agricultural and infrastructural framework including high land prices against the backdrop of a widely deregulated economy including an unambiguous stance on foreign investments, which has recently come under scrutiny. Concepts of foreign direct investment and its role are currently renegotiated with regard to Australia’s own food security, the “national interest”, and the redefinition of “Australian agricultural land”. Having said this, the paper addresses the following questions: How do farmland investments take place in a developed context, such as Australia? What distinguishes foreign direct investments in land properties from other foreign direct investments, for instance in agribusinesses or other parts of the economy? And, finally, what characterises forms of resistance in a democracy? The paper is organised as follows: The first section introduces the problematic of food security in the Arab Gulf States and gives an overview of recent reorientations of food security policies, especially the strategy of agricultural investments abroad. The second section presents Qatar’s investments in agricultural land properties in Australia and highlights interests and strategic alliances behind these investments. The third section explores the Australian context and focuses on foreign direct investment regulation and recent debates on foreign land ownership and foreign versus national food security. Against this backdrop, the fourth section places the emphasis on community responses to Hassad’s investments and examines shifting notions, concepts, and perceptions of food security. Finally, I will address the questions above and draw some concluding remarks.

2 Reorientation of food security strategies in the Arab Gulf

The “global food crisis” in 2007/08 – namely the conjunction of new food and energy policies, speculation in commodity markets and agricultural losses which resulted in sudden, steep rises of commodity prices that were directly passed on to consumers and caused world wide food riots (Patel and McMichael 2009) – has reshaped perspectives and discourses on food security, pointing to its renewed relevance and complexities. While food security had been one of the key issues of national and international development discourses for decades, the reorientation of energy policies, the related and continuing food price spikes, in combination with the shift from traditional assets (such as real estate, stocks, etc.) to new investment assets (such as agricultural land properties), have drawn new attention to an old issue (McMichael 2009). In this context, the Gulf States, which are rich in oil but have a scarcity of arable land and water, have a specific position. They depend greatly on external food supplies, which have not only become increasingly expensive but also uncertain over the past years. Due to export bans by some of their major food suppliers in 2007/08 the Gulf States experienced a new dimension of world market insecurity, which has triggered the recent reorientation of food security strategies.

Given the arid climate and little arable land and scarce water resources, the Gulf Cooperation Council (GCC) countries have low levels of self-sufficiency in food production. For all Gulf States,
Arable land surfaces are lower than 5% of the countries’ areas (Zurayk et al. 2011, 130). They are among the most water-stressed countries worldwide and currently use around 80% of their water supply for agriculture, mainly derived from non-renewable fossil groundwater resources. Domestic water needs are mostly provided by desalination (El Kharraz et al. 2012, Biberovic 2008). Both water sources are highly unsustainable and cost intensive: extensive groundwater extraction, reaching 19.5 million cubic metres in 2007, has led to falling water tables, deteriorated water quality, and salinisation of remaining aquifers; currently, more than half of all existing desalination plants worldwide are located in the Gulf States producing fresh water for 50–60 US dollars per cubic metre (Russell 2011, 91ff.). Self-sufficiency rates for main commodities are low, particularly for cereals. With the exception of Saudi Arabia (19%), which reached self-sufficiency in the 1980s (but has since decided to phase out wheat production by 2016), and Qatar (8%), self-sufficiency rates for cereals are close to zero (Zurayk et al. 2011, 135). Thus, the Gulf States depend on food imports, which in some cases exceed 90% of consumed food (QNFSP 2012). Furthermore, food imports for basic commodities are strongly concentrated, with more than half of the rice consumed in GCC countries being imported from India. India is one of the countries that has implemented various export restrictions on rice since 2007 (Shah 2010; Sharma 2011). The GCC states are considered as price takers for agricultural imports. This is due to their currency being pegged to the US dollar. As such, these nations are particularly exposed to food price hikes and food inflation (Zurayk et al. 2011). Since 2005, the Gulf States have witnessed accelerated inflation rates, with food constituting an important part of imported inflation especially during the world food crisis in 2007/08 (Woertz et al. 2008a).

Food security policies in the past were not particularly successful or sustainable in solving the complex issue of achieving food security. This is likely to continue to be the case as population grows and climate change impacts are experienced throughout the region. In the past, energy- and resource-intensive agricultural policies, enacted with the aim of achieving self-sufficiency, have proven to be highly uneconomic and ecologically disastrous. The most famous example is the so-called “Saudi wheat bonanza” initiated in the 1960s. In the aftermath, Saudi Arabia not only became self-efficient but also a net exporter for some agricultural products such as wheat (cf. Elhadj 2008, Elhadj 2006). While in addition to food independence this undertaking also served interests such as to settle the group of Bedouins and the opportunity for ruling elites to enrich themselves it nevertheless resulted in a “[...] policy that squandered tens of billions of dollars on the fruitless quest to make the desert bloom and, in so doing, wasted the nation’s finite water inheritance without regard to posterity [...]” (Elhadj 2008, 9). With an annual growth of 2.4%, the GCC population of currently around 45 million (2011) is expected to reach 70 million by mid-2050 (Markaz Research 2012, 6). The GCC population structure is characterised by a high percentage of young people (the average age is 27, more than 20% are younger than 15), and expatriates, reaching up to 87% in the case of Qatar (Markaz Research 2012, 6/11). Hence, not only more food will be needed in the future but also the demand for fresh water will increase considerably. In addition to the existing environmental problems (e.g. desertification, erosion, pollution) the Gulf States are, additionally, expected to face new challenges in the context of climate change. As the world’s main petroleum exporters and high per capita carbon dioxide emitters they are at the same time highly exposed to climate change induced environmental risks, such as a rise in sea levels, underground water salinity, and land degradation – potentially further delimitating food production capacities (Raouf 2008). This specific constellation, as Russell (2011) points out, leads to a fundamental contradiction between efforts to improve environmental policies and at the same time being economically dependent upon energy markets: “The paradox of the Gulf states’ situation is that their continued ability to adapt and mitigate the impact of environmental stresses for the growing population depends upon the functioning of markets that must somehow be artificially restrained if the world is to successfully regulate carbon emissions” (Russell 2011, 93).
While the approach to food security has looked at the relation between food needs and production capacities on the national level so far, two further distinctions are of importance. First, the question of food security depends very much on how it is defined. If food security is not defined in terms of a country’s self-sufficiency but in terms of its ability to finance food imports, as done in a study by the International Food Policy Research Institute of 2010,5 the Gulf States would be categorised as food secure. In this vein, Woertz argues that rising food prices were not the main concern in the Gulf because those were easily affordable but rather the experience of being exposed to export market failure: “Gulf countries now face the specter that some day they might not be able to secure enough food imports at any price even if their pockets were lined with petrodollars” (Woertz 2011, 120). A second distinction refers to an internal differentiation between highly differently food-exposed groups within the Gulf States. A first and growing group of people in the Gulf is not food insecure but rather increasingly affected by overweight, obesity and dietary related diseases due to changing dietary patterns toward over-consumption and energy dense foods.6 It is mainly the group of foreign migrant workers that is food insecure (Spiess 2012). In addition to food price inflation, the food crisis of 2008 also exposed the structural problem of threatened food security and living conditions of the large number of foreign migrant workers mainly depending on imported rice (Zurayk et al. 2011, 130). Last but not least the largely undocumented group of lower income and poor Gulf citizens can be considered as a third group affected by food insecurity (Woertz et al. 2008a, 16ff).

