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Financial capital, land grabbing, and multiscale strategies of  
corporations specializing in the land market in the Matopiba  
region (Brazil)

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# Financial capital, land grabbing, and multiscale strategies of corporations specializing in the land market in the Matopiba region (Brazil)

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## 1 Introduction

Since the early 2000s, few phenomena have attracted as much attention from social organizations and scholars specializing in agrarian issues as land grabbing has (GRAIN, 2008; BORRAS, *et al.*, 2012; COTULA, 2012; MCMICHAEL, 2012). These works contributed to the development of a more heterodox understanding of the dynamics of agriculture in contemporary capitalism, mainly by bringing to light the consequences of the relation between the global financialization of the economy and the large-scale appropriation of land.

Brazil was by no means exempt from this phenomenon. In fact, among underdeveloped countries, it was the main destination for financial capital's investments in farmland. Between 2008 and 2014, agricultural funds invested US\$1.5 billion in agriculture in Brazil, which is close to 80% of the total capital invested in Latin America (EMPEA, 2015). This is due to the continental size of Brazil's territory, in which there are large areas of arable land that could be incorporated into modern agricultural production, as well as to the availability of productive technology, and the relatively low land prices, among other factors<sup>1</sup>. Among its different regions and agricultural activities, financial investments in soybean production and land speculation in the Matopiba region stands out. A macro-region marked by the expansion of agribusiness and the predominance of vegetation of the Cerrado biome, Matopiba is made up of parts of the states of Maranhão, Tocantins, Piauí, and Bahia.

The main objective of this article is to analyze the multiscale strategies of accumulation of agribusiness corporations specialized in the land market and controlled by international financial capital in this region. More specifically, this article discusses the current processes, the actors involved, and the connections that are necessary in order for global financial capital to access the land market and regional agricultural production. These connections range from partnerships with large national agricultural corporations to relations with "grileiros"<sup>2</sup>, notary offices, farmers, and local politicians, not to mention the crucial role played by the state. For this discussion, this article examines the network of relations and the strategies of accumulation and land speculation of two financialized corporations (that is, controlled by financial capital): Radar Propriedades Agrícolas (controlled by Cosan S/A and the US-based pension fund TIAA) and SLC LandCo (controlled by Schneider Logemann & Cia and the British pension fund Valiance).

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<sup>1</sup> Brazil has an area of 851 million hectares (slightly larger than the European continent); 30% of its total area is used for agriculture and livestock raising (plantations and pastureland). According to data from Agrosatélite (2015), in the Cerrado biome, there are close to 40 million hectares of unused arable land. With regards to land prices, in 2015, while one hectare used for soybean production in the state of Iowa (the reference for modern grain production in the US) cost close to US\$20,000, an area in the Cerrado biome that had not yet been converted in the state of Piauí (area of expansion of the Brazilian agricultural frontier) cost only US\$1,600/ha (Appraisal Delloite, 2015; FNP, 2015).

<sup>2</sup> The "grileiro" is the one who engages in "grilagem", an illegal form of land appropriation in Brazil that has existed for many years. Considered a crime under Brazilian legislation, "grilagem" consists of fencing off large plots of public land and legalizing ownership by falsifying land titles. Normally, this strategy involves state representatives, such as notary offices and judges who are responsible, respectively, for registering and legalizing ownership of a given plot of land in Brazil.

Information was obtained through field visits conducted in the region over a period of three consecutive years: 2015, 2016, and 2017. Visits and interviews were held with representatives of agribusiness corporations, peasant communities, public institutions, civil society organizations, and social movements. Data was also collected from newspapers and specialized magazines, articles in scientific journals, reports, and the corporations' websites.

One of the main concerns of this article is to bring to light the essential role played by intermediaries – that is, local or regional actors who make it possible for financial capital to access land and resources in practice. Just as investors and the managers of financial funds are crucial for pooling funds and making the capital needed for investments available, intermediaries are essential for a series of activities, which include prospecting, negotiating, clearing, legalizing, developing, and selling the land. They are the real link between the global order, represented by the projects and actions of the hegemonic actors of the world of global finance, and the local level, where the projects take shape and take on hegemonic existence, generate conflict with peasant communities' right to land, and threaten regional food sovereignty.

The article begins with a brief presentation of the two corporations and their relations with globalized financial corporations. The second section highlights the corporations' motives for creating different subsidiaries specialized in the land market, which can be grouped into three categories: "agrarian-ownership", "financial-rent-seeking", and "technical-informational". In this section, we also emphasize how the companies view land as a financial asset. The third section demonstrates the multiscale actions the corporations take to access the regional land market. Emphasis is placed on the role played by intermediaries in the legalization of land ownership and making land available. Finally, based on data collected through fieldwork and from the local communities' testimonies, the main social and environmental impacts of the expansion of agribusiness into the south of the states of Maranhão and Piauí are discussed.

## **2 Financialized capital and companies specializing in land deals in Matopiba**

Of all of the changes that occurred in the Brazilian agribusiness sector in the 2000s, two connected, though independent, phenomena are important for our analysis. The first is the financialization of agribusiness corporations through the unprecedented offering of shares on the stock market and the increase in shareholder control in the hands of financial funds. The second is the creation of real estate companies specialized in land development. Besides Radar and SLC LandCo companies, others were created with this focus or tried to add this strategy in their logic of action, such as: BrasilAgro, TibaAgro, Sollus Capital, Agrifirma, Calix Agro, El Tejar, Vanguarda, etc.

These events led to a convergence of the interests of international financial capital, the national bourgeoisie, and the local elite. While global financial capital was anxious to diversify its investment portfolio, mainly by investing in an asset as promising as land, the national bourgeoisie also stood to benefit as the owner of large agricultural corporations capitalized by the financial investments. The events also sparked the interests of the local elite who had been watching the prices on the regional land market rise significantly.

