Objective: To characterize and quantify the regional investment trends of organizations investing in agribusiness, infrastructure, and extractive industries, to better understand their roles in land acquisition as related to deforestation and human rights.

Outline:
I. Background & Rationale
II. Methodology
III. Discussion of Results
IV. Summary & Links to Conversion Timber
Background & Rationale

Size of the middle class in 2009 and prediction for 2030

North America

Europe

Asia Pacific

Middle East and North Africa

Sub Saharan Africa

Central and South America

100mn
500mn
1bn

Standard Chartered, 2010
Background & Rationale

GMO Commodity Index: The Great Paradigm Shift

Note: The GMO commodity index is an index comprised of the following 33 commodities, equally weighted at initiation: aluminum, coal, coconut oil, coffee, copper, corn, cotton, diammonium phosphate, flaxseed, gold, iron ore, jute, lard, lead, natural gas, nickel, oil, palladium, palm oil, pepper, platinum, plywood, rubber, silver, sorghum, soybeans, sugar, tin, tobacco, uranium, wheat, wool, zinc.

Source: GMO As of 2/28/11
203 million hectares

...in global land acquisitions approved or under negotiation between 2000 and 2010 (Anseeuw, Alden Wily, Cotula, & Taylor, 2012)

Proximate drivers:

- Farm production
- Forest conversion
- Industrial development
- Mineral Extraction
The Drivers of Deforestation (Kissinger, Herold, de Sy, 2012)

a) Proportion of deforestation drivers

- Urban expansion
- Infrastructure
- Mining
- Agriculture (local/subsistence)
- Agriculture (commercial)

b) Area proportion of deforestation drivers

- Africa
- Latin America
- (Sub)tropical Asia
Financial Risks of Insecure Tenure

• “... land tenure problems can inflate a project’s expenditures by an order of magnitude, and in some cases, these losses have been great enough to endanger the future of the corporate parent itself.” (Munden, 2012)

• “... industrial concessions on public lands representing 31% of hectares sampled had some overlap with demarcated local territory.” (Munden, 2013)

• “... a major, world-class mining project with capital expenditure of between in US$3-5 billion will suffer roughly USD$20 million per week of delayed production in Net Present Value (NPV) terms” due to land tenure risk. (Davis & Franks, 2013)

• 30% of global oil and gas production of oil and gas companies listed on the Russell 1000 is sourced either on or near Indigenous Peoples lands. (Indigenous Peoples Worldwide, 2013)
Factors Contributing to Degree of Exposure

- **Contributing factors:**
  - Financing structure
  - Geographic concentration
  - Supply diversification
  - Revenue diversification
I. Which sectors are most likely to impinge on the tenure rights of communities?
   - Spatial/Concession data
   - Investment data

II. From where is investment coming?

III. Which sectors/companies are most sensitive to tenure risk?
   - Financial data
   - Presence of CSR policy
## Myanmar

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*Existing operations, as of FYE 2012*
Total Identified Concession Area
15.0 million hectares

Area - Sector

ENERGY – 96%

Area – Less Energy

MINING – 45%

AG – 47%

Energy
Mining
Agriculture
Infrastructure
Total Identified Concession Area
15.0 million hectares

Area - Resource

- Oil & Gas - 96%

Area – Less Energy

- Gold - 45%
- Cassava - 19%
- Tea - 11%
- Multiple
- Rubber
- Transport
- Rice
- Timber
- Tin
- Oil Palm
- Copper
- Iron
- SEZ
- Fish

Oil & Gas - 96%
Total Budgeted Investment – US$13.3 billion
Total Committed Investment – US$771.8 million

August 7, 2014
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<th>Country</th>
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26 Public Companies, Primarily Medium to Large Cap…

Frequency Distribution – Market Cap USD
Energy firms average the largest, Infrastructure and Agriculture the most leveraged.
Major East Asian firms involved in SEZ development – highly leveraged.
Sector Summary (1)

**Mining**
- Chinese and local firms involved at known deposits
- No Western firms involved in mineral exploitation
- Handful of firms evaluating exploration opportunities

**Energy**
- Onshore exploration activity set to greatly increase after 2011 and 2013 auctions
- Multinational, public firms involved – primarily from Asia

**Agriculture**
- Interest from Malaysian and Indonesian multinationals for palm
- Foreign interest in commercial rice/pulse production
- Rubber and biofuel production opaque
- IFC involvement with Serge Pun (Yoma Strategic Holdings)
Infrastructure
- Major Japanese, Korean, Indian, and Chinese multinationals involved in petroleum and gas transport and Special Economic Zone development
- Most highly leveraged

Forest Products
- Majority domestic – none publicly traded
- Many companies that produce timber also operate in minerals and industrial sectors (i.e. crony conglomerates)
Connections to Conversion Timber?

- Many companies, few are publicly traded, general lack of transparency
- Little western involvement (supply chain lever)
- Majority of companies are a certain type:
  - small, risk taking,
  - local/regional firms
  - large-cap international firms
- Energy sector – as exploration ramps up, building of roads and pads for drilling may facilitate timber clearance
- Mining sector – exploration likely to ramp up, will require access roads etc.; few western companies involved
- Forestry companies – little information; local partnership by crony companies with foreign energy, mining, and agricultural companies
- Agriculture – little information other than well publicized conflicts (Yuzana, etc.); state has published what it wants to convert for agriculture
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<th>Top Ten Shareholders (17 February 2014)</th>
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<td>PTT Public Company Ltd.</td>
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<td>Thai NDVR Company Ltd.</td>
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<td>State Street Bank and Trust Co.</td>
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<td>State Street Bank Europe</td>
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<td>HSBC (Singapore)</td>
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<td>1.393%</td>
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<td>Chase</td>
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<td>BNP Paribas Securities</td>
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<td>Nortrust Nominees</td>
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<tr>
<td>Bank of New York Mellon</td>
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Questions?

bogden@rightsandresources.org

www.rightsandresources.org