

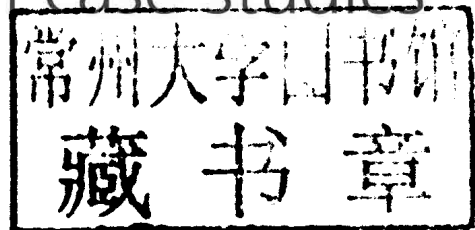
TRENDS AND IMPACTS OF FOREIGN INVESTMENT IN DEVELOPING COUNTRY AGRICULTURE

*Evidence from
case studies*



Trends and impacts of foreign investment in developing country agriculture

Evidence from case studies



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Acronyms

ABRAF	Brazilian Association of Plantation Forest Producers
ADB	African Development Bank
ADB	Asian Development Bank
ADM	Archer Daniels Midland Company
ADRA	Adventist Development and Relief Agency
AGOA	African Growth Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
ANRM	Assemblée Nationale de la République du Mali (Malian National Assembly)
APEC	Asia Pacific Economic Cooperation
APEP	USAID's Agricultural Productivity Enhancement Program
APEX	Brazilian Agency for Export and Investment Promotion
APIX	Agence de Promotion des Investissements du Sénégal
ASDP	Agriculture Sector Development Programme
ASEAN	Association of South East Asian Nations
BCB	Brazilian Central Bank
BDS	Business Development Services
BEST	Business Environment Strengthening for Tanzania
BFS	Brazilian Forest Service
BIT	Bilateral Investment Treaties
BNDES	Brazilian Development Bank
BOI	Board of Investment
BOT	Bank of Thailand
BPF	Business and Property Formalization
CAADP	Comprehensive Africa Agriculture Development Programme
CC	Coordinating Committee to implement the PROMECIF
CCG	Codes of Corporate Governance
CCROs	Customary Certificates of Rights of Occupancy
CCSR	Codes of Corporate Social Responsibility
CDC	Commonwealth Development Corporation
CDC	Council for the Development of Cambodia
CDF	Code Domainial et Foncier (Mali) (Property and Land Law)
CDRI	Cambodian Development Resource Institute
CDTF	Cotton Development Trust Fund
CEA	Cambodia Economic Association
CEDAC	Centre d'Étude et de Développement Agricole Cambodgien
CERFLOR	Brazilian Forest Certification Scheme

Acronyms

CFA	Communauté Financière Africaine (African Finance Community)
CGI	Global Competitiveness Index
CIB	Cambodia Investment Board
CIBRAZEM	Brazilian Storage Company
CICOL	Civil Society Coalition on Land
CILSS	Comité Inter - Etats de Lutte Contre la Sécheresse dans le Sahel (Permanent InterState Committee for Drought Control in the Sahel)
COMESA	Common Market for Eastern and Southern Africa
CPI	Corruption Perceptions Index
CROs	Certificates of Rights of Occupancy
CSO	Central Statistical Office
CSR	Corporate Social Responsibility
CT	Collectivité Territoriale (Local Authority)
CTSP	Children to School Support Programme
DANIDA	Danish International Development Agency
DEP	Department of Export Promotion
DFI	Development Finance Institution
DFID	Department for International Development
DGID	Direction Générale des Impôts et des Domaines
DISEZ	Dakar Integrated Special Economic Zone
DN	Domaine National
DNCN	Direction Nationale de la Conservation de la Nature (Malian Nature Conservation Department)
DNEF	Direction Nationale des Eaux et Forêts (Malian Water and Forestry Department)
DNH	Direction National de l'Hydraulique (Malian Hydraulics Department)
DNP	Direction Nationale de la Pêche (Malian Fisheries Department)
DNPIA	Direction Nationale des Productions et des Industries Animales (Malian Livestock Production and Industry Department)
DNSV	Direction Nationale des Services Vétérinaires (Veterinary Services Department)
DRA	Direction Régionale de l'Agriculture (Regional Agriculture Department)
DRC	Democratic Republic of the Congo
DRPIA	Direction Régionale des Productions et des Industries Animales (Regional Livestock Production and Industry Department)
DSIP	Development Strategy and Investment Plan
DTAs	Double Taxation Agreements