Since 2008, the Gulf States have initiated a new phase of reorienting their food security strategies.7 Strategies have focused on three dimensions: they have increased subsidies, implemented price controls and invested in food storage; they have implemented measures to enhance agricultural capacities domestically; and they have started to invest in food production abroad. Domestic production is fostered with a strong emphasis on technological solutions, such as hydroponics or greenhouses run by solar-based desalinated water (Shah 2010). Agricultural investments are largely redirected from cereals to higher value crops like fruits and vegetables. More recently, the Gulf States have also started to engage in international food trading through investments in international commodity traders, such as Glencore, thereby entering global grain markets (Woertz 2013b, 97). Import needs for basic foodstuffs such as rice and cereals or green animal fodder for the Gulf’s growing livestock production nonetheless remain and direct investments in agricultural productions abroad seem to be a practicable solution: “Food-insecure Gulf countries perceive these investments as a long-term strategy to feed their own populations at a competitive price and with far greater security” (Zurayk et al. 2011, 130). Neither appropriations of land nor the strategy to externalise food production are new, as such. Plans to invest in agricultural production abroad already emerged in the aftermath of the oil crisis in 1973 when exporters such as the US used the restriction of food exports

---

5 Breisinger et al. state: “The MENA region is the most food import–dependent region in the world, and net food imports are projected to rise even further in the future. In 2000–2002, net food imports accounted for 25–50 percent of national consumption (Figure 2). This high reliance on imported food can be attributed to both demand- and supply-side factors. Demand-side factors include rising population and changing consumption patterns due to higher income, whereas supply-side factors include limited natural resources such as land and water. [...] Managing future food security at the national level [...] must include strategic choices about securing access to food through a mix of domestic investments (agriculture and food stocks) and international market arrangements (trade agreements and hedging) or potential innovative mechanisms (such as virtual reserves). Food security thus does not equal self-sufficiency. Domestic per capita food production can be a useful indicator, but food security goes beyond this narrow concept. A country can be food secure if it exports enough goods and services to finance food imports” (Breisinger et al. 2010, 3–4).

6 Unhealthy consumption patterns leading to overweight, obesity and dietary related diseases such as diabetes mellitus, hypertension, or cardiovascular and coronary heart diseases among of Gulf States citizens have been increasingly documented in the last years (cf. Ng et al. 2011, Musaiger 2012, Al Hazzaa 2012). Some rates are among the highest in the world; overweight, obesity and related diseases are particularly prevalent among women.

Arab-Australian Land Deals

Page 5

as a political threat. Investments were coordinated by the Arab Investment Office, founded in 1975 for this purpose, and focused on Sudan. In the middle of the 1980s however, rising oil prices and foreign exchange costs led to a decline in agricultural production and most agricultural farmland projects were abandoned before any significant export of produce had taken place (Zurayk et al. 2011, Woertz 2013a).

In 2008, the GCC readopted this strategy and expanded it to the global scale (Woertz 2010/2011/2013a/2013b). The main actors are governments and recently founded sovereign wealth funds, development funds, and agricultural companies from the Gulf interested in profits from government subsidies, and off-take agreements. Also regional elites, such as Saudi Arabia’s agro lobby, are influential stakeholders. Often, “private” and “state” actors, “official” and “hidden” agendas, food security objectives as well as “development promoting” and “profit seeking” rhetoric overlap each other and become sometimes fluid, sometimes fuzzy. The most institutionalised initiatives have been the King Abdullah Initiative for Saudi Agricultural Investment Abroad (Al-Obaid 2010) and the Qatar National Food Security Programme (qnfsp.gov.qa), while sovereign wealth funds and private companies with royal shareholders are main actors in Kuwait and the United Arab Emirates. Since 2008, numerous large scale agro-investments have been reported, with – according to the number of announcements – (North and South) Sudan being again the main target for investments, followed by Pakistan, the Philippines, Ethiopia, Egypt, Turkey, Tanzania, Cambodia, and Indonesia (Woertz 2013a, 111, Woertz et al. 2008b). Hence, most of the target countries fall in the category of being net food importers or facing water scarcity themselves. They have weak infrastructures and little land rights protection. Interestingly, traditional grain exporters such as Australia or Ukraine have lost importance in relation to these new moves to secure food. Figures on the location and scale of investment, however, remain uncertain: thus, there remains a risk of underestimation, as well as overemphasis. On the one hand, a great degree of secrecy surrounds land deals and they are considered as diplomatically sensitive or commercially confidential. Accordingly, the nature of many announced deals is unclear and some land deals are not made public at all (Shepherd 2012, 3ff). On the other hand, particularly in the beginning, when land and commodity investments became a “must-have” for institutional investors, Woertz (2011, 123) points out that “Gulf agro-investments have been announced with great pleasure and often with the pomp and inclination for superlatives typically reserved for Dubai real estate deals. Journalists were taking company announcements at face value and copied stories from each other, but asked few hard questions and did few follow-up investigations. The land grab issue sold, so why ruin a good story?”

While press reports often served as a basis for academic articles, the implementation of many announced projects has proven to be elusive. As it holds true for many efforts to quantify large scale land acquisitions in general, there has also been a gap between Gulf investments announced in the media and the number of actually implemented projects (Woertz 2011, 124ff). Until 2011, with the exception of Pakistan, none of the target countries contributed noteworthy quantities to Gulf food imports. Yet, as Woertz asserts, the motivations behind Gulf investments still exist and project implementation has advanced. While in some cases, land might have been held for the purpose of speculation, reasons for delayed or failed implementation are underdeveloped or missing infrastructure, corruption or lengthy bureaucratic procedures, political unrest, the lack of skilled labour – obstacles that had already led to the abandonment of the Sudan breadbasket plan. Further geopolitical considerations relate to transport security, exposure to regional conflicts, and further aspects of the political-economic environment in target countries, as Shepherd identifies them for Cambodia (Shepherd 2012). Last but not least, Gulf investments have encountered political backlash and resistance leading to a failure to proceed with intended land deals. Several aspects that have been identified as impediments in countries in Sub-Saharan Africa or Asia are not obstacles in the contexts of countries with industrialised agricultural sectors such as Australia or Canada: infrastructure exists and is well-developed, political conditions are stable and predictable, investment procedures and land property regimes are established, and skilled labour is available.
These were important aspects for Qatar’s investments in Australia, but not the only ones, as the next section will demonstrate. While Gulf investments in Australian agricultural businesses have been taken place on different levels including indirect land acquisitions via shareholding in companies, there is only one actor from the Arab Gulf which has been involved in direct land purchases. This is Hassad Australia, the Australian subsidiary of the Qatari sovereign wealth fund backed Hassad Food Company.

3 The case of Hassad Food: Qatar’s investments in Australia

Qatar shows several characteristics typical for the Arab Gulf states but also has some features distinguishing it within the regional context. There are 1.7 million people living in Qatar (Qatar Census 2010), but only around 225,000 of them are Qatar citizens; the majority of the population are migrant workers, mostly from India, Pakistan, Sri Lanka, and the Philippines (Human Rights Watch 2012). With an expatriate population rate of around 87% Qatar has the highest percentage of international migrants in the world (Markaz 2012, 11). Qatar is one of the fastest growing economies and with a per capita GDP at purchasing power parity of more than US$90,000 it is the richest country in the world (Breisinger et al. 2011, 1). The economy is largely based upon oil and natural gas exports (CIA World Factbook 2012). Qatar’s land surface is 11,590 km² and only 1% of it is designated as “arable land” (World Bank 2012). Food imports mount up to 90% exposing Qatar to high import prices and price volatility for imported commodities (QNFSP 2012). In 2007/08, Qatar experienced the highest rate of inflation among GCC countries (Woertz 2008a). Moreover, Basher et al. (2012) observe an extreme import-price volatility for commodities imported into Qatar while at the same time agricultural imports for almost every foodstuff are highly concentrated on certain supplier countries (e.g. 78% of sheep meat imports stem from India an Pakistan, wheat imports are dominated by the three suppliers, Australia, Canada and Germany, and barley is practically exclusively imported from Australia).

