

Life on a farm in Canada

Current picture

Concentration of power and resources in hands of agribusiness and financial interest. Marginalization of small farmers and market volatility.

Land grabbing's actors' basic procedures

Large-scale acquisition purchases involving sovereign wealth funds, agribusiness corporations, hedge funds, pensions, and others.

Consequences

Power dynamics between farm landowners and tenants/workers,

Decision-making differs between investors and family farms,

Environmental issues and social interaction within rural communities aligned with sustainability (?)

3 key drivers:

[1] food prices up

Growing demand on agricultural commodities and biofuels => farmland very appreciated

[2] financialization

Since 2007 financial actors' portfolio containing farmland increased & diversified. Trend's arose of seeking profit-making from rising food/land prices and their volatility.

[3] agreement on large-scale investment in agricultural sector

Target and investor countries agreed on encourage large-scale investment into agricultural sectors and offshoring food commodities.



Outcome:

Ownership patterns consolidation & depopulation:

Due to competition farm size on average get bigger and are disputed by few investment companies or big landowner farmers. This provokes depopulation and therefore a loosening of cultural and social ties within the rural community.

Debt trap:

Farm debt has reached record levels. Many farm families have had to rely on off-farm income, government assistance, net worth drawdown, and borrowed money in order to supplement their inadequate farming incomes.

While net incomes since 2008 have been much better, weakened financial conditions, the overhanging debt loads and rapidly rising land prices, competition from non-farmers, and continued uncertainty make it *difficult for many farmers to buy land*. Here is an example Canada region Saskatchewan concerning farming.

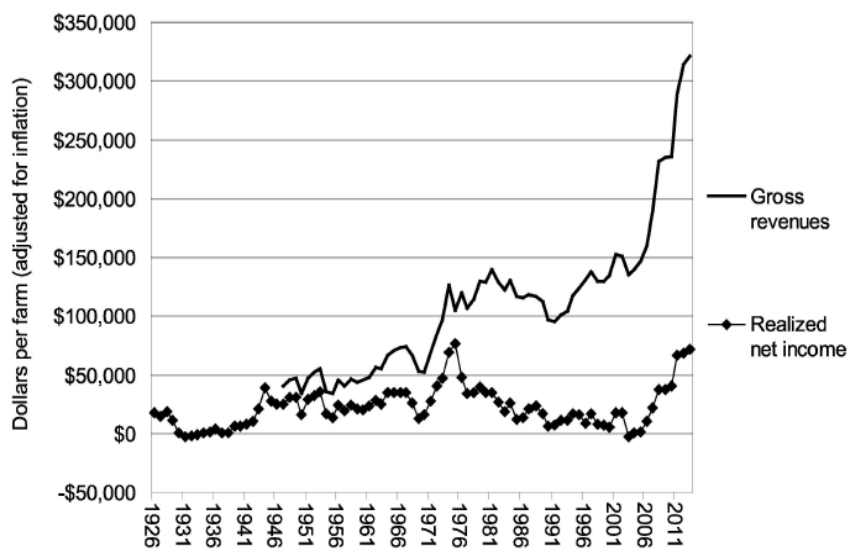


Figure 1. Saskatchewan gross farm revenues and net farm income, 1926–2013, per farm average adjusted for inflation. Realized net farm income is the money that farms have left over after all bills and expenses are paid, but before any payments are made to farm family members for their labour and management. Sources: 1926–2012: Stats. Can. CANSIM Tables 002-0001 and 002-0009; 2013 (AAFC 2014).



New models farmland:

Farmers want to expand without any additional debt-> investment firm purchase land and leases it to them, allowing farmers to optimize their labour and machinery

FIFs & farmer/investor hybrid category.

- *farmland investment firms (FIFs)*: purchase land and incorporate it into portfolio on behalf of bigger investor and rent it out to independent farm operators. Their business is oriented on the prospect of capital gains from rising land prices and the steady income provided through leases.

- *farmer/investor hybrid*: private individuals or corporate farming entities. Unclear whether they directly manage agricultural production on their land or rent it out to others. They nonetheless are accumulating large landholdings, may have few or no ties to the local community, and are therefore considered alongside other outside farmland buyers.