

# THE ISSUE OF LAND IN ARGENTINA

Conflicts and dynamics of use, holdings and concentration



Dar a la población rural  
pobre la oportunidad  
de salir de la pobreza



Ministerio de  
Agricultura, Ganadería y Pesca  
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## EXECUTIVE SUMMARY



The purpose of this paper is to identify the central issues around land tenure and management in Argentina, in light of the global changes in agriculture and rural territorial development. In addition, a series of policy options are put forward to address the most conflict-ridden situations, keeping in mind the goals of equity and development.

The scope of this study encompasses a comprehensive analysis of the land dynamic. It covers land included in the national agricultural census, i.e. land that is formally recognized, excluding mountain peaks, coasts, wetlands and other lands not included in State inventories. As well as seeking to achieve that ambitious objective, this study should be considered as input to a broader debate on such issues on the path to formulate a national land policy.

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## The issue of land in Argentina

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Land distribution, tenure and use are subjects of growing interest in Argentina given the prominence these kinds of issues have acquired in recent decades: the concentration of land by certain business concerns, purchases of vast parcels of land by urban and external investors, the displacement of small producers in agricultural areas,

and new models of agricultural management dominated by leasing. These are all issues of critical importance to Argentina, for two major reasons: (a) their scale is such that intervention and solutions are needed to ensure territorial equilibrium, social inclusion and environmental sustainability; and (b) such issues are a clear manifestation of a shift in the way land is organized and developed in Argentina and in the prevailing agricultural model.

The question of land became more pressing in the wake of the Convertibility Plan, which led to: (a) changes in the scale of agricultural production systems to generate sustainable revenue streams from farming; (b) a significant transfer of resources from urban to rural areas, whether for agricultural production, investment in tourism or simply as a capital reserve to hedge against the risk of inflation; (c) the spectacular advance of soybean and other cereal and oilseed crops onto hitherto idle land and expansion of the agricultural frontier, especially in areas with natural forest cover. These processes were exacerbated following the devaluation that took place in 2002, although in a different form. The main issue is no longer changes in land ownership or use, but rather the ability to acquire more land through purchase or lease. This has generated a number of consequences: (a) an expansion in the agricultural frontier towards the north, west and south of the country; (b) an increase in the



occupation and development of new land, promoted by provincial governments; (c) an across-the-board increase in land prices (in many cases up to 500 per cent); (d) a consolidation and considerable increase in the leasing of farmland (particularly for soybean crops) through pooled investment funds known as sowing pools; (e) the sale of government-owned land at derisory prices; and (f) in this context, multiple ambiguities around the purchase and sale of land.

The foregoing is evidence of a complete revaluation of land and development of new land for various uses, especially for agricultural production, mining and ecotourism. The process of land occupation and development is now complete in Argentina. There are no remaining pockets of the national territory that are not subject to strong demand by national or foreign investors, a situation that is clearly reflected in the increase in land prices. Immune from the vicissitudes of agricultural markets, all land is now gaining in value more than ever before in the history of Argentina.

These changes are not occurring independently of the rural development dynamic. Quite the contrary: land is the driver and the instrument of change in the country's rural model. It is the mechanism enabling the transformation and shift from a family farming model (albeit with major differences across the country) to a large-scale, high-productivity business farming model with delocalized management that sees rural space as a production platform rather than a live, dynamic rural territory. These processes are not homogeneous throughout the country. On the contrary, they are contingent upon territorial organization and the land's production capacity. Nor are they environmentally neutral, since they have a direct impact both on the environment, intensifying erosion and soil degradation, and on biodiversity generally. Moreover, these changes are taking place within an extremely weak institutional framework given the highly complex and ambivalent role performed by the State.