### *Radar Propriedades Agrícolas S/A*

Radar Propriedades Agrícolas S/A was created by the largest Brazilian company in the sugar-energy sector, Cosan S/A. Cosan's board of directors knew that with shares on the stock market (and its constant dependency on increases in its share value), having control over a company specialized in land deals<sup>3</sup> was essential for ensuring liquidity, the expansion of its property, and, consequently, the appreciation of its share value.

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<sup>3</sup> A company to negotiate the purchase and sale of the Group's farms while taking advantage of the rise in land prices in the 2000s.

It is interesting to note that Radar S/A obtained an additional number from the corporate taxpayer registry<sup>4</sup> in 2012; it is now registered as Radar I and Radar II<sup>5</sup>. Radar I began to operate in 2008, when the *Conselho Administrativo de Defesa Econômica* (CADE, or Administrative Council for Economic Defense)<sup>6</sup> authorized the merger between Cosan S/A and Marsilla Participações Ltda., a company owned by the US pension fund TIAA and registered in Brazil. According to this contract, TIAA owned 81.1% of shares and Cosan S/A<sup>7</sup>, 18.9%. Cosan S/A also had controlling interest in the company, as it had the majority of votes in its board of directors. In 2017, TIAA increased its participation to 97%, while Cosan retained only 3% of shares. However, due to its control over ordinary shares and its “expertise” in the sector, Cosan still has administrative control over the company, according to the most recent decision of the CADE<sup>8</sup>.

The Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF, or just TIAA<sup>9</sup>) is the pension fund of administrators and professors from the United States. The fund has an investment ceiling of close to US\$1 trillion. It is the largest investor in farmland in the world. Obviously, the founding of Radar I and Radar II was not the result of a random decision or pure coincidence. By examining the investments made, one can identify at least three different paths the TIAA’s money took to enter Brazil to buy land: via Radar I, Radar II, and intermediaries, such as Tellus Brasil Participações Ltda.

Even before TIAA created funds specialized in agribusiness, between 2007 and 2012, it had already spent close to US\$2.5 billion on land all over the world. In 2012, TIAA created the TIAA-CREF Global Agriculture I fund (TCGA I), which invested close to US\$2 billion in farmland. Financial contributions came from funds such as: the Swedish National Pension Fund (AP2), the Caisse de dépôt et placement du Québec (CDPQ) and the British Columbia Investment Management Corporation (BCIMC), from Canada. Then, in August 2015, TIAA announced the creation of another fund for investments in farmland: TIAA-CREF Global Agriculture II (TCGA II). This fund received contributions of close to US\$3 billion from the already mentioned funds (AP2, CDPQ) and others, such as: New Mexico State Investment Council, Cummins UK Pension Plan Trustee, the US Environmental Protection Agency Pension Fund, and the Greater Manchester Pension Fund from the UK (GRAIN, 2015).

Therefore, there is strong evidence to suggest that Radar I was created with resources from TIAA’s earlier investments in land in Brazil (in 2008), whereas funds for Radar II came from the investments

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<sup>4</sup> *Cadastro Nacional de Pessoas Jurídicas* (CNPJ), or the National Registry of Legal Entities in English, is the registry in which all Brazilian companies are obliged to register to begin operations.

<sup>5</sup> We will use “Radar S/A” to refer to both registered companies; when discussing specific cases, we will use “Radar I” or “Radar II”. The companies are officially registered as follows: “Radar Propriedades Agrícolas S.A.” (Number 08.934.347/0001-13)”, founded on June 29, 2007, and “Radar II Propriedades Agrícolas S.A.” (Number 15.322.630/0001-50)”, founded on March 8, 2012.

<sup>6</sup> CADE (Conselho Administrativo de Defesa Econômica, or the Administrative Council for Economic Defense) is an agency that reports to the Ministry of Justice. It is responsible for judging administrative proceedings related to violations of the economic order, as well as reviewing mergers, based on the analyses of the Department of Economic Studies. Available at: <<http://www.cade.gov.br/aceso-a-informacao/institucional/historico-do-cade>>. Accessed: August 25, 2017.

<sup>7</sup> *Cosan S/A Indústria e Comércio* is controlled by Cosan Limited, which is controlled by the “Aguassanta Participações S/A” holding company. Available at: <<http://www1.seae.fazenda.gov.br/littera/pdf/08012009447200882.pdf>>.

<sup>8</sup> Available at: <<http://exame.abril.com.br/economia/cade-aprova-venda-de-fatia-da-radar-do-grupo-cosan-paramansilla>>. Accessed: August 31, 2017.

<sup>9</sup> On February 22, 2016, TIAA-CREF announced in Fortune magazine that it was shortening its name to “TIAA”. Available at: <<http://fortune.com/2016/02/22/tiaa-cref-name-change/>>. Accessed: August 2, 2017.

of the TIAA-CREF Global Agriculture I (TCGA I) and TIAA-CREF Global Agriculture II (TCGA II) funds. We will discuss the TIAA's investments in Brazil in a bit more detail in the section below<sup>10</sup>.

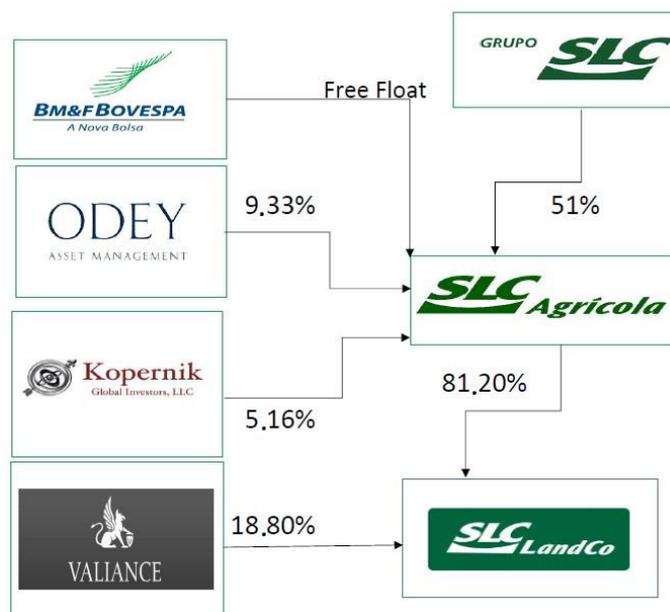
### *SLC LandCo Empreendimentos Agrícolas S/A*

Like Radar S/A, SLC LandCo S/A is a real estate company specializing in farmland. It is part of Grupo SLC Agrícola, a Brazilian agribusiness corporation that went public on the São Paulo stock exchange (BM&F/Bovespa) in 2007. Its focus is on soybean, corn, and cotton production.