In 2008, also the Qatari government launched a new food security policy. This policy is based on two pillars, the Qatar National Food Security Programme, which pursues the goal “to reduce the country’s reliance on food imports through the realization of the principle of self-sufficiency” on the one hand, and the Hassad Food Company owned by the Qatar Investment Authority, Qatar’s sovereign wealth fund, on the other hand. Hassad Food was established in 2008 with a capital base of US$1 billion in order to secure food supplies for Qatar through agricultural investments (see qnfsp.gov.qa). While investments not only in land but also in agribusiness have been pursued on a

---

8 In 2009, IFFCO Poultry Co Ltd, a wholly owned subsidiary of FELDA IFFCO, a United Arab Emirates-Malaysian joint-venture (feldaiffco.com), acquired 19.99% shares of the Australian Agricultural Company Ltd from the former major shareholder Elders Ltd and thus became its major shareholder holding 16.89% in 2011 (AACo 2009, 2/23; AACo 2011, 89). The publicly listed Australian Agricultural Company Ltd is Australia’s largest beef cattle producer, operating more than 7.2 million hectares (1.1% of Australia’s land mass) and 660,000 head of cattle (AACo 2011, 5; aaco.com.au).

9 According to own research until July 2012.


11 Qatar’s sovereign wealth fund, established in 2005, has a volume of US$115 billion, which mainly stem from liquefied natural gas exports. It was founded to strengthen the country’s economy by diversifying into new asset classes and investments. The Qatar Investment Authority invests domestically and internationally to curtail reliance on energy price volatility (http://www.swfinstitute.org/swfs/qatar-investment-authority/; 06.10.2012).

12 According to Pritchard et al. (2012, 22), Hassad Food does also hold a minority stake in the Australian Agricultural Company (see footnote 8).

Land Deal Politics Initiative
global scale, land purchases in Australia are Hassad Food’s largest investment in agricultural land properties to date. Land purchases in Australia have been realised by Hassad Australia, Hassad Food’s Australian subsidiary and Australian company established in November 2009 as Hassad Food’s first overseas investment (see hassad.com.au). Hassad Australia currently owns 250,000 hectares of land property in Australia, which is the equivalent of more than twenty times the arable land area of Qatar. The company focuses on sheep, wool and grain production and mainly invested in dryland farming. The production target is to export 100,000 lambs annually, which requires a stock of around 250,000 ewes, with the Middle East as main market. The eleven farms it has purchased are geographically spread from Queensland, New South Wales, and Victoria to Western Australia (see Table 1). The geographical spread aims at risk minimisation and seeks to reduce exposure to climatic conditions – especially rainfall, different soil types and yields, natural disasters such as fire, and problems related to logistics of transport and supply. With a production capacity of 97,000 sheep to date, within three years Hassad Australia has entered the league of Australia’s Top 10 sheep producers, currently being placed seventh on the list (Australian Farm Journal 2011).

In comparison to characteristics and impediments of investments in other countries targeted for Gulf food security as mentioned above, several aspects are in favour of Australia: a stable and reliable political setting and institutional framework; an open agricultural investment policy with low hurdles for purchasing land properties; a sophisticated degree of agricultural infrastructure and potential; and available skilled labour. Since the mid 1980s, Australian governments have widely deregularised the economy; agriculture relies on the model of “productivism” which is deemed to increase efficiency and productivity and mainly characterised by specialisation, intensification and economies of scale; agriculture is largely unsubsidised and strongly export-oriented (Lawrence et al. 2012). In line with this, Australia pursues an investment-promoting policy based on the argument that it is a large, resource rich country with high demand for capital which foreign direct investment would deliver, thereby fostering economic growth, higher rates of employment and living standards – an argumentation though which has recently become contested (see section below). From this perspective, the Gulf States are considered as most desirable business partners ‘whose investments were indeed welcome in Australia just as Australian businesses were very keen to do big things there’, and ‘who could easily go elsewhere if not attracted to invest in Australia’. These conditions crucially distinguish Australia from other targeted countries. The open, stable political framework guarantees a high degree of reliability for investments while these, in turn, fulfil the interests of certain Australian political groups and actors.

Table 1: Hassad Australia’s Farms in Australia

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>State</th>
<th>Acquired in</th>
<th>Size</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clover Downs</td>
<td>Cunnamulla</td>
<td>QLD</td>
<td>July 2010</td>
<td>125,295 ha</td>
<td>Sheep and wool</td>
</tr>
<tr>
<td>Raby Station</td>
<td>Warren</td>
<td>NSW</td>
<td>December 2010</td>
<td>8,525 ha</td>
<td>Sheep, wool and grain</td>
</tr>
<tr>
<td>Old Bundemar</td>
<td>Trangie</td>
<td>NSW</td>
<td>September 2010</td>
<td>20,817 ha</td>
<td>Sheep, wool and grain</td>
</tr>
<tr>
<td>Gindurra</td>
<td>Canowindra</td>
<td>NSW</td>
<td>November 2010</td>
<td>6,847 ha</td>
<td>Sheep, wool and grain</td>
</tr>
</tbody>
</table>

13 While investments have been announced for several countries, until mid 2012 apart from Australia land had only been acquired in Sudan according to a representative of Hassad Australia. Inquiries and negotiations are still continuing in order to pursue Hassad Food’s objective to establish a worldwide food network.
14 As of June 2012; if not otherwise stated, the following information relies on qualitative interviews conducted with representatives of Hassad Australia in Australia in June 2012. These interviews were complemented by further conversations with Australian actors who are doing business with the Gulf States or facilitating economic relations.
15 Statements according to Nick Sherry, former Assistant Treasurer and Tasmanian Senator during his visit to Qatar in 2009 (Gulf Times 2010), and Peter Metcalfe, Department grains industry development director (The West 2008). Actors who have expressed similar views include, for example, several (former) Australian ministers and politicians as well as institutions and organisations such as the Foreign Investment Review Board, the National Farmers Federation, the Pastoralists and Graziers Association, Australian Grain Growers Association, the Australia Gulf Council, Australian Bankers BKK, RM Williams Agriculture Holdings, Coffey International, to name but a few.
Institutional as well as personal interlinkages played a key role in the process of identifying Australia as an investment region and establishing Hassad Australia. From its very beginning, the establishment of the Qatar National Food Security Programme was accompanied by an Australian development consultancy from Brisbane, which advised the Qatari government about their food security strategy. When the Qatari government set up Hassad Food as the company to be responsible for implementing the food security policy on the international scale, the consultancy advised Hassad Food’s business plan and facilitated its establishment as well as land purchases via a partnership with the Australian company Bydand Agricultural Management Services (www.bydand.com.au). In 2009, Hassad signed a Management Services Agreement with Bydand, which has subsequently been responsible for the implementation of Hassad’s business plan including areas such as property acquisitions, human resources, financial management, farms operations, and its genetic development programme (BAMS n.d.). The strategic alliance between Qatar’s food security strategy and Australia’s interest to attract foreign direct investment is not least mirrored in personal entanglements on the level of the company. While Hassad Australia is primarily run by Australians, including several Australians on the Board, such as the former dean of agriculture of the University of Melbourne, Australians also hold important positions at Hassad Food in Qatar, for instance the position of the deputy head of investments and the head of grain business. Managed by Bydand, Hassad has purchased land properties from both private as well as corporate and foreign owners, such as Bydand itself, the subsidiary of the British Swire Group Clyde or the Sydney-based Muir family. According to a representative of Hassad in Australia, the proportion of previously owned corporate and private ownership is roughly two third of acquisitions from corporate, and one third from private, entities. All farms are currently operated by farm managers. If the farm was managed before, the former staff might have been kept on. In other cases new managers have been employed and, where possible, these jobs are filled by local people. In some occasions, the former owner has become the new farm manager (representative of Hassad Australia). Hence, as has been demonstrated in this section, via its sovereign wealth fund Qatar has invested income from oil and gas exports in food production and acquired properties outside its national territory leading to an exterritorialisation of access to resources in Australia. The objective of achieving food security has been employed as legitimisation of investments that have been pursued and facilitated from both sides and which fulfil the strategic interests of certain state and private actors involved. However, foreign investments in Australian land properties, particularly associated with the purpose of food security, have become scrutinised in the last years and political opposition against foreign landownership has emerged, as will be delineated in the following section.

