

## Fiagros, the fictitious capital and the recent financialisation of agri-business in Brazil

Cássio Arruda Boechat 

Universidade Federal do Espírito Santo (UFES) – Vitória, Espírito Santo, Brasil.  
e-mail: [cassio.boechat@gmail.com](mailto:cassio.boechat@gmail.com)

### Abstract

This article takes a preliminary look at the constitution and recent performance of the Agricultural Chain Investment Funds, or Fiagros, created in 2021. It seeks to understand them as part of the unfolding of financial mechanisms created since the 1990s by the process of securitisation of Brazilian agribusiness debts. Theoretically, we analyse the current "inflation of financial assets" through the concept of "fictitious capital" and thus propose an understanding of the current phase of "financialisation" of agriculture and land in Brazil. In this way, we observe, through the Fiagros, a renewal of promises of valorisation of agricultural production interlaced with "debt circuits", pushing for the expansion of production and productivity in agriculture, often aggravating conflict in the countryside and reinforcing a critical characterisation of the reproduction of Brazilian agribusiness.

**Keywords:** Fiagros; fictitious capital; financialisation; indebtedness; crisis.

### Os Fiagros, o capital fictício e a financeirização recente do agronegócio brasileiro

#### Resumo

Este artigo traz um balanço preliminar da constituição e da atuação recente dos Fundos de Investimento das Cadeias Agropecuárias, os Fiagros, criados em 2021. Procura-se aqui compreendê-los como parte do desdobramento de mecanismos financeiros, criados desde a década de 1990 pelo processo de securitização das dívidas do agronegócio brasileiro. Teoricamente, analisamos o atual momento pautado pela "inflação de ativos financeiros" por meio do conceito de "capital fictício" e, assim, propomos um entendimento da atual fase de "financeirização" da agricultura e da terra no Brasil. Deste modo, observamos, por meio dos Fiagros, uma renovação de promessas de valorização de produções agropecuárias entrelaçadas a "circuitos de endividamento", pressionando para a expansão da produção e da produtividade na agricultura, muitas vezes agravando a conflitualidade no campo e reforçando uma caracterização crítica da reprodução do agronegócio brasileiro.

**Palavras-chave:** Fiagros; financeirização; endividamento; crise.



## Les Fiagros, le capital fictif et la financiarisation récente du agrobusiness au Brésil

### Résumé

Cet article jette un regard préliminaire sur la constitution et les performances récentes des fonds d'investissement dans les chaînes agricoles, ou Fiagros, créés en 2021. Il cherche à les comprendre comme faisant partie du déploiement des mécanismes financiers créés depuis les années 1990 par le processus de sécurisation des dettes de l'agrobusiness brésilien. D'un point de vue théorique, nous analysons l'actuelle "inflation des actifs financiers" à travers le concept de "capital fictif" et proposons ainsi une compréhension de la phase actuelle de "financiarisation" de l'agriculture et de la terre au Brésil. Nous observons ainsi, à travers les Fiagros, un renouvellement des promesses de valorisation de la production agricole entrelacées avec des "circuits d'endettement", poussant à l'expansion de la production et de la productivité agricole, aggravant souvent les conflits dans les campagnes et renforçant une caractérisation critique de la reproduction de l'agrobusiness brésilien.

**Mots-clés:** Fiagros; capital fictif; financiarisation; endettement; crise.

### Introduction

The Agricultural Chain Investment Funds, or simply Fiagros, were launched under 2021 Law No. 14.130 deriving from a regulatory framework established by the so-called Agro Law (Law No. 13.986 of 2020) and have been rapidly attracting investors interested in extracting income from the capitalisation of securities, holdings in companies and real estate rights related to agribusiness on the São Paulo Stock Exchange (B3).

Inspired by the "financial engineering" of Real Estate Investment Funds (FIIs) created by Law 8,668 in 1993, one of Fiagros' appeals is the tax-free income on dividends given to their shareholders. In a short space of time, in the midst of hammering propaganda by the media claiming that "agribusiness is everything" coupled with a high-interest-rate scenario allegedly aimed at curbing inflation, and with such funds being generally pegged to the CDI, and paying out dividends that exceed 1.5 per cent per month, a form of agribusiness ever more intertwined with fictitious capital has become "pop" among investors in the financial market, not just institutional investors, but also among "ordinary" middle-class people, all of whom are looking to purchase a portion of Fiagros shares to diversify their investments portfolios. Such favourable incomes, however, are prone to high risks. And yet, it's not just those investors taking on a high-priced risk when acquiring Fiagros shares; there is something broader and more deeply critical and riskier about the current fictitious reproduction of capital and its rural and Brazilian particularities, something we have tried to address in this article.