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## Land organization in Argentina

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From the point of view of land use, the regions present a diverse picture. The Pampean region has the most balanced distribution, while the Patagonian region

has the highest concentration of a single use, natural pasturage. In terms of how this area has evolved, the most significant change since 1988 has been the increase in annual cropping both as a percentage and in absolute terms. Planted areas expanded from 13 million hectares to 20 million hectares in 10 years. This is clearly linked to the advance of oilseeds and cereals, particularly in the Pampean region, the North-west and the North-east. These years have also seen significant growth in the proportion of introduced forest, which expanded from 700,000 hectares to more than one million hectares. On the other hand, the number of hectares given over to forage has dropped considerably, especially in the Pampean region where such land is now being used for farming. This implies a shift in forage production, which is declining in the Pampean region (where more and more land is being used for farming) and rising elsewhere as livestock take up more and more land. The most striking development, however, is the significant drop in unused arable land and non-arable land, which together fell approximately 4 million hectares. This means that the land has been developed to grow crops, especially in the North-east and Pampean regions. Another critical issue is the decrease in natural forest cover, as a percentage and in absolute terms, especially along the entire Chaco strip, the arid diagonal and Misiones province. This decrease is attributable to annual crops, especially soybean and sunflower, substituting for forest, as well as new forest being introduced.

From the point of view of agrarian structure, land distribution is far from being equitable. For instance, 2 per cent of farms control 50 of the country's land, while 57 per cent of farms control 3 per cent of the land. However, these figures should not lead to hasty conclusions. There are farms in excess of 5,000 hectares that are considered smallholdings in some parts of the country, versus highly capitalized and developed farms of less than 25 hectares elsewhere. If we are to draw sound conclusions we need to analyse the situation in much more detail at the regional level, since agrarian structure depends on a territory's climate, topography, production activities and historical organization. Whereas the Pampean region presents the most balanced distribution, the North-west region has a structure dominated by smallholders, as do the North-east region and Cuyo – a fact clearly conditioned by environmental characteristics and the presence of irrigation systems in the non-Pampean

regions. The Patagonian region presents a very particular situation, with many farms less than 100 hectares in size that are closely linked to fruit growing activities in the irrigated valleys, as well as the highest proportion of large-scale extensive livestock operations.

According to the National Agricultural Census (CNA) – and taking into account that there is only provisional data for 2008 - there were approximately 80,000 fewer producers in 2002 than in 1988. In 2008, they found 276,581 agricultural producers, which would indicate a decrease of around 57,000 producers. We are seeing from the data from 1988 and 2002 a reorganization of the agrarian structure, with a decrease of 82,824 producers in the under 500 hectare group (representing 5 million hectares) and an increase in the 500 to 5,000 hectare group (representing 4 million hectares), with the number of producers increasing by 2,000 in the latter category (regarding the 2008 CNA, as of data was still not published as of December 2010). These figures imply both that some of the smallest producers have moved to this category by scaling up (in terms of planted area), and that new producers have emerged to engage in economic activity by acquiring land from the smallest producers. The over 5,000 hectare group remains practically unchanged, maintaining the same number of agricultural enterprises (EAPs) and the same area. This land concentration process has not been homogeneous. The regions having lost the most producers in the under 500 hectare group were the Pampean region (54,000 fewer producers) and the North-east region (11,500 fewer producers). The region that gained the most producers in the 500 to 5,000 hectare group was Patagonia (1,525 more producers), and those that gained the fewest were the North-west and Cuyo regions (regarding the 2008 CNA, data was still not published as of December 2010).

From the point of view of land tenure<sup>1</sup>, individual ownership accounts for the highest proportion of land at 75 per cent of the total. Leasing is very significant with 12

per cent of surface area. In third place, undivided estates also account for a substantial proportion. Sharecropping, contingency contracts, occupation under permit and de facto occupation, or squatting, together account for 7 per cent of the total. In terms of how this situation has evolved, a very steep drop in the area accounted for by undivided estates is observable over the period 1988-2002, followed by a downward trend since 2002 to the present day. Sharecropping and contingency contracts also declined significantly during the same period, though maintaining a total of 5 million hectares between the two. The major emerging phenomenon is the advance of leasing as a mechanism for occupying and farming more land. Leasing grew 64 per cent between 1988 and 2002, although according to informed sources growth was even greater during the post-devaluation period under the momentum of growth in agriculture. Occupations under permit also increased significantly as a percentage, with 5.6 million hectares in the country as a whole.

