CHAPTER 5

Sweet and Bitter: Trajectories of Sugar Cane Investments in Northern Luzon, the Philippines, and Aceh, Indonesia, 2006–13

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Abstract

This chapter aims to understand the complex process of investment and land deal making through the in-depth study of three cases of sugar cane investment in the Philippines and Indonesia. It focuses on three different trajectories of sugar cane schemes—one in northern Luzon, the Philippines, and two in Aceh, Indonesia. By means of a processual approach, the chapter identifies critical junctures—defined as crucial moments of dealmaking and interactions in which relations among actors are renegotiated—at which the investments took decisive turns. These are the collaboration of investors and bureaucratic cooperation between different levels of government; control of the development agenda; land deal making and control over land; control of labour; and curbing resistance. The chapter thus shows that investments in sugar cane and bioethanol—which often involve land deals—usually turn out differently than originally envisaged. Implementation problems arise due to the competing strategies and interests of investors, government departments, workers, landowners, and brokers, and due to specific historical and institutional constellations. Therefore, it can be argued that the implementation of investment schemes cannot simply be understood as the implementation of a contract or an already-planned programme; it should rather be understood as a constant process of negotiation and adaptation. In such a context, the identification of critical junctures is crucial for the conduct of monitoring activities and the adoption of adaptive policies during land deal processes.

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...land grabbing may be as much the result of host state action and domestic power dynamics as of foreign pressure (Fairbairn, 2013, 352)

1 Introduction

An integral part of the current boom in agricultural commodity production is investments in sugar cane and bioethanol—investments that often involve large land deals. So far, much attention has been paid to foreign investments and transnational actors who acquire or lease land and invest in commodity production as a response to the increase of prices at the world market. Evidence suggests that in many areas of Asia, the squeeze on natural resources and farmers’ landholdings is caused by a less visible, longer-term process of land acquisition by local and national elites, often—but not necessarily—in conjunction with foreign investors (McCarthy et al., 2012). Relatively little consideration is given to the complexities and trajectories of deal making and implementation processes (Borras Jr. and Franco, 2010). Many deals turn out differently than originally envisaged by the investors, state agencies, stakeholders and NGOs. Once an investment scheme has been announced or a contract has been signed, implementation problems arise due to the competing strategies and interests of investors, government departments, workers, landowners, and brokers, and due to specific historical and institutional settings (Bakker et al., 2010, 168; Fairbairn, 2013, 137; Hall et al., 2011, 4).

In this chapter we argue that land deals are to be understood as processes of constant negotiation and adaptation. McCarthy et al. (2012, 556) emphasise the need to move beyond ‘more structural accounts that privilege transnational forces that have a tendency to overlook local agency and difference’. In understanding these processes, we therefore build upon approaches that see the dynamics of changing regime interests, state policies, agribusiness agendas, traders, and farmers as being mutually constitutive, ‘cumulatively shaping local production networks’ (McCarthy et al., 2012, 556). The way these elements work together in a particular location affects the pathway of investments (McCarthy et al., 2012, 556). We are further inspired by writers such as Tsing (2005) who wrote that ‘global forces are themselves congeries of local/global interaction’ producing friction but also new coalitions and alternative forms of interaction.

This chapter aims to understand the complex processes of investment and land deal making through the in-depth study of three different implementation trajectories of sugar cane investment schemes—one in northern Luzon, the Philippines, and two in Aceh, Indonesia. Although investment and devel-