Although there may be a perception here that the purchase of Fiagros shares represents the acquisition of parcels of shares in said agribusiness firms, in reality they represent the purchase of debt parcels for these companies, be it with circulating capital or with fixed capital invested in land, thus interposing a new circuit of private financial indebtedness within these production chains. This is not a direct investment in commodities, but rather in the liabilities required for the production of valuable commodities faced with market fluctuations, and climatic, economic, and legal uncertainties, it is therefore a risky way of managing piled-up debts. As a result, there is an expectation of future earnings negotiated with investors who now share these revenues linked to future agricultural production of commodities. As such, this *mortgaged of the promise of valorisation* (Kurz, 2019) unfolds a market of financial assets including land itself, which anticipates the production of goods and the labour processes, moving agribusiness towards an indebted expansion. Or their mere critical reiteration.

This article opens by addressing the unfolding of "fictitious capital" in Marx (1986), based on the entanglement between interest-bearing capital and the so-called functioning capital, in which the emergence of "bill of exchange" would suggest an inverted real meaning of commodity production, which would be linked to the circulation of these new forms of money. Kurz's (2019) enlargement of the meaning of fictitious capital beyond accounting expedients provides a suggestive interpretation of its centrality to the way how social reproduction has been critically carried out, particularly from the 1970s onwards, through the creation of an ever-growing "debt circuit" that has a new facet and scale in the financial markets, in which a detachment is made concerning the processes of valorisation of value, their very "de-substantialising" caused by the immanent tendency to remove living labour from the production processes.

Similarly, Pitta's (2016) analysis of how the commodities boom has materialised for agribusiness in the sugar-energy sector comes from that same perspective. For him, the initial public offerings of agribusiness companies and the multiple advance payments through new financial mechanisms have led to fictitious capital being the key factor in the pressure towards the increase in area, production, and productivity of sugar cane, as well as sugar and ethanol. In a way, we can relate this definition, although the theoretical assumptions may be different, to the proposition that the idea of financialisation is based on "asset price inflation", in line with Coutinho and Belluzzo's (1998).

Based on these theoretical assumptions, we have put together a historical contextualisation of how new financial mechanisms were created as a result of a massive restructuring of the Brazilian economy in the 1990s through the agribusiness debt securitisation process. In this context, the mechanisms in question emerge as part of new

financialised "debt circuits" (Kurz, 2019), within which we observe the constitution and recent implementation of the Fiagros, as of 2021..

This is how we have surveyed all those Fiagros assets as of August 2023 and all their recent socio-environmental and economic problems to show how priorities are decidedly reversed in the fetishist view of the financial market as long as the "extra-economic violence" (Marx, 1985) from cases of land grabbing, invasion of indigenous lands, environmental violations and the occurrence of slave-like labour are virtually all ignored and surely undervalued in stock market prices. Unlike in the case of stakeholder defaults, which immediately lead to drops in share prices. In the end, we have also looked at the Fiagros cases which are specialised in land commercialisation as a financial asset, thus seeing in them a new round of agricultural and land financialisation, in addition to the recent emergence of financialised transnational real estate companies (Pitta, Cerdas and Mendonça, 2018). As for those Fiagros, however, we also find the occurrence of new, financialised "debt circuits" leading to the mobilisation of land ownership and thus promoting new and more critical centralisations of capital (Marx, 1985).

## **Fictitious capital and the recent financialisation of the Brazilian countryside**

### **Broadening a better understanding of fictitious capital**

In the chapter Karl Marx devotes to "fictitious capital" in *Capital* (Marx, 1986, Volume III, chapter 25) when dealing with a series of bank capital economists and agents from the 19th century who negotiated the so-called "bills of exchange", there is a footnote in which the translator of the book to the Portuguese indicates that Marx called the practice of duplicating commodities as "feigned capital" (*fingiertes Kapital*), probably reserving the concept of "fictitious capital" (*fiktives Kapital*) for a broader definition (Marx, 1986, p. 302).