It must be pointed out that Argentina has a high proportion of both land and producers in highly precarious informal tenure situations. Of a total of 173 million hectares, 12 per cent can be considered to be subject to precarious tenure, if we consider the term precarious to include undivided estates, contingency contracts, occupations under permit and squatting. The overall figures for irregular tenure (22 million hectares) are not high in terms of area but do pose a very serious problem given that approximately 85 per cent of these irregular tenure situations affect small farmers who are unable to title the land they are farming, in many cases after decades of occupation by several generations of the same family.

The amount of government-owned land continues to be very large in Argentina, although it varies by province

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<sup>1</sup>The land tenure situation has been analysed using the categories established by the National Statistics and Census Institute (INDEC), although the legal categories will be used subsequently for a more in-depth analysis.



and by region. Patagonia is the region with the most government-owned land, especially in the provinces of Neuquén, Río Negro and Chubut.

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## Key factors in land organization and dynamics

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Land use, distribution and forms of land tenure have come about as a result of the historical process, which evolved under the influence of various interrelated and mutually dependent factors within a complex system. However, there are three factors that we consider to be key to land organization: (a) price dynamics; (b) the dynamic of land transactions; and (c) the workings and role of the State vis-à-vis the land dynamic.

### 1.The evolution of prices for agricultural goods and demand for other assets as a change factor in land use and tenure

The global rise in food prices has pushed up the value of land, both for purchase and for leasing. The increase in land values in Argentina in recent years is a clear indication of this fact. For instance, one hectare of land in a livestock breeding area that was worth US\$200 two decades ago now costs US\$1,800. In the core area of the Argentine Pampa, the cost of one hectare has risen from US\$2,000 in 1990 to US\$10,000 today. The same holds true in other parts of the country: land in western Formosa that was worth US\$20 a hectare in the 1990s cost US\$150 a hectare in 2007. Patagonia has seen similar increases, especially in coastal and cordilleran areas where land prices have risen by up to 300 per cent; this is particularly so in areas with tourist attractions and ecotourism. The same increases have occurred in the irrigated areas of the North-west and Cuyo, where prices for land with water rights have risen more than 500 per cent in some cases. In this context of rising land values, leasing has undergone considerable growth, in parallel to the evolution of relative prices for agricultural goods. Rising land prices are a key element in the revitalization and transformation of land markets, since they lead to a renewal of the actors involved as well as changes in the way resources are used.

### 2.The dynamic of land transactions

The second major factor is the current land market and its workings. In this part of the study, consideration was given to the situation of each category of agricultural producer – small, medium and large – as well as that of investors.

Small-scale producers face structural difficulties in consolidating their productive development for various reasons. One of them is having access to sufficient land to produce food on a scale that will enable the family group to thrive. Land problems affect the following groups in different ways:

- Small-scale producers with formal property title to land. In these cases, the land was purchased on the formal market, inherited, or handed over under a government-owned land grant.
- Small-scale producers with precarious tenure. These people live with a high degree of uncertainty given the informal nature of their land tenure and the possibility that they will be evicted. For obvious reasons, such situations affect their investment capacity and productive development.
- Small-scale producers settled on land in demand by other private actors holding property title. Small producers have held the land for several decades, at times when the land was not being developed by its registered owners, who were not exercising possession (in most cases unproductive or underemployed holdings).

Medium-scale producers are able to maintain production systems that allow them to continue operating by means of strategies to position themselves in dynamic value chains or by diversifying risk. Generally speaking, there are four types of situations from a land point of view: (a) producers who remain stable; (b) those who increase the amount of land; (c) those who sell their land; and (d) those who lease their land.