The subsidiary SLC LandCo Empreendimentos Agrícola S/A was created in 2012 with an eye to the rural real estate business. Controlling interest of SLC LandCo is divided up between the British investment fund Valiance Asset Management Limited and SLC Agrícola. The former owns 18.8% of shares (which amount to a total of US\$238.6 million) and the latter, 81.2% (SLC Agrícola, 2017).

Valiance Asset Management Limited is a private equity fund founded in 2008. Its headquarters are based in London, England. The company invests primarily in real assets, such as the acquisition of farmland in Brazil. It focuses on pre-mergers, acquisitions, and pre-IPO opportunities. The equity stake of the companies of the Grupo SLC Agrícola, which have a particularly high stake in SLC LandCo, can be seen in the diagram below.

**Diagram 1 – Equity stake of the companies of the Grupo SLC Agrícola**



Source: SLC Agrícola (2017).

As one can observe from the above, Grupo SLC (owned by the Schneider Logemann family) has control over SLC Agrícola, as it holds 51.03% of its shares. The Odey Asset Management LLP<sup>11</sup> and Kopernik Global Investors LLC<sup>12</sup> investment funds possess 9.33% and 5.16% of shares, respectively. The rest is traded directly on the stock exchange (*free float*).

In addition to SLC LandCo, SLC Agrícola has established other joint ventures for the acquisition, prospection, and trade of farmland, such as: 1) SLC-MIT Empreendimentos Agrícolas S/A, a joint

<sup>10</sup> Some data on the TIAA's investments in farmland are available at: <<http://www.globalaginvesting.com/news/NewsListDetail?contentid=5794>>. Accessed: August 10, 2017.

<sup>11</sup> Odey Asset Management LLP was founded in 1991 and its head office is in London. It is a privately owned hedge fund sponsor. It is responsible for managing various companies and private equity, fixed income, and investment funds around the world.

<sup>12</sup> Kopernik Global Investors, LLC was created in July 2013. Its headquarters are located in Tampa, Florida. An employee owned hedge fund sponsor, it manages equity portfolios and mutual funds, and offers fiscal and financial planning services.

venture with Mitsui & Co. Ltda. established in 2013, with property in the states of Bahia and Mato Grosso that cover an area of over 35,000 hectares; and 2) Dois Vales, a joint venture with Grupo Soares Penido Obras, Construções e Investimentos S/A, with close to 20,000 hectares.

### **3 Land grabbing strategies: agrarian-ownership, financial-rent-seeking, and technical-informational**

The creation of Radar S/A and SLC LandCo occurred due to a combination of three kinds of factors: agrarian-ownership, financial-rent-seeking, and technical-informational. The first factor is related to the interest of Brazilian agribusiness corporations in turning the capital immobilized in their large estates into profitable financial assets (VISSER, 2017; OUMA, 2014; DUCASTEL, ANSEEUW, 2014; LI, 2014). As Radar and SLC own large quantities of land, it became fundamental for them to create subsidiaries specialized in the land market to increase the liquidity of their properties.

When we analyze data from SLC Agrícola's<sup>13</sup> annual reports, we observed that the increase in production is due more to the expansion of the cultivated area through the incorporation of new parcels of land than to an increase in productivity per hectare per se. Once the land has been cleared, the soil corrected, and the infrastructure put into place, which takes an average of five years, the value of the group's land increases nearly 40% on average.

The second factor, called financial-rent-seeking, is related to the pension funds' new strategy for appropriating the profits obtained from land ownership. In the case of Radar S/A, as mentioned earlier, the pension fund is TIAA. TIAA's strategy for the global rural land market is aimed at acquiring shares in companies with *expertise* in globalized agribusiness, such as Radar in Brazil and Westchester in the United States and Australia. As for SLC LandCo, the fund in question is Valiance, also mentioned above. The objective of both of these funds is to diversify their investment portfolios by investing in assets considered safe, such as land and agricultural activities, especially since the boom in commodities in the 2000s and the 2008 financial crisis (BORRAS, *et al*, 2011; COTULA, 2012; MCMICHAEL, 2012).

The intention of these funds is to acquire land at relatively low prices and then sell them for a higher price within a predetermined amount of time. They also aim to obtain profit from the leasing of their own land, which is, in fact, the main objective of Radar S/A and SLC LandCo's joint ventures. In the south of the state of Maranhão and Piauí, Radar leases the majority of its land to SLC Agrícola and other partner companies.

The third and final factor is technical-informational. The previous two strategies are only successful if there is potential to profit from the land deals. Thus, a technical and informational apparatus is needed to ensure that both the plots of land already consolidated by the Cosan and SLC Groups and the ones to be bought and sold by Radar S/A and SLC LandCo remain legitimate (legally) and productive in the long term.

Therefore, in partnership with local actors, the corporations perform surveys on potential plots for acquisition to form a database on land. In this selection process for their investments, they map out the areas, which includes measuring the land's perimeter and topography, carrying out rainfall and spectral analyses, and flying over the areas. For this task, the corporations use modern meteorological crop yield forecasting systems<sup>14</sup> and information and communications technologies (ICTs)<sup>15</sup>.

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<sup>13</sup> Available at: <<http://ri.slcagricola.com.br/ptb/2018/63591.pdf>>. Accessed: August 17, 2017.