EAC	East African Community
EC	Executive Committee
ECOWAP	Economic Community of West Africa States Agricultural Policy
ECOWAS	Economic Community of West Africa States
EFE	Zone Franche d'Exportation
EGF	Etats Généraux du Foncier (Malian Land Tenure Congress)
EIA	Environmental Impact Assessment
ELC	Economic Land Concession
EMBRAPA	Brazilian Agricultural Research Corporation
EMBRATER	Brazilian Enterprise of Technical Assistance and Rural Extension
EPA	Environmental Protection Agency
EPZ	Export Processing Zone
ERR	Expected Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAQ	Fair Average Quality
FASDEP	Food and Agriculture Sector Development Policy
FBG	Farmer Business Group
FBOs	Farm Base Organizations
FCC	Fair Competition Commission
FDI	Foreign Direct Investment
FFA	Free Fatty Acids
FGD	Focus Group Discussion
FIAS	Foreign Investment Advisory Service
FINAME	Special Agency for Industrial Financing, a branch of BNDES
FIPA	Foreign Investment Protection Agreement
FISP	Farmer Input Support Programme
FSC	Forest Stewardship Council
FSP	Fertilizer Support Programme
FTA	Free Trade Agreement
FVL	Forest Vocation Lands
GCF	Gross Capital Formation
GDP	Gross Domestic Product
GDS	Grands Domaines du Sénégal
GEPC	Ghana Export Promotion Council
GERSDA	Groupe d'Etude et de Recherche en Sociologie et Droit Appliqué (Research and Study Group on Sociology and Applied Law)
GFC	Ghana Forestry Commission

GFZB	Ghana Free Zones Board
GHC	Ghanaian Cedi
GIF	Ghana Investment Fund
GIPC	Ghana Investment Promotion Centre
GLOBALGAP	Global Good Agricultural Practices
GMO	Genetically Modified Organism
GNP	Growth National Product
GOANA	Grande Offensive Agricole pour la Nourriture et l'Abondance
GoB	Government of Brazil
GOPDC	Ghana Oil Palm Development Companies
GPS	Geographical Positioning System
GRZ	Government of the Republic of Zambia
GSE	Ghana Stock Exchange
GTC	Green Trade Company
GTZ	German Technical Cooperation
GVC	Global Value Chains
HACCP	Hazard Analysis Critical Control Point
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HS	Harmonized System
IBRD	International Bank for Reconstruction and Development. Also WB
ICSID	International Centre for the Settlement of Investment Disputes
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IDEA	USAID's Investment in Developing Export Agriculture
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFPRI	International Food Policy Research Institute
IICA	Inter-American Institute for Cooperation on Agriculture
IIA	International Investment Agreement
IIED	International Institute for Environment and Development
ILO	International Labour Organization
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IPCC	Intergovernmental Panel on Climate Change
IPPA	Investment Protection and Protocol Agreement
ISO	International Organization for Standardization
ITFC	Integrated Tamale Fruit Company
IUCN	International Union for the Conservation of Nature

JV	Joint Venture
Kascol	Kaleya Smallholders Company Ltd (Kascol)
KHR	Cambodian riel
LAC	Latin America and the Caribbean
LDC	Least Developed Country
LGA	Local Government Authority
LICUS	Lower Income Country Under Stress
LOA	Loi d'Orientation Agricole (Agricultural Framework Law)
M&A	Merger and Acquisitions
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MAFF	Ministry of Agriculture, Forestry and Fisheries
MAFSC	Ministry of Agriculture, Food Security and Cooperatives
MCC	Millennium Challenge Corporation
MDC	Mpongwe Development Company
MDGs	Millennium Development Goals
MDRE	Ministère du Développement Rural et de l'Environnement (Malian Ministry for Rural Development and the Environment)
MEDIZON	Ministère Délégué auprès du Premier Ministre, chargé du Développement Intégré de la Zone de l'Office du Niger (Secretary of State, attached to the Prime Minister's office, responsible for the Integrated Development of the Office du Niger Area)
MEF	Ministry of Economy and Finance
METASIP	Medium Term Agriculture Sector Investment Plan
MFC	Ministère des Finances et du Commerce (Malian Ministry of Finance and Trade)
MFEZ	Multi-facility Economic Zone
MFPED	Ministry of Finance, Planning and Economic Development
MiDA	Millennium Development Authority
MIGA	Multilateral Investment Guarantee Agency
MLAFU	Ministère du Logement, des Affaires Foncières et de l'Urbanisme (Malian Ministry of Housing, Land and Town Planning)
MLHSD	Ministry of Lands, Housing and Human Settlements Development
MMA	Ministry of Environment of Brazil
MMEE	Ministère des Mines, de l'Énergie et de l'Eau (Ministry of Mines, Energy and Water)
MNEs	Multinational Enterprises
MoE	Ministry of Environment
MoFA	Ministry of Food and Agriculture
MoP	Ministry of Planning
MoU	Memorandum of Understanding
MoWRaM	Ministry of Water Resources and Meteorology
MSME	Micro, Small and Medium Enterprise