Large-scale producers often use very dynamic production systems that are part of highly competitive value chains. In terms of how it has evolved, this sector presents a diverse range of situations: (a) some remain stable; (b) others are



subdivided among family members; and (c) others sell their lands under various kinds of arrangements.

External investors may be Argentinian or foreign individuals or corporations having taken over or purchased land anywhere in the country. We can categorize the following situations:

- Investors purchasing medium- or large-scale farming operations or parcels of land, which enables them to generate economies of scale that make them highly profitable;
- Investors purchasing small plots or farms to incorporate into their already functioning production systems in order to scale up their operations, to hedge their capital against inflation, for status reasons or simply to enjoy rural activities.

Sowing pools. These operate as companies, trusts or other legal entities. They produce for export (or domestic consumption) as well as for the value chains in which they are positioned, which enables them to drastically reduce transaction costs and the cost of inputs and services.

Beyond the different kinds of external investors, ultimately what is of interest is the way in which investors have acquired the land. The most salient feature, and the one that generates the most conflict, is not the purchase of large parcels of land but the lack of transparency in the land acquisition process (directed tenders, opaque auctions, etc.) and irregularity in land titling in cases where farmers have been living on and working the land for several decades. Another situation that generates many conflicts is the sale of government-owned land by provincial land directorates or municipalities to external investors at derisory prices. There have been several high-profile sales of this kind in the North-west region, and particularly in Patagonia, where the mayors of tourist locales in cordilleran areas have benefited from the sale of high-value land to officials, politicians or entrepreneurs.

### 3. Types of State intervention on land in Argentina

The third critical factor is the way the State intervenes in the land dynamic and organization. The State plays a highly complex and in many cases contradictory role around land, because of the following factors:

- There are no consensus-based comprehensive policies on land use and development to provide a frame of reference for the treatment of land.
- There is no national-level legal framework that is articulated and consistent with provincial legal frameworks, to regulate land use.
- Many provinces lack systematized information on land. The lack of an orderly, updated and reliable cadastre contributes to the creation of an informal market for land.
- There are many bureaucratic procedures and high costs attached to managing and regularizing land.
- Finally, the State maintains an ambivalent role that is characterized by two important phenomena: (a) the existence of procedures of doubtful legality around the administration and handover of land, in which national, provincial and local officials and technicians have been involved; (b) in terms of rural development policy options by provincial governments, some have backed the consolidation of a business model as a solution to rural development in their provinces rather than family farming, as seen in the sale of large parcels of government-owned land to large companies or allowing large companies to occupy land to the detriment of small and medium-sized producers who are landless.

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## Preliminary conclusions and policy recommendations

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### Main technical findings and conclusions

Land development has played a fundamental role in the dynamics of Argentina's history. The country's history can be divided into several distinct phases: the nineteenth century and early twentieth century, marked by land distribution and concentration; the mid-twentieth century, featuring redistribution and the building of a rural middle class; and finally the late twentieth century and a new process of concentration. This new stage of concentration can be analysed from several different points of view under different approaches. However, we believe there are three basic elements characterizing the current period that must be understood:

• First of all, the small and medium-sized family farming sector is shrinking rapidly. Although the national government has initiated programmes to address this issue, they are not able to solve what has become a structural problem.

• Second, the medium and medium-to-large capitalized farming sector is consolidating and growing. These farming operations feature high levels of technology and production capacity and were able to survive during the 1990s. They continue to post variable rates of return which, in some cases, enable them to continue producing while innovating and increasing production and productivity.

• Finally, perhaps the major new phenomenon in the country's rural dynamics is the growing importance of external investors in the agriculture sector who have either acquired land nationwide for various purposes – for production, to hedge capital and for other reasons relating to rural life – or, without purchasing land, who participate in agricultural business through various mechanisms of production management (sowing pools).