<sup>14</sup> In the case of Radar S/A, the technical and scientific apparatus was developed in collaboration with the state through a study carried out by the *Escola Superior de Agricultura Luiz de Queiroz da Universidade de São Paulo* (ESALQ-USP, or the Luiz de Queiroz College of Agriculture at the University of São Paulo), called the "Sistema Meteorológico de Previsão de Safra" or meteorological crop yield forecasting system.

In sum, Radar and SLC LandCo were established as joint ventures to conduct land prospecting and deals. By selling their land to their own subsidiaries (Radar and SLC LandCo), parent companies Cosan S/A and SLC Agrícola increase the liquidity of their assets and their capital, which allows them to invest in more land. At the same time, the selling of Cosan and SLC Agrícola's land does not reduce their respective asset bases, as they continue to own the land "sold" through the shares they hold in the subsidiary companies that acquire them (Radar and SLC LandCo).

The resources for land acquisition come from the TIAA and Valiance financial funds. The funds obtain profit and revenues from land deals through the shares they own in the companies and, even better, the increase in their real estate property guarantees them a certain amount of reserves of material value.

#### **4 Global corporations' multi-scale strategies and the intermediaries**

One of the main areas where both corporate groups are operating is the region of Matopiba. Several authors (ALVES, 2015; FREDERICO; BUHLER, 2015; PITTA; MENDOÇA, 2015) and, also, the common media<sup>16</sup> refer to this macro-region as one of the main frontiers for the appropriation and trade of agricultural land in Brazil.

Map 1 shows the location of the farms in the region in which the TIAA pension fund (which includes the farms controlled by Radar S/A) and the SLC Group (which includes the farms owned by SLC Agrícola and SLC LandCo) have shares. The data were obtained from TIAA's Farmland Location Map<sup>17</sup> and SLC Agrícola's website<sup>18</sup>.

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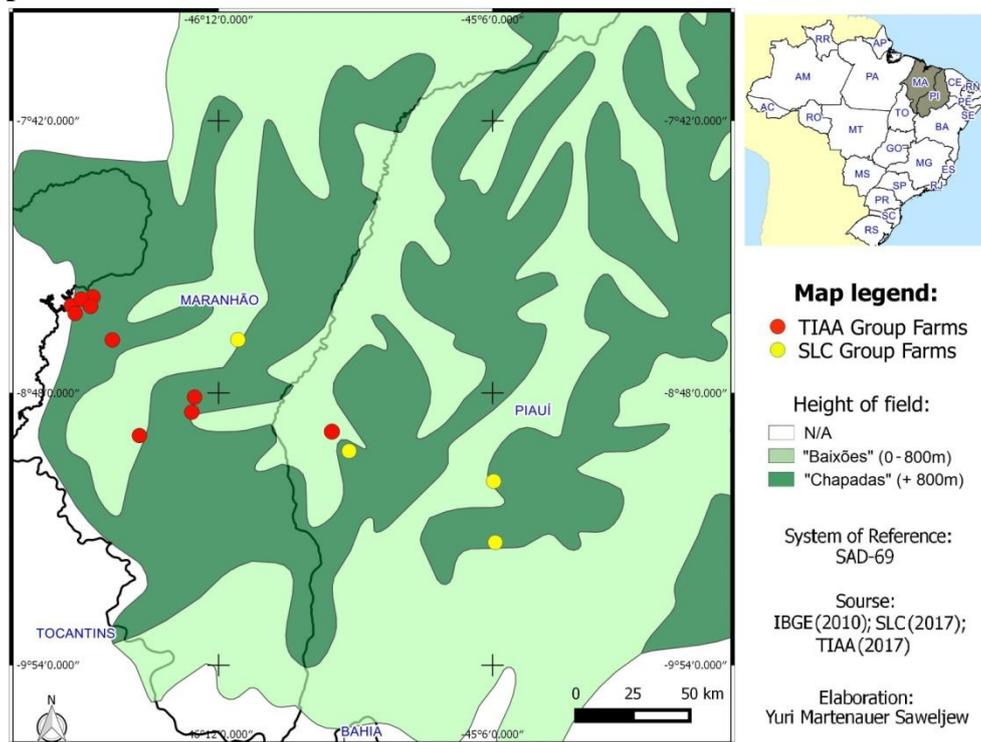
<sup>15</sup> Currently, both the Cosan and the SLC groups have geotechnology departments that operate the crop yield forecasting system when prospecting for and purchasing new plots of land.

<sup>16</sup> Available at: <<http://g1.globo.com/bahia/bahia-farm-show/2015/noticia/2015/05/fronreira-agricola-matopiba-amplia-producao-de-graos-em-quatro-estados.html>>. Accessed: August 2, 2017.

<sup>17</sup> Available at: <<https://www.tiaa.org/public/assetmanagement/strategies/alternatives/agriculture/farmlandmap>>. Accessed: August 3, 2017.

<sup>18</sup> Available at: <<https://www.slcagricola.com.br/nossas-fazendas/>>. Accessed: August 17, 2017.

**Map 1 – Location of TIAA and SLC farms in the south of Maranhão and Piauí**



Source: IBGE (2010); TIAA (2017); SLC Agrícola (2017).

In total, Radar S/A owns 10 farms that cover an area of 42,369 hectares<sup>19</sup>, while SLC Agrícola (parent company of SLC LandCo) owns 4 farms that together total 150.156 hectares. Even though they are active in the same region and market, the relation between Radar and SLC Agrícola is based much more on cooperation than on competition. It is interesting to note, for example, the strong relation between the companies in regards to access to information on the availability of land. As an example of this relation, Radar also rents land to SLC Agrícola, as they own several neighboring properties.

SLC Agrícola entered the south of the state of Maranhão (more specifically, the municipality of Balsas) in 1988 and expanded its production via the so-called “Batavo Project” (*Projeto de Colonização dos Gerais de Balsas*, or the Project to Colonize the Plateaus in Balsas). Led by the private sector with strong political and financial support from the State, this colonization project aimed to introduce modern grain production in the region by offering incentives to producers from the south of the country to migrate to the area. As mentioned by Miranda (2011)<sup>20</sup>, this project ended up intensifying “*grilagem*” in the region and involved the use of tactics such as enticing families to leave their land<sup>21</sup>, threats, forced evictions, and assassinations carried out by the *grileiros*’ hired gunmen in the region.