4 Foreign direct investment, land ownership, and food security in Australia

Australia is highly self sufficient in terms of food production: 93% of domestically consumed food is produced in Australia; furthermore, around 60% of agricultural production, mainly wheat, sugar, beef, etc.,...
wine, and processed dairy products, is exported and estimated to feed another 40 million people abroad (Lawrence et al. 2012, 3). Despite relatively high land values, Australia has moved into investors’ sights due to its vast tracts of land, assumed capacity to increase production, political and economic stability and reputation for quality production, particularly in cattle and sheep industries (Broadbent and Pritchard 2011). There has been an apparent increase in foreign investment in agriculture since 2007 (Moir 2011, 7ff). With new investors such as agricultural investment funds, asset management companies investing money for example for pension funds or agribusiness companies owned by sovereign wealth funds, Australia’s foreign investment policy, and particularly foreign ownership of agricultural land, has become a controversially discussed topic in political discourses, the media, and “everyday contexts”. As the journalist Tim Lee put it: “There are few issues in rural Australia more emotive than the spectre of foreigners – large, secretive, cashed up and corporate – buying up our precious farmland and helping to hasten the death of the family farm. In recent surveys, farmers have ranked foreign ownership as one of the greatest threats facing Australian agriculture” (ABC 2012). Despite the fact that agricultural land is just one section of the Australian economy attracting foreign investors (and, as some commentators note, the restructuring and deregulation of the Australian agribusiness sector has lately received massive foreign inflows and might deserve more attention ), much of debate has centred upon land ownership. Positions range between adhering to Australia as open economic space unambiguously welcoming investment flows, and voices that denounce Australia’s natural resource policy as “selling out the farm” expressing concerns about Australia’s own food security. Interestingly, the range of stakeholders claiming stricter regulations for foreign landownership goes across traditional political “right” or “left” wing factions and includes the coalition of rather centre-right conservative parties, the Liberal Party as well as the Australian Greens. Some contributions have indeed employed populist and racist undertones, but these arguments have also been used in order to delegitimise concerns or downplay the phenomenon. While an analysis of the sometimes heated media debate would be a paper in itself, this section will focus on foreign direct investment regulation in Australia and the main recent political initiatives to redefine the legislation of foreign land ownership.

The legislative framework for foreign investment in Australia is provided by the Foreign Acquisitions and Takeovers Act 1975 and pertains to the acquisition of Australian business, assets or land. Generally, the foreign direct investment regime becomes involved when an investor seeks to acquire an interest of more than 15% of an Australian business that exceeds 244 million AU-dollars, in sectors that are considered as particularly sensitive such as land or in case a foreign government-related entity is involved in the proposed acquisition (Bath 2012, 7ff). Accordingly, since it is owned by Qatar’s sovereign wealth fund, Hassad Food’s land acquisitions had to receive approval from the Foreign Investment Review Board. Investment proposals falling into the mentioned categories are assessed individually with regard to the question of whether they are against the national interests, as decided by the elected Treasurer who is assisted by the Foreign Investment Review Board. Thus, according to Bath, “the basic principle underlying FATA [Foreign Acquisitions and Takeovers Act 1975] and the Australian foreign investment regime is that investment is encouraged, subject to the reservation that the Treasurer may determine that a particular acquisition should be prohibited because it is contrary to the national interest” (Bath 2012, 8). This case-by-case approach is intended to maximise investment flows while at the same time ensuring that the national interest is protected (Treasurer 2012). The “national interest” however is deliberately not defined in the Foreign Acquisitions and Takeovers Act 1975.
Acquisitions and Takeovers Act 1975 nor are there guidelines regarding the considerations the Treasurer should take into account. The Foreign Investment Policy, however, delineates a number of factors to consider when assessing foreign investment, such as national security, competition, other government policies regarding tax and environment, impact on the economy and the community and character of the investor (Treasurer 2012, 6ff). In practice, rejections of proposals have been rare but approvals with conditions imposed on national interest grounds are not uncommon. Australia’s foreign direct investment regime has been subject to criticism in both ways, for being too restrictive (e.g. by the OECD) and for not being restrictive enough (cf. Bath 2012).

As a key political initiative in order to strengthen the rules for foreign investment in agricultural land, the Senators Xenophon (independent) and Milne (Australian Greens) introduced the Foreign Acquisitions Amendment (Agricultural Land) Bill 2010 into the Commonwealth Senate in late 2010. The central amendment that the bill proposed was to change the monetary threshold to a spatial threshold of agricultural land greater than 5 hectares. Further amendments sought to redefine the terms of “Australian agricultural land” and “interest” in Australian agricultural land, a better protection against potential piecemeal purchases by foreign investors, and greater requirements on making applications of interest and their current status publicly available. The bill also detailed criteria defining the national interest, which was intended to be transferred into a legislative requirement rather than being, as at present, a mere guide (Foreign Acquisitions Amendment (Agricultural Land) Bill 2010). One of the main outcomes the debate around the bill revealed was the lack of adequate data available in order to appropriately assess the extent of foreign-owned land in Australia and the consequent difficulty in making informed decisions or legislative changes. Apart from registers for Queensland, there is no database providing information on ownership of agricultural land in Australia. The Treasurer hence confirmed that “there is a lack of data to gauge the level of foreign ownership of rural land and water entitlements and whether that level is detrimental to the wellbeing of Australians” (Economics Legislation Committee 2011, 24). Against this backdrop, a joint research and data gathering project was commissioned to undertake a study reviewing existing data on the role and history of foreign investment and providing information on driving factors, ownership structures, and comparative regulation in other countries. In addition to concerns such as the bill’s potential to deter investors, diminish foreign investments and impact negatively on rural land values also the issue of food security was discussed. For instance, Senator Xenophon argued the buy up-of of Australian agricultural assets by countries from Asia and the Middle had become “ever more aggressive” since the global food shortage of 2008. While these countries were looking to protect their own food security, for which they could not be faulted, Australians had to acknowledge that inadequate foreign investment guidelines put their own

---

20 “What is contrary to the national interest cannot be answered with hard and fast rules. Attempting to do so can prohibit beneficial investments and that is not in the intention of our regime” (Treasurer 2012). Despite several attempts to further determine the “national interest”, Australian courts have been consistent in their view that its determination lies within the discretion of the relevant minister; it is not mandatory and cannot be compelled (Bath 2012, 12ff).

21 Currently, Nick Xenophon is Independent Senator for South Australia and Christine Milne is Senator for Tasmania and leader of the Greens.

22 In 2010 the monetary threshold was 231 million AU-dollars (Foreign Acquisitions Amendment (Agricultural Land) Bill 2010).

23 The study was commissioned to the Australian Bureau of Statistics which would undertake a new survey (Agricultural Land and Water Ownership Survey) and to the Rural Industries Research and Development Corporation, working together with the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the research arm of the Department of Agriculture, Fisheries and Forestry (Economics Legislation Committee 2011, 11). The Australian Bureau of Statistics released the survey data on 09.09.2011 (http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/7127.0Main%20Features1December%202010?opendocument &tabname=Summary&prodno=7127.0&issue=December%202010&num=&view; accessed 25.04.2013); the ABARES report which also draws on this survey data was published in November 2011 (Moir 2011).
agricultural industry at risk (Xenophon 2010, 2099). Also the National Farmers’ Federation remarked that instead of being underpinned by genuine commercial forces with profits as the driver, food security emerged as new factor for investment: “With state owned enterprises entering the market, it is becoming blurred as to whether all of this investment is still interested in the profitability of the venture, or rather in ensuring that a consistent stream of food can be delivered to its people” (Economics Legislation Committee 2011, 45). Against the backdrop of considering the concerns raised for and against the bill and the strength of Australia’s agricultural sector regarding both domestic supply as well as its role in international food exports, the Senate Economics Legislation Committee finally decided the bill should not be passed. Nonetheless, political debate has continued with further statements and initiatives, both for and against stricter regulation including a further round of senate discussion: in June 2011, a Coalition Working Group was established in reaction to community and industry concerns (Coalition’s Discussion Paper 2012); in July 2011 the Senate’s Rural Affairs and Transport References Committee was mandated to inquire upon the national interest test and tax arrangements (Rural Affairs and Transport References Committee 2012); The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) published the commissioned study on foreign investment and Australian agriculture in late 2011; and The Treasurer released a policy statement regarding foreign investment in agriculture in January 2012. Furthermore, the Federal Government also announced to introduce a foreign ownership register for agricultural land (The Sydney Morning Herald 2012).