Processes of change in the dynamics of the actors have emerged at various times, although they took on greater importance during the 1990s and became more acute following the devaluation in 2002. Since then the agriculture sector has developed within a favourable economic context. In addition to enabling significant

growth in production and productivity, this has generated multiple conflicts in relation to land use, structure and tenure. The problems outlined below, which have been analysed exhaustively, can be differentiated by the type of player concerned:

• Problems involving small-scale producers: possession of government and privately owned land, uncertainty about the future in the absence of clear title, inability to improve production conditions and quality of life, marginalization and rural exodus;

• Problems involving medium-scale producers: unfair competition for land from external investors;

• Problems involving large-scale producers or investors: concentration of land in terms of both ownership and use, violent evictions, unsustainable use of natural resources, illegal control of water, drastic changes in land use affecting biodiversity;

• Problems involving the State: institutional, legal and regulatory disarray around land management and administration, irregular land administration processes by provincial and national agencies, lack of appropriate policies and instruments on land management, the environment and rural development in general.

All of the foregoing problems, in addition to being land-specific, affect rural development generally and therefore overall economic growth. In this sense, four key elements emerge from the analysis performed:

First, although it is clear that the land dynamic varies by region, some situations can be considered to be common to several regions:

• Problems relating to occupations, possessions, evictions, uncertainty in the absence of title, the lack of reliable cadastres, etc. characterize all the non-Pampean regions. The poorest population segments bear the brunt of these problems and are caught in a vicious cycle of poverty that is very difficult to reverse.

• Problems relating to changes in tenure and delocalized production models (e.g. sowing pools, leasing on a massive scale) are more common in the Pampean



region. The problem lies not in the lack of appropriate mechanisms and instruments such as cadastres but rather a lack of control over the legal entities that control the land.

Second, Argentina entered a land concentration phase approximately three decades ago. Along with this phenomenon of concentration, another phase developed in parallel: total occupation of Argentina's territory, calling for new models of land management to address newly emerging problems that differ from those seen historically. The process of expansion and land development has come to an end. Argentina has completed its occupation of the national territory. In this new historic phase marked by stronger demand for land, natural resources are becoming increasingly strategic and irregularities of tenure will generate ever more conflicts with serious consequences in all rural areas. It is therefore more crucial than ever before to put in place an active and rational policy that can solve the problems of the most disadvantaged people living in rural areas.

Third, the transformation in land use, agrarian structure and land tenure is a clear indication of the transformation in the prevailing model of rural development in Argentina. The country is undergoing a transition from a rural development model with locally anchored small and medium producers to an agricultural development model dominated by a business approach and a high degree of delocalization. This shift is having an important impact in terms of territorial development at the national level.

Finally, as we have seen in the analysis of each region, the process of change in land use, tenure and agrarian structure is exerting a very significant impact on the environment. Some of its manifestations are deforestation, the introduction of exotic species, soil and water pollution, desertification, the loss of biodiversity, and so on. Although these phenomena have an impact on all social actors, they affect smallholders and the poorest rural people most harshly.

#### Policy recommendations on land regularization in Argentina

All of the elements analysed here clearly uphold the need to define a land policy that can achieve two unequivocal objectives: (a) anchor and develop agriculture based

on small and medium-scale producers as drivers of the national territory; and (b) boost the competitiveness of Argentinian agriculture through greater investment and enhanced technology, building upon greater security of land ownership and use.

In designing policies and instruments on rural development, consideration must be given to land policy as a central factor. Without a minimum amount of land under secure ownership, or without guarantees of long-term use and availability, the remaining variables become moot. In such circumstances, producers will live in a permanent state of uncertainty that will raise their transaction costs and stunt their future growth. Argentina's history over the past one hundred years offers irrefutable proof of this. Indeed, the strong development of production in the Pampean region was made possible not only by strong technology development but also by the fact that the great majority of small-scale producers owned their land and could count on long-term stability.