<sup>19</sup> It is important to highlight that data from the Farmland Location Map available on TIAA’s website are not entirely precise. There is a lack of data on the size of some farms. Another main problem is that the information that states that certain farms are owned by TCGA I and II is inaccurate, as TCGA (I and II) is a company registered in the US, which would make it impossible for it to legally own property in Brazil. Therefore, our interpretation is that it is likely that the farms listed under the control of TCGA I and II on the Farmland Location Map are registered as the property of Tellus Brasil Participações Ltda. or other Brazilian subsidiaries.

<sup>20</sup> MIRANDA, Roberto. *Ecologia política da soja e processos de territorialização no sul do Maranhão*. Doctoral thesis. Universidade Federal de Campina Grande. Paraíba. Departamento de Ciências Sociais. 2011. Available at: <[http://www.ufcg.edu.br/~ppgcs/wp-content/uploads/2012/10/tese\\_roberto-miranda-final.pdf](http://www.ufcg.edu.br/~ppgcs/wp-content/uploads/2012/10/tese_roberto-miranda-final.pdf)>. Accessed: August 2, 2016.

<sup>21</sup> One common practice observed in the field work was when *grileiros* offer money to one family member for the land and get him to sign a paper regarding the “sale”, without consulting his family first. This often creates conflicts within the family. The *grileiros* then use this ‘contract’ to force the family to leave the land.

*Grilagem*<sup>22</sup> is not a new phenomenon in Brazil. In fact, this territorial crime has been present throughout the history of agriculture in the country. As Martins recalls (2010, p. 61-62), in the early 20<sup>th</sup> century, *grileiros* often arrived on the scene before large landowners and acted as an intermediary for the buying and selling of coffee plantations.

The money spent on bribery, demarcations, ambushes and intransigent settlers, and payments to topographers and gunmen constituted the basis of the price of land acquired from a *grileiro* in the prelude to agrarian capitalism in our country. In exchange, large landowners received cleared land that was free from problems, whose ownership was unlikely to be contested in court. (...) private property advanced onto public lands through purchases, through deeds recognized by the courts. (...) Things happened this way to preserve the capital that coffee represented, to prevent a potential dispute from leading to the loss of the coffee plantation. (...) the transformation of the land (...) was the object of another economic venture - that of the *grileiro*, sometimes real companies that converted the land of others or public land into a clean and tidy piece of paper that had been stamped and registered.

This quote by Martins (2010) – which narrates the expansion of agrarian capitalism on Brazilian territory in the early 20<sup>th</sup> century – allows us to question the difference between that kind of territorial occupation and what is now commonly called land grabbing. While there are obvious similarities (such as the fact that *grilagem* occurs before the large landowner gets involved), some specific characteristics of the current financial (CHESNAIS, 2005; HARVEY, 2004) and informational period (SANTOS, 1996; LOJKINE, 1995) need to be analyzed.

As emphasized in the report by Rede Social de Justiça e Direitos Humanos (PITTA; MENDONÇA, 2015), in the case of Radar and SLC, much more complex means are used to engage in land speculation. These means go beyond the intermediation between *grileiros* and large landowners described by Martins at the beginning of the 20<sup>th</sup> century.

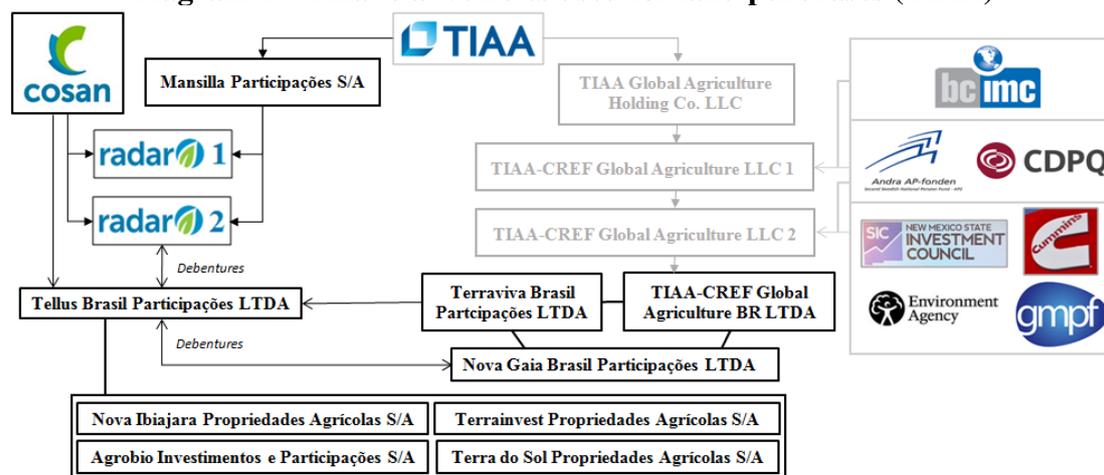
Nowadays, in addition to the groups that function as “*real companies that converted the land of others or public lands into a clean and tidy piece of paper that had been stamped and registered*” (MARTINS, 2010, p. 62), there is a set of companies that act as “financial vehicles” or “outsourced intermediaries” for the buying and selling of land before it actually becomes the property of agribusiness corporations. In other words, agricultural corporations do not buy land directly from *grileiros*; intermediary companies called “financial vehicles” do. The diagram below helps to understand the “labyrinthine logic” underlying the purchasing and sales of land by TIAA in the region.

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They often offer money to only one family member to create conflicts within the family, which the *grileiros* use to force the family to leave the land.

<sup>22</sup> As explained in footnote no. 2 above, “*grilagem*” is an illegal form of land appropriation in Brazil that has existed for many years, which is considered a crime under Brazilian legislation.

**Diagram 2 – Financial vehicles used for land purchases (TIAA)**



Source: GRAIN (2015).