Apart from the standing committee all three contributions underline their overwhelming commitment to an open and little-restricted stance on foreign investments in land and stress Australia’s dependence on foreign investment. Foreign investment is rather deemed to be essential for food production while lacking investment would lead to decreasing food production:

> Australia is a capital hungry country that has always relied on foreign investment as a driver of employment and prosperity, including in our agricultural sector. Foreign investment plays an important role in maximising food production and supporting Australia’s position as a major net exporter of agricultural produce, by financing investment, and delivering productivity gains and technological innovations. Without foreign capital inflows, investment in Australia would be limited, resulting in lower food production with potentially higher food prices, as well as lower employment, lower incomes in the sector and lower government revenue.

> The committee reiterates that FDI is critical to the development of Australia’s industries and has significant benefits for the Australian community at large. Further, the committee believes that the current FIRB arrangements are adequate to protect the national interest and ensure Australia’s food security. Australia remains a significant net exporter of food and is clearly self-sufficient in agricultural production. The FIRB process has worked well on a case by case basis and should not be subject to a prescriptive national interest test. The committee believes that the bill’s national interest test and spatial threshold would be inconsistent with the existing FIRB framework and, potentially, Australia’s FTAs and OECD obligations” (The Senate: Economics Legislation Committee 2011, 48).

> Similarly, ABARES states:

> Australia has a high level of food security. Food is abundant, and Australia is highly self-sufficient as well as food secure, producing more than twice the amount of food it consumes. […] Australia’s food security is likely to be further enhanced by ongoing foreign investment in agriculture. For the economy as a whole, the flow of foreign funds leads to higher aggregate production in the economy and thus to higher incomes, which improve consumers’ capacity to purchase food.
Based on data released by the Australian Bureau of Statistics (ABS), the report shows that in 2010 44 million hectares, the equivalent of 11.3% of agricultural land in Australia, were wholly or partly foreign owned. This amount is almost double that for 1984 (5.9%). While for some observers the ABS data seemed to prove that concerns about foreign land ownership were rather ungrounded it was also criticised for downplaying the survey data. The Coalition’s Discussion Paper, released in August 2012, again summarises main concerns and outlines “matters for public discussion” (Coalition’s Discussion Paper 2012). Similarly to the bill of 2010, it suggests that the threshold for examination by the Foreign Investment Review Board be lowered, in this case to 15 million AU-dollars. The interim report of the Rural Affairs and Transport References Committee released in November 2012 however makes clear that the issue of foreign investments is far from being resolved and, again, the matter of food security is paramount. Regarding the food security issue, the committee mentions the possibility of government entities investing in Australia for non-commercial food security purposes to avoid a fair tax share and states that “as a general principle, foreign government entities should invest in Australian agricultural land and businesses on a commercial basis and not for food security purposes” (Rural Affairs and Transport References Committee 2012, 11). Moreover, the erosion of the tax base from multinational companies reducing their tax liabilities is considered a direct threat to Australia’s sovereignty. These discussions reveal how concepts of the “national interest”, “food security” vs. “commercial business” and “Australian” vs. “foreign” land ownership and the way these should be measured are currently subject to considerable political debate in which some actors seek to redefine and tighten meanings while others prefer to leave them rather undefined and hence flexibly adjustable. It is remarkable though that current foreign landownership discussions rarely refer to the ambivalent role foreign land appropriation has played during Australia’s colonial history.

The debates delineated so far have to be positioned within the complex rural economies of landownership and pathways of landownership change as well as productivist and neoliberal doctrines guiding Australian agriculture – issues that have only recently been analysed through a comprehensive assessment of patterns and structural changes of rural landownership in Australia (Pritchard et al. 2012). The report for the first time provides foundational statistics on aspects such as the average return rate of ownership change, the characteristics of change (aggregation or

---

25 In terms of wholly or partly owned agricultural businesses the portion is only 1% which indicates that foreign owned businesses tend to operate larger holdings. With 23.8%, the Northern Territories account for the highest amount of foreign ownership, followed by South Australia (12.1%) and Queensland (11.8%) while Victoria registers only 0.8%. The highest level of foreign ownership is in the beef cattle, sheep, and grains industries. While in the 1980s, the largest foreign landowners originated from the United Kingdom and the United States there is no information on the current distribution of investors’ nationalities (Moir 2011, 19ff).

26 For instance, Mick Keogh, Director of the Australian Farm Institute, states that the survey would draw on a biased sample, provided limited or no information on size, trends, and scale of foreign-owned operations, and did not explain how listed entities with some foreign ownership such as the Australia Agricultural Company or Australia registered companies with majority overseas ownership were treated. He furthermore points to recently launched Australian-owned agricultural investment funds with 90% of their original funding coming from overseas sources. These funds had become major operators of agriculture businesses but would not be classified as foreign investment (Keogh 2012, 1-3).


28 According to my research this part of the history of “foreign landownership” in Australia is practically non-existent in current discourse; one exception is Mick Keogh who notes: “[I]t seems to me that the sometimes emotional opposition that is voiced to foreign ownership of Australian farmland is not justified, based on available evidence and observations. As more than a few commentators have pointed out, Australia has a long history of foreign ownership of Australian farmland, and indeed I have heard an aboriginal representative voice the opinion that most Australian farmers are foreigners, from his perspective!” (Keogh 2012, 6).
fragmentation of land parcels), and the relationship between rates of turnover in the rural property market and socio-economic variables such as climatic conditions. The authors at the same time seek to situate this data within a broader explanatory framework focusing on plurality and contestation in rural Australia in order to comprehend its significance. While constructing land ownership dynamics as occurring through the accumulation of separate decisions by individual landholders rendering the directions of rural land transitions non-determinant, non-linear, and spatially heterogeneous, they nonetheless identify nine distinct patterns of landownership change labelled as “pathways” (Pritchard et al. 2012a, 6/18). One pathway labelled as “asset switching” particularly refers to processes such as the consolidation of the pastoral business in 2008/09 that occurred after a spike in global food prices and that was driven by sovereign backed enterprises as well as investment funds raising capital on an international scale such as the Macquarie Agricultural Funds Management (cf. Pritchard et al. 2012a, 21–25). As demonstrated above, the public discussion has been, however, much stronger focused on the aspect of foreign actors purchasing farmland than the emergent attractiveness of land and agriculture as a financial asset class for national and international investors alike. With regard to foreign landownership the authors also stress the need for current data and expect a significant increase since 2005, while Broadbent and Pritchard (2011) emphasise the need to identify what ownership as such refers to. Instinctive criticism of foreign or corporate interests “buying up the farm”, in their opinion, reflects a populist refrain failing to take account of the complexities of the rural economy. Even the provision of the lacking data could only serve as a starting point in considering “national interest” and “food security”: “What matters is not the ownership of land per se, but the ways in which landowners utilise their land, and the bridges and connections they have with upstream and downstream participants in agrifood chains, beyond the farm gate. The motivation and strategies of rural land owners – not their national origins – should be the germane issue for policy-makers and public figures concerned with assessing the national interest” (Broadbent and Pritchard 2011, 19). Furthermore, Lawrence et al. (2012) note that in the case of investments for food security, this kind of “unambiguously welcomed” foreign investment acts, ironically, in undermining the prevailing neoliberal doctrine of “open markets”: “While the goal of increasing foreign direct investment is part of the WTO’s adherence to ‘comparative advantage’ and, more broadly, to global neoliberalism [...] products returned to investor nations do not enter the open market [...]” (Lawrence et al. 2012, 3). In their analysis, productivism and neoliberalism, though apparently intractably anchored in Australian policy, have already impacted gravely on natural resources and fail to counter emerging challenges of food security in Australia such as financialisation of farming, conversion and removal of land for biofuel production and mining purposes, and, increasingly effects of climate change.