Mt	million metric tonnes
NAADS	National Agricultural Advisory Service
NAMBOARD	National Agricultural Marketing Board
NAROS	National Agricultural Research Organization
NEPAD	New Economic Partnership for Africa Development
NESBD	National Economic and Social Development Board
nFVL	Non-forest Vocation Lands
NGFSRP	Northern Ghana Food Security Resilience Project
NGO	Non-Governmental Organization
NIC	Newly Industrialized Countries
NSDP	National Strategic Development Plan
NSTDA	National Science and Technology Development Agency
OAE	Office of Agricultural Economics
OAPI	African Organization for Intellectual Property
ODS	Ozone Depleting Substances
OECD	Organization for Economic Co-operation and Development
OMOA	Organic Mango Outgrowers Association
ON	Office du Niger
ONFH	Observatoire National du Foncier et de l'Habitat (National Land and Housing Observatory)
PAP	Project-affected people
PEAP	Poverty Eradication Action Plan
PICS	Productivity and Investment Climate Surveys
PIV	Périmètres Irrigués Villageois (Village irrigation schemes)
PKC	Palm Kernel Cake
PKO	Palm Kernel Oil
PMA	Plan for the Modernization of Agriculture
PMO-RALG	Prime Minister's Office, Regional Administration and Local Government
PND	National Development Plan
POME	Palm Oil Mill Effluent
PPP	Public Private Partnership Policy
PPRA	Public Procurement Regulatory Authority
PPTA	Project Preparatory Technical Assistance
P-RM	Présidence de la République du Mali (Presidency of the Republic of Mali)
PROMECIF	Forestry Investment Business Climate Improvement Process
PRONAF	National Programme for Family Agriculture Strengthening
PRSC	Parastatal Sector Reform Commission
PRSP	Poverty Reduction Strategy Paper
PSM	Projet Sucrier de Markala (Markala Sugar Project)
PSOM	Dutch Government Programme

PTF	Privatization Trust Fund
PTS	Pesticides and Toxic Substances
R&D	Research and Development
RAI	Responsible Agricultural Investment (Principles)
REDD	Reducing Emissions from Deforestation and Forest Degradation in developing countries
ROI	Return on Investment
RPKO	Refined Palm Kernel Oil
SAGCOT	Southern Agricultural Growth Corridor of Tanzania
SAGF	Rabo Sustainable Agriculture Guarantee Fund
SDC	Swiss Development Cooperation
SDDZON	Schéma Directeur de Développement de la Zone de l'Office du Niger (Development Master Plan for the Office du Niger Area)
SEDIZON	Secrétariat d'Etat auprès du Premier Ministre, chargé du Développement Intégré de la Zone de l'Office du Niger (Secretary of State, attached to the Prime Minister's office, responsible for the Integrated Development of the Office du Niger Area)
SEAFMD	South East Asia Food and Mouth Disease Regional Coordination
SEKAB	Swedish Ethanol Chemistry AB
SEZ	Special Economic Zone
SIDA	Swedish International Development Agency
SIF	Forestry Research Society
SLC	Social Land Concession
SLPIA	Service Local des Productions et des Industries Animales (Local Livestock Production and Industry Service)
SME	Small and Medium Enterprise
SOCAS	Société de Conserves Alimentaires du Sénégal
SOSUMAR	Société Sucrière de Markala (Markala Sugar Company)
SPILL	Strategic Plan for Implementation of Land Laws
SSA	Sub-Saharan Africa
SSNIT	Social Security and National Insurance Trust
TAFTA	Thailand-Australia Free Trade Agreement
TECHNOSERVE	Technology in the Service of Mankind
TIC	Tanzania Investment Centre
TNC	Transnational Corporation
TRIMs	WTO Agreement on Trade-related Investment Measures
UBR	Uganda Business Register
UBS	Uganda Bureau of Statistics
UCDA	Uganda Coffee Development Authority
UEMOA	Union Économique et Monétaire Ouest Africaine
UEPB	Uganda Export Promotion Board
UFEA	Uganda Flower Exporters Association