As illustrated in the diagram above (which shows Brazilian companies in black and foreign companies in grey), TIAA’s holding company manages its farmland portfolio, which receives funding from other funds. It is the administrator of TIAA-CREF Global Agriculture LLC (I and II), which, in turn, owns subsidiaries registered in Brazil such as TIAA-CREF Global Agriculture BR, Terraviva Brasil Participações Ltda., and Nova Gaia Brasil Participações Ltda. As for Tellus Brasil Participações Ltda. (in which Terraviva [TIAA] owns 49% and Cosan, 51%), it has other subsidiaries such as Nova Ibijara Propriedades Agrícolas S/A, Terrainvest Propriedades Agrícolas S/A, Terra do Sol Propriedades Agrícolas S/A, and Agrobio Investimentos e Participações S/A (GRAIN, 2015).

Reports by non-governmental organizations (NGOs) that defend the right to land and food sovereignty of peasant communities – Grain (2015)<sup>23</sup> and Rede Social de Justiça e Direitos Humanos (2015)<sup>24</sup> – and an article published by the New York Times (2015)<sup>25</sup> reveal that Tellus Ltda. is one of the main intermediaries for Radar’s land purchases<sup>26</sup>.

This “financial vehicle” operates by issuing debentures<sup>27</sup>, as Pitta and Mendonça (2017) explain in a recent article in *Le Monde Diplomatique*<sup>28</sup>:

Tellus issues debentures on the market, which are purchased by Radar and Nova Gaia. However, the initial investment is always made by Cosan and TIAA-CREF Global Agriculture HoldCo, even though it appears to come from several other investors.

<sup>23</sup> Available at: <<https://www.grain.org/article/entries/5336-foreign-pension-funds-and-land-grabbing-in-brazil>>. Accessed: August 25, 2017.

<sup>24</sup> Available at: <<https://www.social.org.br/index.php/pub/cartilhas-portugues/188-a-empresa-radar-s-a-e-a-especulacao-com-terras-no-brasil.html>>. Accessed: August 25, 2017.

<sup>25</sup> Available at: <<https://www.nytimes.com/2015/11/17/world/americas/tiaa-cref-us-investment-giant-accused-of-land-grabs-in-brazil.html>>. Accessed: August 25, 2017.

<sup>26</sup> One interesting observation to make is that according to public documents signed and monitored by the CADE, Cosan S/A has administrative control over both Tellus Ltda. and Radar S/A. Even though Marsilla Participações Ltda (TIAA in Brazil) owns 97% of the shares of Radar (I and II), Marsilla does not control the company due to Cosan’s control of company’s common shares. More information is available at: <<http://exame.abril.com.br/economia/cade-aprova-venda-de-fatia-da-radar-do-grupo-cosan-para-mansilla/>>. Accessed: August 10, 2017.

<sup>27</sup> A debenture is a debt security in which the investment is a loan given to a certain company that is not a financial or a real estate institution. The investor becomes a creditor of the company in question and receives interest at fixed or floating rates at the end of the agreed period. Available at: <<https://www.tororadar.com.br/investimento/debentures-o-que-e>>. Accessed: August 16, 2018.

<sup>28</sup> Available at: <<http://diplomatique.org.br/os-impactos-da-especulacao-com-terras-agricolas-no-brasil/>>. Accessed: August 25, 2017.

Tellus channels these resources to other subsidiaries, called “financial vehicles”, to buy land. Tellus pays investors the interest on the debentures. By doing so, it reveals the path the money takes until it returns to its real investors, together with the profits made from the deal.

In sum, this “financial vehicle” serves as a way to transfer Tellus Ltda.’s farmland to Radar S/A (Cosan and TIAA). As Pitta and Mendonça (2017) explain, the objective of this “labyrinthine logic” is to confuse auditors and legalize farmland acquisitions. This mechanism for land purchasing has two purposes: 1) to conceal the connection between large corporations and *grileiros*; and 2) to get around the limits imposed on foreign ownership of land in Brazil, as one of the parties benefiting from the profits and revenues obtained are foreign pension funds.

This second purpose is related to the debate on the Federal Attorney General’s approval of ruling CGU/AGU n° 01/2008-RVJ<sup>29</sup> in 2010. The AGU’s decision limited the amount of land foreigners in Brazil could acquire to 5,000 hectares and/or a maximum of 25% of the land of any municipality. It also imposed restrictions on the operations of the subsidiaries of foreign companies. However, as Fairbairn (2015) warns, this decision merely discouraged foreigners from buying land, but did not stop them completely.

Foreign-owned companies continue to buy land by using some of the tactics described above: the classical strategy of registering the company in the name of Brazilians; using the “front companies” we mentioned to act as intermediaries; and the registry of land at notary offices that (due to their relations with powerful regional actors) do not enforce the Attorney General Office’s decision, ratified in 2010. This entire process is taken care of locally by powerful regional actors that use their connections in the justice system to guarantee that the ownership of the land will not be contested. According to Alves (2009) and Miranda (2011), this logic is not new in the south of Maranhão and Piauí. It has its origins in the modernization of agriculture in the 1970s. Even so, it was mainly during the boom in agriculture and the arrival of large corporations in the region in the 2000s that the mechanisms of buying and selling land used by front companies, straw men, *grileiros*, settlers, and local notary offices were perfected. Taking advantage of the local expertise of “financial vehicles”, the companies took over farms located in the same area as the Batavo Project (*Projeto de Colonização dos Gerais de Balsas*, or the Project to Colonize the Plateaus in Balsas) mentioned earlier in the south of Maranhão and crossed the state border into the south of Piauí.

During visits to the region in April 2017, new empirical data on the phenomenon were found. They enabled us to better comprehend, for example, how the mechanisms of *grilagem* and the intermediation of the so-called “financial vehicles” work.