5 Community perspectives and Hassad’s shift from food security to commercial business

Renegotiations and conflicting concepts of the openness of “Australian space” and the determination of who should gain access to and be allowed to exploit Australian land properties for what purposes are mirrored at the community level, as observations from field research in rural New South Wales where Hassad Australia recently acquired two properties demonstrate.30 The Warren Shire is located

---

29 “The pathways approach enables attention to be focuses on ‘which class’ of landholder is likely to sell to ‘which other class’ of landholder. Thus, this approach seeks to identify prevailing patterns of change, but within an agent-focused perspective” (Pritchard et al. 2012a, 6). The nine pathways identified comprise “public use conversion”, “asset switching”, “corporatisation of agriculture”, “mining”, “land churning”, “upscaling”, “treading water”, “amenity capture”, and “sub-dividing”.

30 Qualitative interviews were conducted with various actors of the Warren community, such as farmers, graziers, and local agricultural businessmen, representatives of the Shire Council and the Aboriginal Land Council in June 2012; all names used in this paper are pseudonyms.
in the “preferred investment corridor for foreign investors” (PRD 2012, 2) in New South Wales. The area is mainly characterised by cotton, grain, and livestock production based upon a mixture of family-owned farms, absentee land ownership, and corporate businesses. Corporate ownership is a common and well-established component of agriculture and, together with private individual ownership, dominates ownership structures (Broadbent and Pritchard 2011), even though 2.7% foreign landownership in New South Wales is low in comparison to other Australian states (Moir 2011, 19). Other forms of ownership, such as Aboriginal land titles, are marginal. Over the last few years, several agricultural land holdings have changed ownership in the Warren Shire. Two large foreign landowners sold their properties while new investors (especially financial investors) have entered the stage (cf. Larder et al. 2013 forthcoming). Hassad Australia is neither the only foreign investor, nor corporate investor, in the area where it currently owns two stations for sheep, wool, and grain production. Stations were acquired from both corporate and private owners in 2010 and 2011. One property had been owned by a family based in Sydney. The other station has been grouped together from originally four properties which were formerly owned by Clyde, a subsidiary of the UK-based Swire Group, the Bydand Pastoral Company, as well as two private owners from the area. Both properties are run by farm managers who had already been farm managers with the former owner. People’s voices, reactions to and perceptions of recent land ownership changes, and particularly Hassad’s investments, are diverse; some perspectives mirror debates about foreign ownership and food security that have characterised media reporting and political debates, while others express wider concerns that are related to broader social transformations of rural areas. Three overlapping lines of argument can be identified that touch upon aspects such as the figure of the “good corporate citizen”, increasing accumulation of land by powerful actors, and the future role of local families and their farms in these contexts.

The first response regarding Hassad’s land purchases, here, is represented by Bill – a grazier and representative of the Shire Council Bill – and can be characterised as supportive. While the tenor is that the difference Hassad could possibly make cannot yet be judged since investments occurred too recently, the basic perspective on the new investor is confident and anticipates that the company will be willing to become a “good corporate citizen”:

They probably haven’t had a presence here long enough for us to say how they’re going to perform. [...] I’d be hopeful that they would be good corporate citizens and buy as much as they could locally and employ locals where they can. [...] I’m not going to lie awake at night thinking that Hassad is going to be necessarily bad for the Shire. They might be really good. They might sponsor a race day or they might do something really good at the school. We shouldn’t prejudge them. They might be really a pleasure to have about.

Bill, grazier and representative of the Shire Council

Joining the conversation, a young woman working for the community agrees and adds:

I think it’s quite natural that whoever owns it, they still need people to run the property, so obviously to employ a lot of locals. Even if they employ people from elsewhere, they’re still

---

31 Broadbent and Pritchard (2011) distinguish between five main categories of ownership in New South Wales: land owned by private individuals; private or public corporations; governments; Aboriginal organisations; and community organisations. The bulk of land in New South Wales is owned by the two first categories of landowners with a decrease of private individual (76.2% to 73.6%) and an increase of corporate (20.2% to 22%) over the study period 2004 till 2008.

32 Between 2004 and 2008, rates of non-urban landownership change in Warren were below both state and regional average and were typically either changeover events or resulted in aggregation (Pritchard et al. 2012b, 334–337). According to our research, however, major landholdings in the Shire have changed hand after 2008.
going to probably have families. It’ll be natural to become involved in the community. They’ll have needs to use the schools and come into town.

Young woman working for the community

The perception of Hassad from the point of view expressed in these statements is centred on the idea of “good corporate citizenship” and Hassad’s future performance in this respect in the community. Absentee or corporate ownership of land properties and agricultural businesses, investments by corporate actors and financial flows coming in from outside of the country are implicitly assumed as an indispensible part of Australia’s rural agricultural landscape and are not questioned. The perception of investors to a considerable degree depends on their behaviour as “corporate citizens” which is evaluated in terms of their engagement with the community:

I would say that I’ve got no problem with that type of ownership providing they have a commitment to our community. In other words they shop locally and that they are involved in community organisations be it, you know, the school, the hospital, the council, sporting clubs, churches, service clubs. All those – they are all areas where a strong community has got representatives from diverse groups in the community.

Bill, grazier and representative of the Shire Council

Here, Hassad makes no difference – the company represents another investor in a long tradition of investors who had owned land properties in the Shire. Changes to land ownership control had taken place before and are expected to continue in the future – they are not as such exceptional. Recent transactions are positioned within the history of landownership that did not just start recently and had included foreign ownership before:

It is just replacing bigger operations under one form of ownership with another form of ownership. Even if you go back to the country that Hassad now owns […] it was owned by […] a motor dealer in […] Sydney. Before that it was owned by CSR. Before that it was owned by Australian Estates. The Duke of Edinburgh actually stayed [there] in the 1940s or 1950s […] when he came out for a visit because it was British ownership. So if that was British ownership then and […] it’s now Qatar […], you know what’s really changed, just the nationality of the people owning it. It’s not as though it was a family farm that set up.

Bill, grazier and representative of the Shire Council

Yet in the last remark a distinction between an established “external” ownership of a property and an “internal” ownership structure, here represented by the “family farm”, shines through and reframes Bill’s position: Hassad’s investment in the particular case he refers to represents a change hands between two actors considered as “corporates”. This transaction does not interfere with family ownership and hence does not change the existing “balance” between corporate and family ownership. His view would be different if investments increasingly replaced family farms, as the following statement demonstrates:

We obviously don’t want to lose our predominantly family farm operation for two reasons. The first one being the history and the involvement like my family going way, way back. […] My theory is that the family farm is mighty resilient. We’re not just there in the good times. We actually do tighten the belt and tough out the bad times because we love it. Whereas if you were a company that was preoccupied with the balance sheet, there might be two or three years when you were losing money. So the board would say that’s no good, that asset’s worth X million dollars. Flog it. We can put that into units on the Gold Coast or a shopping centre in Parramatta will return more money. Whereas the family farm is, as I say, more resilient, more inclined to tough out the bad years with the confidence that the
good ones will come around. [...] So yes, I'd be concerned if it started to impact on family farms.

Bill, grazier and representative of the Shire Council

While this later perspective strongly relates to the debate on the virtues of family versus corporate farming that has been going on for decades, the second view reflects the discourse around foreign ownership and food security as delineated above. From this perspective, Middle Eastern land ownership is closely identified not as a usual business operation but with the notion of food security, which makes a crucial difference. Harry, a local businessman who sells agricultural machinery in town, particularly articulates this perspective. Asked about his opinion on recent changes in land ownership, Harry says even though the new owners had not been there for a long time, the feelings he was getting off them were “different”. In his view, the new landowners have another way of doing business, they would purchase agricultural material differently, and would, most importantly, care less about where they buy. He perceives the new owners as being less concerned about supporting the locals and as less community focused. He does not hide that he is strictly against foreign ownership and expresses himself with emphasis:

My personal view of foreign investment is they shouldn't be allowed to buy Australian country. Facilitator: Who shouldn't? Any investor. They can lease it, lease the country [...] but they should never be able to own it. Facilitator: Who's foreign then? I'm just talking about anyone who is not an Australian citizen. Like any company, if it's got to be 51 per cent owned by Australia. [...] I think we're selling our country out and I don't agree with it at all. [...] Even around here, there's six or seven farms in this district or more than that now, but I'm just saying that's a fairly big chunk of ground and then they've just bought a few more million over south and that. They're not buying shit country, they're buying good country.