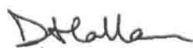
UFPA	Uganda Fish Processors Association
UFV	Federal University of Viçosa
UIA	Uganda Investment Authority
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
URA	Uganda Revenue Authority
USA	United States of America
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
US\$	United States dollar
VAT	Value Added Tax
WARDA	West African Rice Development Association
WB	The World Bank. Also IBRD.
WCGA	Western Cotton Growing Area
WEF	World Economic Forum
WFP	World Food Programme
WFS	World Food Summit
WIPO	World Intellectual Property Organization
WIR	World Investment Report
WTO	World Trade Organization
ZDA	Zambia Development Agency
ZMK	Zambian Kwacha
ZEMA	Zambia Environmental Management Agency
ZSC	Zambia Sugar Company

Foreword

Large-scale international investments in developing country agriculture, especially acquisitions of agricultural land, continue to raise international concern. Certainly, complex and controversial issues – economic, political, institutional, legal and ethical – are raised in relation to food security, poverty reduction, rural development, technology and access to land and water resources. Yet at the same time, some developing countries are making strenuous efforts to attract foreign investment into their agricultural sectors. They see an important role for such investments in filling the gap left by dwindling official development assistance and the limitations of their own domestic budgetary resources, creating employment and incomes and promoting technology transfer. More investment is certainly needed – more than US\$80 billion per year according to FAO analysis. But can foreign direct investment be compatible with the needs of local stakeholders as well as those of the international investor? And can these investments yield more general development benefits?

Analyzing the impacts of foreign direct investment in developing country agriculture and even understanding its extent and nature has been hampered by the weakness of the available information and the lack of comprehensive statistical data. Much discussion of the phenomenon has been based on media stories but these are potentially misleading unless very carefully triangulated. This lack of reliable detailed information means serious analysis has tended to rely on case studies. This book collects together case studies undertaken by FAO in nine different countries. These add to the increasing volume of evidence from similar case studies undertaken by other international organizations.

It is important that any international investment should bring development benefits to the receiving country in terms of technology transfer, employment creation, upstream and downstream linkages and so on if these investments are to be “win-win” rather than “neo-colonialism”. These beneficial flows are not automatic: care must be taken in the formulation of investment contracts and selection of business model. Appropriate legislative and policy frameworks need to be in place. The case studies in this book describe the extent, nature and impacts of international investments and examine the effectiveness of policy and legal frameworks. Obviously, generalizations are difficult both on the impacts of foreign investments and on the best regulatory approaches but the studies provide a wealth of insights which should be valuable to host country governments and investors alike. Their findings shed light on a number of issues including the extent to which forms of investment other than land acquisition – such as contract farming, out-grower schemes and other joint ventures – are more likely to yield development benefits to host countries. They highlight the importance of stronger governance in the host country and provide some indications of the priority areas of focus for international efforts to formulate guiding principles for responsible agricultural investments.



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Table of contents

	Page
Acknowledgements	iii
Acronyms	iv
Foreword	xiii
PART 1: INTRODUCTION	1
1. Global context and issues	3
2. Assessing the extent of foreign investment in agriculture	3
3. Origins of agricultural FDI	6
4. Patterns of FDI flows	6
5. Implications for food security	7
6. Urgent need for agricultural investment in developing countries	8
7. The development potential of inclusive business model	9
8. Objectives, scope and methodology	10
9. Contents	11
References	11
PART 2: OVERVIEW OF TRENDS IN FOREIGN DIRECT INVESTMENT (FDI)	13
1. Introduction	15
2. FDI's contribution to growth	16
3. FDI flows to agriculture are still relatively low compared to other economic sectors	20
4. FDI flows to agriculture by source and destination	22
PART 3: POLICIES FOR ATTRACTING FDI AND IMPACTS ON NATIONAL ECONOMIC DEVELOPMENT	27
BRAZIL: IMPROVING THE BUSINESS CLIMATE FOR FDI	29
1. Introduction	29
2. Foreign direct investment in Brazil	29
2.1 The comparative importance of FDI in Brazil	29
3. Lessons from Brazilian agriculture development experience	33
3.1 Business climate history for agriculture investment	33
3.2 Agricultural development of the Brazilian Savannah	39