A prerequisite for a policy on land is a policy on rural development with global coverage as a frame of reference for any measures or actions affecting land. This is necessary because the existence of a rural development policy provides a framework within which actors are able to take clear decisions on investments and production systems. On one hand it is clear, as demonstrated by international experience both in Latin America and elsewhere in the world, that a land policy that does not rest on a sound rural development policy is destined to fail, since land ownership is not in itself a necessary and sufficient condition to achieve the objective of rural poverty reduction. Other dimensions of rural development must be operative if rural poverty is to be overcome, such as finance policy, infrastructure, training and extension arrangements and information. From this perspective, the structural problems of poverty are land-related but cannot be solved with a land policy alone. They must be addressed under a broader, structural view of combating poverty.

On the other hand, in order to successfully implement a land policy it is crucial to build technical and administrative capacity in the areas responsible for land management and administration. This implies increasing the budget for those areas, upgrading the skills of technicians and officials, refining information management instruments



(cadastres and geographic information systems), reducing turnaround times and red tape involved in regularizing land, enhancing the technical policy dialogue between the different layers of government, consolidating responsive and effective conflict resolution mechanisms, sensitizing and training smallholders on their legal rights and prevailing regulatory frameworks to enable them to act within the justice system, and disseminating and publicizing the land policy to enhance transparency of problems and conflicts.

Given the complexity and dynamics of the land question, a policy to regulate land management and use must necessarily be constructed in a participatory fashion, with the presence of the State at all three levels (national, provincial and municipal), professional associations and unions, organizations working in rural and territorial development and the agricultural producers themselves.

Building upon these three basic pillars (a national policy on rural development, capacity-building for the public sector and better participation), progress should be made on the following avenues of action.

### **1. Develop and implement land use and environmental plans (use of land)**

A land policy necessarily involves implementing land use plans that allow for regulating the use of land, providing coverage and support for any land regularization and rural development policy. Such a plan uses various instruments and regulations to define what can and cannot be done in every part of the territory and under what conditions, based on the environment, the production profile and social conditions in the area, thus promoting a diversified, sustainable and balanced use of land and, by extension, the territory.

### **2. Regulate land use and ownership (distribution of land)**

To limit the concentration of land, legal and tax instruments are needed to act as disincentives. These and other instruments will also promote the consolidation of family farming and a balanced occupation of the territory. Four instruments that are already recognized in other countries in the region can be put forward:

- A progressive land tax, defined by homogeneous zone, penalizing large-scale land accumulation by a single owner or business enterprise.

- Restrictions and limitations on rural property acquisition. The goal is to use various legal and juridical means to prevent purchases of land in excess of certain caps set for each agroecological zone in the country.

- Limitations on the sale of large parcels of land to foreigners. Consideration should be given to adjusting conditions governing land purchases by foreign investors or enterprises (especially in the case of large areas) to prevent creating unfavourable conditions for small- and medium-scale Argentinian farm producers wishing to access land.

- Limitations on the concentration of land use, employing various policies and taking care not to jeopardize either production and productivity of land in general, or the economic and financial strategies of small- and medium-scale producers.

### **3. Promote access to land and regularization of land ownership (land tenure)**

One of the long-term objectives of a land policy should be to substantially improve access to land and the regularization of irregular tenure situations. Security of land tenure for a given period of time to enable production systems to mature, together with efficient ways of organizing production, are the most important incentives to reduce uncertainty about the future. As uncertainty increases, investment falls, as do production and productivity levels and, ultimately, development. To this end, the following actions are recommended: (a) regularizing title to land where smallholders and indigenous people are now living in irregular situations; (b) setting up programmes to distribute government-owned land, much of which is occupied under precarious conditions; and (c) examining the political and fiscal feasibility of setting up programmes to transfer land from large landed estates to smallholders or landless campesinos by means of compensated expropriation.



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