Harry, agricultural businessman

What goes against the grain for Harry is the presence of an “exterritorialised” business that exploits Australian resources, while acting independently in terms of its operations and infrastructure as a means of repatriating agricultural production:

[T]hese companies are going to say well, we want sheep or whatever, we'll get a bloody heap of sheep here, get our own ship over, bugger the Aussies, we'll just grow them here, ship them out, same with the minerals, mines, cotton, wheat, whatever, we'll go and feed our country but we'll use Australian soil.

Harry, agricultural businessman

Even though change of landownership structure and foreign land ownership is not uncommon or unusual and can be considered as cyclical – as it was hinted in the grazier’s perspective above and as it shines through in the following again – the issue of food security production also agitates Louise, as she discusses the topic with her husband Ryan, who is also a grazier:

R: I mean it has definitely changed. [...] Before Hassad took [it] over [...] it had changed as well. [T]hings are always changing. [I]t is a cyclical thing. I think the only thing that has really changed is the whole food security thing. [...] L: How come we’re so keen to get rid of it (with passion in her voice)?! That’s what gets me. It really does, I mean, I just do not

---

33 For the debate on the role of family farming within rural transformations in Australia see, e.g., the articles collected by Pritchard and McManus (2000) and Pritchard et al. (2007).

Land Deal Politics Initiative
understand that you can sell something as valuable as land which is a very valuable asset to someone else overseas to produce food, as in the case of Hassad, we won’t get it, it’ll all go back overseas to home.

Grazier Ryan and his wife Louise

As the discussion between Ryan and Louise continues, Ryan carries his thoughts about food security further and starts to reflect upon Australia’s food production capacities and a potentially resulting moral responsibility from this capacity while in Louise’s opinion everyone looks after his own interests first:

R: Do we have the right to say well, we are fortunate enough in Australia because we do have land mass [...] and we have those sorts of resources, do we have the right to say ‘well we’ll have those for ourselves’? L: When it comes down to it I think you probably do. [...] R: No, I’m talking about a moral responsibility to ... L: Well, you’ve got to look after you own first, don’t you. No? R: It doesn’t have to be either or. But I mean there is a role of responsibility I would suggest to attempt to feed those or look after people less fortunate than we are. So if we’ve got the position there and we can do it ... otherwise people are going to starve.

Grazier Ryan and his wife Louise

In addition to issues of food security and even possible moral responsibilities facing worldwide food shortage last but not least there are concerns about increasing concentration of resources and land, the future of rural families, and the question of their farm viability. In the competition over land, locals increasingly compete with much more powerful actors. As Ryan puts it, “it all comes back to the where you negotiate from a position of power”. At the end of the day, the one with the money would get the tender. Even though some families were big enough to stay in the game, by and large a lot of families had been ruled out of the market – and often if families wanted to sell their land now they also had to approach companies due to a lack of other choices. Once companies started to aggregate, properties were truly out of the reach of family farmers, which is, in his view, a one-way-street:

I think it very rarely shifts back to family farms. It tends to go only one way. Because you are making an asset grow, it’s the whole point of the exercise, so then it becomes beyond the reach of the average family farm.

Ryan, grazier

Hassad’s investment however once again adds another layer of power to corporate land ownership – if most family farms had not been able to compete with companies before, sovereign ownership certainly represents a further dimension for Ryan:

I think that the biggest shift that is happening now, which is the bit that I find scary, is it’s not one company dealing with another, you might be taking on basically another company which has sovereign backing so you’re not dealing with another company where you have some realistic competition, you are dealing with a government which has unlimited backing so you can’t compete with that.

Ryan, grazier

The perceptions which have been presented as exemplary for the people living in the community of Warren show that for most of them foreign investment is not either a black or white issue but rather ambivalent mainly depending on the kind of investor and his engagement with rural life. What needs to be understood, however, is that foreign investment is considered as an inherent part of Australia’s modern history since the beginning of European settlement with British, and more recently US,
funding assisting in agricultural expansion. In the context of the neoliberal doctrine, which conceptualises Australia as an economically open space depending on, and unambiguously welcoming, financial inflows, investments are overwhelmingly positively connoted. These assumptions also underlie community perspectives. Instead of belonging to a certain nationality it is rather the figure of the “good corporate citizen” – the commitment to the rural community – that investors are expected and at the same time hoped to satisfy. Nevertheless, discussions have also revealed that perceptions of foreign landownership crucially differ when it comes to food security – the impression of an exterritorialised food production for the sake of repatriation raises anger and opposition, though also moral reflections on responsibilities with respect to Australia’s role in world food production. Moreover, local responses cannot be separated from their embeddedness within broader transformations of Australian agricultural landscape which have been characterised by increasing accumulation of power over resources in fewer hands and the struggle of communities and family farms to maintain the viability of rural lifestyles (Gray and Lawrence 2001).

As the discourse over food security emerged – and presumably also in response to it – Hassad Australia’s public communication, transparency, and self-representation has changed including the shift from the original interest of food security to the emphasis on being a commercial investor. This was also highlighted during interviews with representatives of Hassad Australia. That is, while Hassad Australia had originally been founded with food security as a driver and the goal to “grow food and ship it to Qatar” the focus had changed and now relies upon “running the company as a commercial enterprise”. The company shall now only fulfil a kind of “back up” function giving Qatar the capacity – “if it needs to” – to be able to buy the production. If not, the company would decide for the most profitable avenue to sell its produce. Thereby, Hassad Australia would become “a true investment of the Qatar investment authority creating commercial return and delivering it to their shareholders”. Since its foundation Hassad Australia had exported less than 3% of its production and the rest has been sold through local abattoirs and livestock chains. Australia’s strength would be that it could balance both, achieve the production but also the investment return. Another interviewee of the company further explains the difference between food security and commercial interests as follows:

Food security is just going out and securing the supply of food without regarding the cost, [...] they don’t have to go and make a profit of it. Commercial outcome, [...] they are going to make money and they are going to give a dividend return to the investor, so the Qatari government is investing as an investor into Hassad Australia with the aim at long term they will get an investment return out of that because it’s a commercial decision. [...] You cannot understand how different a driver it puts on the whole programme, from a food security to a commercial outcome is a big difference.

Representative of Hassad Australia

In his understanding, this shift makes the crucial difference between being a “land grabber” – a non-commercial investor for food security – and a commercially-oriented business representing the “good” investment. Despite this interpretation, the issue of food security remains slightly opaque: In case of a hypothetical food shortage, Hassad Australia’s “back up” function means that the parent company Hassad Food has the right to make the first offer on production but would have to buy it at world market price. Nevertheless, “at the end of the day we are one hundred per cent owned by our parent company and they have the ability if they want to say actually this year we’d like to buy all your grain, that’s fine, that just a commercial decision again” (representative of Hassad Australia). In addition to fulfilling strategic interests by certain factions of public and private actors across Qatar and Australia, Hassad’s investment blurs the boundaries between food security interests, commercial rationales, and financial interests with regard to returns from farmland investment. In this respect,
these land deals represent a case in which recent trends in global farmland investments within the context of food security and financialisation of agriculture merge. Last but not least, the company also started to deal more proactively with its negative image of “food security grabber” in pursuing a better marketing of the company including a certain “transparency campaign”. This development is in line with Woertz’s observation that Qatar seeks to avoid portraying its agricultural initiatives as narrowly focused on national food security and rather prefers to align itself with international concerns (Woertz 2013b, 97). Hassad Australia launched a new website in 2012, providing information on farm operations, pictures of agricultural holdings and staff members, and announcements of ethics (e.g. regarding “valuing people” or animal welfare). It reads as a strong emphasis of the “Australianness” of the company and expresses its community engagement and commitment to be “a good corporate citizen”.