	Page
4. The business climate for FDI in Brazilian agriculture	42
4.1 The enabling environment for FDI in Brazil	42
4.2 A business climate model for investment in agriculture	42
<i>Supra-Sectorial Factors</i>	42
<i>Inter-Sectorial Factors</i>	42
<i>Intra-Sectorial Factors</i>	44
<i>Forestry as an example</i>	45
5. Business climate improvement process to attract FDI into the agriculture sector	48
5.1 Overall process	48
5.2 Improving business climate critical factors	51
6. Conclusions and recommendations	53
References	54
TANZANIA: ANALYSIS OF PRIVATE INVESTMENTS IN THE AGRICULTURAL SECTOR OF THE UNITED REPUBLIC OF TANZANIA	59
1. Introduction	59
2. Overview of the regulatory and incentive framework	60
3. Investment in the United Republic of Tanzania	61
3.1 Foreign Direct Investment	62
4. Divestiture policy	65
5. The TRIMs agreement	68
6. The incentives framework	69
6.1 Tax exemptions	70
6.2 Export processing zones programme	71
7. Land policies and related issues in the United Republic of Tanzania	74
7.1 The Institutional Framework for Implementation	75
8. Recent trends in large-scale land investment in the United Republic of Tanzania	76
9. Issues and implications for large-scale land investments in the United Republic of Tanzania	79
10. Existing business models for large-scale land investment	80
11. Impact of FDI on agriculture in the United Republic of Tanzania	81
12. Conclusions and recommendations	83
Annex: Investment opportunities in the crop sector	87
References	88

	Page
THAILAND: FOREIGN INVESTMENT AND AGRICULTURAL DEVELOPMENT IN THAILAND	91
1. Introduction	91
2. Background of Thai agriculture and FDI data in Thailand	91
2.1 Overview of agricultural development in Thailand	91
2.2 Foreign Direct Investment (FDI) data in Thailand	92
3. Policies, legislations, institutions affecting FDI in Thai agriculture	93
3.1 Overview	93
<i>Investment barriers</i>	93
<i>Investment policy climate</i>	97
4. Analysis of international investments in the agricultural sector	104
4.1 Overall FDI analysis	104
4.2 BOI's promoted foreign investment in the agricultural sector	107
<i>Historical Development</i>	107
<i>Facts and figures</i>	108
<i>Characteristics of BOI's Promoted Foreign Investment</i>	110
<i>Decomposition of BOI's Promoted Foreign Investment</i>	112
5. Impacts of FDI in Thai agriculture	114
5.1 Overview of FDI Impact	114
<i>FDI and Employment</i>	115
<i>FDI and Export</i>	115
<i>FDI and output and value added</i>	116
5.2 Contributions of BOI's promoted FDI	116
<i>FDI and technology transfer</i>	118
6. Conclusions and policy recommendations	118
References	119
UGANDA: ANALYSIS OF PRIVATE INVESTMENT IN THE COFFEE, FLOWERS AND FISH SECTORS OF UGANDA	123
1. Introduction	123
2. Foreign direct investment flows in agriculture	123
3. Policies to encourage private investment in the agricultural sector	125
3.1 Policies to enhance domestic capabilities and safeguards	126
<i>Incentives offered to encourage private investment in agricultural sectors</i>	127

	Page
4. Investments by transnational corporations in the agricultural sector	128
5. Value chain of selected commodities: Coffee, flowers and fish	130
5.1 Transnational Corporations (TNCs) in agricultural production in Uganda	138
<i>Activities of foreign affiliates</i>	138
<i>Main competitive advantages, motivations and strategies</i>	139
<i>Motivation for investing in Uganda</i>	139
<i>Challenges</i>	140
6. Impact and implications of private investment in Ugandan agriculture	141
6.1 Impact on employment	141
6.2 Impacts on agricultural production in Uganda	141
<i>Positive impacts</i>	141
<i>Negative impacts</i>	142
6.3 Impact on agricultural exports	142
6.4 Impact on agricultural financing	143
<i>Access to finance for smallholder farmers</i>	143
<i>Impact on the domestic banking sector</i>	143
6.5 Impact on technology and knowledge sharing	143
6.6 Enforcement of production and processing standards	146
6.7 Investment in training	146
6.8 Market development	146
6.9 Market access and exports	147
<i>Positive impacts of market access</i>	147
<i>Negative impacts of market access</i>	148
6.10 Increased competition	149
<i>Positive impact: Increased demand leading to increased farmgate prices</i>	149
<i>Negative impacts: Increasing demand has squeezed out (local) companies</i>	150
6.11 Community impacts	150
6.12 Impact on the environment	152
6.13 Support from third parties	152
7. Conclusions and recommendations	152
References	153