The visit to the Instituto de Terras do Piauí (INTER-PI, or the Piauí Land Institute) allowed us to examine the legislation that regulates land ownership in Piauí: laws n° 6.709/2015 and n° 666/1993<sup>30</sup>. The more recent law stipulates that to guarantee ownership over areas belonging to the State (that is, “unused” land belonging to the State), individuals who occupy the said land must pay the State for the land. Individuals are also required to prove that the property is fulfilling its social function and that they have occupied it for a minimum of five years. Furthermore, an important part of the legalization process is the analysis of the chain of ownership – that is, the history of the purchases and sale of a given piece of property<sup>31</sup>. The chain of ownership must be traced back to the first time the land is acquired from the State<sup>32</sup>.

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<sup>29</sup> Available at: <<http://www.agu.gov.br/atos/detalhe/258351>>. Accessed: August 3, 2017.

<sup>30</sup> Available at: <<https://www.legisweb.com.br/legislacao/?id=303923>>. Accessed: August 17, 2017.

<sup>31</sup> The chain of ownership is the list of owners of a given piece of rural land from the time public authorities issued the original land title up until the last owner (current owner). The INCRA uses the analysis carried out at the land registry office when registering rural property and issuing the *Certificado de Cadastro de Imóvel Rural* (CCIR, or the rural property registration certificate). The certificate is used in almost all of the INCRA’s

The contradiction in the law is evident in this last requisite. It is practically impossible to determine the exact moment when properties were acquired directly from the State. As a result, land titles for the same plot of land are issued to different people and often overlap. In some cases, there may be more than three owners fighting for ownership of a piece of land in court. As we illustrated earlier while quoting Martins (2010), farms are established through an age-old territorial crime in Brazil: *grilagem*. *Grileiros* appropriate land by fencing off areas for which no land title exists and then falsifying the documents to legalize ownership.

*Grilagem* is a complex mechanism that involves several actors and institutions. Among the actors, we highlight the “*coronéis locais*”<sup>33</sup> or “local colonels”, regional *grileiros*, local settlers, foreign agricultural producers, agricultural corporations, and the State via notary offices and municipal judges.

“Local colonels” exercise political power over these territories. They have connections in the municipal, state, and, in some cases, federal spheres and institutions, as well as various “protégés” who follow their orders, such as gunmen, mayors, city councilors, and deputies. Colonels have a monopoly over violence, which is carried out by their servants, and political control over local public institutions, such as notary offices<sup>34</sup>.

Regional *grileiros* are key players who act as the liaison between local colonels and large landowners, and soybean producers and large agribusiness corporations. They aim to profit from the sale of the land they appropriate illegally by buying it at a low price from local settlers or local politicians and reselling it to producers and corporations. Their share of the profits depends on their relations with local politicians, who are essential to the *grilagem* process due to their influence on notary offices and other public institutions that issue the documents needed for the legalization and sale of the land.

As for local settlers and inhabitants, thanks to their collective experience in the various parts in the region, they know the location of vacant public land and the best land for farming. While promising settlers part of the profits from the land sales, *grileiros* seek to take advantage of settlers’ tacit knowledge of the area to identify land for their deals. After *grileiros* take possession of the land, they need to legalize this possession, which involves getting notary offices to falsify land titles and having regional judges recognize ownership. Once this is done, the land is put up for sale.

As we have illustrated, the race for land in the region led to the creation of various mechanisms and structured a market for *grilagem* that involves actors at different levels. As the majority of the land is occupied by peasant farmers and settlers, *grileiros* seek to dismantle the ties and forms of organization between the families living on the plots of land they are interested in by using threats and/or enticement. However, for *grileiros* to engage in the expropriation process, profit must be guaranteed, which is obtained by selling the land to large agribusiness corporations funded by international financial capital.

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administrative proceedings and is of utmost importance for ensuring that the INCRA does not pay compensation for expropriation to someone who is not the real owner of the land (INCRA, 2017).

<sup>32</sup> “*Terras devolutas*” is public land for which public authorities have not determined a specific use and that have never been part of a private individual’s estate, even if the land may unofficially be in the individual’s possession (INCRA, 2017).

<sup>33</sup> “*Coronéis locais*” or “local colonels” or “political chiefs” are individuals who yield a lot of power in the region. They generally own large amounts of land and have special ties to public authorities, such as mayors, city councillors, and deputies.

<sup>34</sup> Government offices out of which notary offices, public registries, and court registrars operate, and where the respective files are kept.

## 5 Food sovereignty and the expropriation of the peasantry: impacts of the actions of financialized corporations in the region

The landscape in the south of Maranhão and Piauí (which are part of the Matopiba macro-region) is marked by a series of large plateaus (commonly called “Chapadões” or “Chapadas”) with lowland valleys in the middle (“Baixões”). The plateaus are large areas of flat land, generally located at altitudes above 800 m, which were originally covered by vegetation that was typical of the Cerrado biome. These are the areas used today for modern agricultural production (soybean, corn, and cotton), as they conducive to large-scale mechanized production and offer favorable soil and climatic conditions. The “Baixões” are the valley bottoms where the main rivers in the region and their tributaries flow. Settlers and peasants traditionally live and build their communities in these areas because of the presence of fertile land, the ease of travel within the region, and access to water.



Photos: Samuel Frederico (2017).

**Photo 1** – Plateaus in the south of Piauí; **Photo 2** – A soybean combine harvester on a plateau in Piauí; **Photo 3** – Peasants’ home in the lowlands with a plateau in the background; **Photo 4** – Peasants harvesting rice with a plateau in the background.

The plateaus have always played a fundamental role in the lives of the local people. They were used collectively for hunting, collecting firewood, harvesting fruit and medicinal plants, and the native vegetation of the Cerrado biome for cattle grazing. Traditionally, the plateaus were the communities’ territory, as the collective use of these areas was essential for their survival.

Agribusiness ignored all of these ancestral forms of use when it occupied the plateaus, which affected the communities in the lowlands socially and environmentally. The main problems they face include: the pollution and sedimentation of the rivers; the introduction of new pests that were previously unknown to the local population, and the contamination/destruction of subsistence crops. It also made it impossible for them to raise cattle in the area of the plateaus and to engage in traditional practices of

plant extractivism and hunting. Furthermore, the communities are confronted with the constant threat of the expropriation of their land, as we shall discuss shortly.