[T]he success of the business is underpinned by the strength and experience of its Australian property managers and operators who strive for excellence in productivity and sustainability. The company is a committed investor in Australian agriculture for the long term and will look to partner with key research organisations and invest in research and development to support future innovation. [Hassad Australia] strives to be an organisation that excels in its corporate responsibilities by being a good corporate citizen and actively contributing to and supporting the local communities where it operates.


6 Conclusion

Contrary to the bulk of literature on recent land deals focusing on the global South, this paper has investigated investments from the Arab Gulf targeting agricultural land properties in Australia and argued that they constitute a case study of a reverse constellation of land acquisitions. That is, farmland investments in the recent “rush for land” have mainly targeted countries in Sub-Saharan Africa, Asia, and South America often characterised by weak infrastructures, less industrialised agriculture, small-scale farming, authoritative regimes, few possibilities of political participation, and their own food insecurity. In all these respects Australia represents a counter example: more than 90% of domestically consumed food is Australian produced, Australia has one of the most industrialised and sophisticated agricultural sectors worldwide, and agriculture is – in productivist terms – highly efficient, widely unsubsidised, and export-oriented. In worldwide comparison, agricultural operations are massive and the result of long processes of consolidation and integration since neoliberalism has become the reigning political principle since 1980s. Within this doctrine, Australia’s economy is conceptualised as an “open space” unequivocally welcoming foreign direct investment. Due to these characteristics and despite comparatively high land prices Australia has increasingly moved into the focus of farmland investors who are seeking for secure investment opportunities, high yields and returns, and in some cases aim to produce food for their own populations. The Gulf States with few natural resources for food production and which have recently experienced market-related food insecurity are one of the main actors pushing forward global investments in farmland, with Australia as one of the target countries. These developments reflect an emergent shift towards a new “food security mercantilism” (McMichael 2013) within an environment of changing global balances of power beyond the traditional “North–South” and “East–West” axes (Margulis and Porter 2013). The case study of the Hassad Food Company has demonstrated that both power balances between Australia and the Gulf, and the aspect of food security, are not one-dimensional. Rather, the actors as well as the interests they represent and promote are multi-layered. Qatar’s choice of Australia as target country for land investments is at

34 This message is also communicated in presentations held by representatives of Hassad Australia for Australian business and agricultural audiences (cf. McKeon 2012, Corbett 2013).
least partly the result of Australian consultants advising the Qatar National Food Security Programme on food security issues. Australia is favoured as a worthwhile investment country and the setting up of Hassad’s Australian subsidiary Hassad Australia as well as land purchases are facilitated and accommodated by Australian partner organisations which, in turn, pursue their own business interests in the Arab Gulf. Large-scale land deals are thus the result of strategic alliances between actors on both sides. Increasing media reporting has, however, led to increasing public concerns about changes in agricultural land ownership and a fierce debate across political factions has emerged. It is important to note that Hassad’s investments in Australia are the result of a democratically legitimised process during which approval by the elected Treasurer and the Foreign Investment Review Board has been achieved. Attempts to alter current legislation accordingly have had to address Australia’s foreign investment regime. Apart from vivid media attention, “resistance” in Australia has thus mainly been carried out via making use of constitutional legislation and processes pushed forward by different political factions. By these means, the topic has been reviewed by different democratic institutions including the opportunity for citizens to participate via submissions or in public hearings and to be kept informed by online published reports. This process of renegotiation of current legislation has just been taken to a further round and is far from being resolved. While lacking availability of data in order to appropriately estimate the issue was one of the core outcomes, food security has been at the very heart of the discourse preliminary culminating in considering investments for the sake of another nation’s food security as a threat to Australia’s sovereignty. Correspondingly, Hassad Australia has crucially altered its public communication from the original driver food security to a strong emphasis on its commercial, and furthermore, Australian and community-concerned character including a new stance on transparency. Nevertheless, being owned by Qatar’s sovereign wealth fund, the sovereign character of the company remains and – despite its commercial orientation – its assumed function as “food security back up” remains prominent. Ultimately it is up to interpretation of which interests, food security, commercial business or farmland investment returns are paramount. And perhaps it is all three, together. Shifting communication, announcements, and rhetoric have nevertheless shed light on how recent trends within the global agrifood system intersect and overlap. Community perceptions – as it has been illustrated using the example of the Warren Shire – have strongly focused on the issue of food security. But, independent of investors’ nationalities, concerns expressed also reflect much broader transformations in rural Australia regarding the relationship between family and corporate farming or changes in and accumulation of access to natural resources. This demonstrates that even in a context which is as fundamentally different from the global South as Australia, (family) farmers are in risk of being driven out of farming. Recent investments just add another layer to processes of consolidation for which the way has been paved for by almost three decades of deregulation and commitment to market-oriented policy and free trade. This policy milieu has not only impacted on investments in farmland but has also led to the restructuring of other parts of the economy, including agribusiness which has a high level of foreign ownership. Nonetheless, in the Australian context, land has gained much more attention and is the by far more emotionally sensitive issue, even more if investments relate to its very core function of providing food security. As the worldwide interest in farmland acquisition clearly demonstrates, the value of land is perceived as decisively different even in a context as deeply committed to foreign investment as Australia. If this unique position should indeed be exclusively ascribed to land or whether control over further levels of the food chain is not as equally important to food security still remains debatable.
Literature

4. ABC (2013b): Clash of concerns over foreign ownership of Australian agriculture (by Emily Bourke), ABC News 01.03.2013 [URL: http://www.abc.net.au/worldtoday/content/2013/s3701228.htm; accessed 02.05.2013].
13. BAMS (Bydand Agricultural Management Services) (n.d.): *Company Profile*. Brisbane, Australia.


Land Deal Politics Initiative


A convergence of factors has been driving a revaluation of land by powerful economic and political actors. This is occurring across the world, but especially in the global South. As a result, we see unfolding worldwide a dramatic rise in the extent of cross-border, transnational corporation-driven and, in some cases, foreign government-driven, large-scale land deals. The phrase ‘global land grab’ has become a catch-all phrase to describe this explosion of (trans)national commercial land transactions revolving around the production and sale of food and biofuels, conservation and mining activities.

The Land Deal Politics Initiative launched in 2010 as an ‘engaged research’ initiative, taking the side of the rural poor, but based on solid evidence and detailed, field-based research. The LDPI promotes in-depth and systematic enquiry to inform deeper, meaningful and productive debates about the global trends and local manifestations. The LDPI aims for a broad framework encompassing the political economy, political ecology and political sociology of land deals centred on food, biofuels, minerals and conservation. Working within the broad analytical lenses of these three fields, the LDPI uses as a general framework the four key questions in agrarian political economy: (i) who owns what? (ii) who does what? (iii) who gets what? and (iv) what do they do with the surplus wealth created? Two additional key questions highlight political dynamics between groups and social classes: ‘what do they do to each other?’, and ‘how do changes in politics get shaped by dynamic ecologies, and vice versa?’ The LDPI network explores a range of big picture questions through detailed in-depth case studies in several sites globally, focusing on the politics of land deals.

Arab-Australian Land Deals: Between Food Security, Commercial Business, and Public Discourse

Investments in global agricultural land properties have recently gained much attention. While the focus is often on “North-South” dimensions addressing impacts on small-scale farming, livelihoods, and food security in the global South this paper explores investments from the Arab Gulf targeting agricultural properties in Australia. For the Arab Gulf States who highly depend on external food supplies investment abroad is one strategy to guarantee future food security. Australia offers several advantages differentiating it from other targeted regions. At the same time, leading Australian political and economic representatives have been eager to attract investments from the Gulf. Increasing media reporting has however also raised critical voices and provoked a vivid public debate on the selling off of Australian land properties. Concepts of foreign direct investment and its role are currently renegotiated with regard to Australia’s own food security, the “national interest”, and the redefinition of “Australian agricultural land”. Having said this, I address the following questions: How do farmland investments take place in a developed context, such as Australia? What distinguishes foreign direct investments in land properties from other foreign direct investments, for instance in agribusinesses or other parts of the economy? And, finally, what characterises forms of resistance in a democracy?