Agrochemicals used for soybean and corn production pollute the sources and tributaries of the rivers on the plateaus, which flow downstream and contaminate the rivers in the lowlands. The removal of native vegetation for agricultural production also increases erosion on the hills. Without the protection of the original plant cover, rain sets off intense erosion processes (forming ravines and gullies), which contributes to the sedimentation of rivers. Local streams (tributaries of other large regional rivers) are gradually polluted and receive an excess of sediments, which has direct impacts on the peasants' way of life, as they depend on the rivers' water for fishing, irrigation, personal hygiene, and food.

There are other impacts as well, such as the ones related to the aerial spraying of the plantations: the agrochemicals spread through the air directly affect the local communities' crops. There are several reports denouncing the strong smell of the toxic chemicals, the loss of vegetable, rice, and bean crops, and fruit trees burnt by the chemicals. Another consequence is the arrival of the whitefly, a pest that was previously inexistent in the region. Pesticides flush whiteflies<sup>35</sup> out of the plateaus and into the lowlands, where they attack the plants grown by the peasants for their subsistence, such as bananas, oranges, pequi, buriti, and other kinds of fruit. Moreover, intensive chemical use has caused an ecological imbalance resulting in the disappearance of bees. This, in turn, has had major impacts on the pollination of plants, leaving the fields and lowlands infertile.

In addition to these impacts, the peasants are also victims of threats and the expropriation of their land. Even though the land in the *Baixões* is not used directly for modern agricultural production, it is of interest to *grileiros* who want to use these areas for their environmental reserves. According to the Brazilian Forest Code, farms located in the Cerrado biome must dedicate 30% of their total area to the "legal reserve" – that is, to the preservation of the native vegetation. As they are slowly running out of plateaus to occupy, many corporations and large produces have acquired properties in the lowlands to use them as their legal reserves. This generated a land market for the areas traditionally occupied by peasants. As the majority of peasants have little political influence and low education levels, and do not have the deed to their land, they are victims of the various forms of violence used to expropriate their land, which range from threats to physical attacks and assassinations.

The loss of access to the resources on the plateaus and to the lowlands, expropriated for the legal reserves of large corporations, leaves peasants without the means of subsistence necessary to guarantee their food security (such as food, fodder, firewood, and medicines). As a result, many leave their homes to look for work in nearby cities or in other regions of the country.

Many peasants also work on the farms, where a particular internal division of labor exists. The specialized and better-paid positions (agronomists, agricultural engineers, computer technicians, etc.) go to professionals with higher education levels mainly from the southern and southeastern regions of Brazil. The local population, on the other hand, is generally hired to work in precarious conditions and to provide low-paid services.

According to some reports, the companies responsible for clearing the land for the farms usually belong to local political chiefs, who hire local peasants informally to do the heavy work. One of these tasks is "pulling roots", which is directly tied to deforestation and to various reports of working conditions analogous to slavery. On average, a worker pulling

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<sup>35</sup> The whitefly is one of the most well known pests in the world and exists in practically all agricultural regions. They cause harm by sucking the plants' sap, which weakens them, and they inject toxins that cause uneven growth of the plant tissue. Like aphids, the whitefly also secretes a sweet substance that allows sooty mold – a type of black fungus that limits the plants' photosynthesis – to form.

roots earns US\$15 per hectare. They work 12-hour workdays and have to pay for the food and water themselves.

## 6 Final remarks

As Sauer and Borras (2016) explain, land grabbing must be understood as a process of “land appropriation”. In Brazil, theoretical work based on this understanding began to take shape more recently. Initially, the term was translated into Portuguese as “foreignization” or “*grilagem*” of land – translations that do not adequately reflect the real meaning of the phenomenon, nor do they clearly explain its importance for society.

One of the objectives of this article was to contribute to a clearer explanation of the phenomenon. As shown above, “*grilagem*” generally precedes the “appropriation of land” by agricultural corporations, but it is not carried out directly by them. Furthermore, the land appropriated by agricultural corporations does not come entirely under foreign control; a part of the shares and control over operations remains in the hands of the Brazilian bourgeoisie, as in the case of the properties of the Cosan and SLC Agrícola groups (shareholders of Radar and SLC LandCo, respectively). This fact shows that “land grabbing” is not synonymous to “foreignization”.

Therefore, we can conclude that in the case analyzed here, land grabbing occurs through an association between international financial capital, the national bourgeoisie, and the dominant classes in the region. Thus, the phenomenon must be considered, in broad terms, a multi-scale process of land appropriation that requires financial capital to be involved.

By analyzing the multi-scale strategies of accumulation of the corporations specializing in the land market, the article demonstrated the fundamental role of the intermediaries. They are the ones that in practice, give financial capital access to land and resources. Based on the interpretation of the methods used by local/regional actors for *grilagem* and to appropriate land and falsify the land titles, the article offers a more concrete understanding of the land grabbing phenomenon in Brazilian territory, especially in the south of the states of Maranhão and Piauí, in the Matopiba macro-region.

In these areas, financial-rent-seeking and agrarian-ownership interests (factors that permeate the logic of the companies specializing in land deals, such as Radar and SLC LandCo) come into conflict with those of the peasant communities. The use of the land for agribusiness causes a series of impacts, such as pollution from agrochemicals, the sedimentation of rivers, and the introduction of pests previously unknown to the local population that destroy their subsistence crops. Furthermore, the large farms on the plateaus make it impossible for the peasants to raise cattle and engage in plant extractivism and hunting. What is more, threats of their land being expropriated become a daily occurrence for the local peoples, who often feel obligated to abandon their fields and migrate to the city, which contributes to the rural exodus and the degradation of their forms of reproduction. Whereas soybean and corn production is used to supply the international food market, primarily for the production of animal protein on a global scale, the local consequences are the loss of biodiversity and local peasants’ food sovereignty.

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