By looking specifically at the money movement in his time, Marx suggested that the function of money as a means of payment (see Marx, 1985, Book I, chapter 3) took precedence over the others, as commodities are sold on the promise of being paid in the future. The bill of exchange formalised this promise and flowed until the day it was due as commercial money. Meanwhile, the bills of exchange were cancelled out in the compensation of the credits and debits and, at that point, they were effectively paid out as if they were real money. In England - the centre of world capitalism at the time - credit money had already become the main tool of currency through bills of exchange. The amount printed on the banknotes and bills of exchange was more than ten times the amount of gold available. The York banker W. Leather, in his commentary on the possible detachment of this paper movement from "actual" business, gave the hint to Marx's use of the concept:

It is impossible to decide how many of them are derived from real business, for example real purchases and sales, and which part consists only of fictitious paper, i.e. bills that are issued in order to collect existing bills before they are due and thus creating fake capital through the production of mere means of circulation (MARX, 1986, p. 301-302).

As we can see, the notion of fictitious capital expressed there a common practice in banking and business intermediation, apparently at the service of a complex accounting system of that time<sup>1</sup>, but in Marx's analysis, it would soon unfold in a process of inversion, which is of great interest to us. For him, the pledge of the production of commodities as expressed in bills of exchange helped to anticipate the money expected to be made from their sale, and encouraged a kind of inversion process in which there was a loss of the naive notion that money only mediated access to commodities, in order to emphasise that it was rather the commodities that were the means of accessing and multiplying money. The greater the ease for obtaining advances on unsold or not yet produced commodities, the more these advances were taken, and the greater the temptation to produce commodities or launch those already produced on distant markets simply to obtain money in advance on them, in the first place<sup>2</sup> (Marx, 1986, p. 307).

Fábio T. Pitta (2016, p. 108), when considering the Brazilian sugar-energy agribusiness of the years 2000 and 2010, understands Marx's fictitious capital as a "logical-critical possibility of the unfolding of interest-bearing capital", as bills of exchange have doubled the promises of payment and have promoted the inversion of the fact that the greater the production, the greater the access to money advances becomes. Pitta's analysis (2016, p. 111) points out how rural product notes (CPRs) -- the debt bonds of companies,

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<sup>1</sup> The development of the banking system represented a development of the credit system. Referring to the words of another banker at the time, credit is trust, but trust can be transferred, and the endorsement of bills of exchange by banking houses and socially recognized firms reinforced his movement. The intertwining between the banking system and industry at the time allowed the above conceptualization to be expanded. After all, the banking system also consists of a centralization of the "reserve funds" of the entire society, which enhances the development of money trade and, through the loans it makes, enhances the development of commodity trade. Thus, the money of all classes of society, by being deposited in the banking system, can be loaned against the payment of interest, and, in this way, money is multiplied. However, money also multiplies, as suggested here, through the issuance of bank notes and duplicates of property and commodity titles.

<sup>2</sup> In the chapter in question, Marx analysed two situations in which a true "fiction" unfolded in the 1840s, which in fact allow parallels to the so-called commodities boom (2003-2008) and even later. The first concerned the rush in the summer of 1844 for shares in railway companies, which raised their prices, just like the the IPOs of agribusiness companies in the 2000s (Boechat, 2020). The frenzy with buying shares increased their prices and stimulated the expansion of companies, but when there were difficulties in paying the advances made, new credits had to be taken out to make the payments. The payment of advances with new advances indicates a further development of money that becomes more money without necessarily going through the commodity production, in which the latter would potentially exploit other people's labour and extract surplus value. The second situation dealt with trade between England and the East Indies, in which both English and Indian and Chinese merchants raised bills of exchange when shipping their goods, advancing their payment and feeding back production, which thus saturated both markets of credit and commodities: "[...] bills of exchange were no longer drawn for having purchased commodities, but commodities were purchased to be able to draw discountable bills, convertible into money" (Marx, 1986, p. 309).

advances on export exchange contracts (ACCs), advances on foreign exchange delivery (ACEs) and export pre-payments (PPEs) are all examples of current bills of exchange. Here we have added the agribusiness receivables notes (CRAs), as the main credit rights security traded by Fiagros. This is how the fictionalization of production relates to credit money, which pays interests to its bearers, and which eventually takes place through the production of agricultural commodities, but not necessarily in terms of value:

The need to pledge several future harvests with ever-increasing production precisely enables us to observe that the expansion by the mill of its sugar production is aimed at paying off previous debts with a new production that is critically determined by the last one. Therefore, the ACC is very similar to a bill of exchange (Pitta, 2016, p. 112).

However, this determination of heavy indebtedness dealt with here in relation to sugarcane, sugar, and ethanol production was neither restricted to this sector nor to the time analysed post-2008 crisis, being even before that, an indebtedness that ran through Brazil's foreign debt (Pitta, Boechat and Toledo, 2016), which socially expands the notion of fictitious capital as the foundation of agribusiness beyond the possibilities of "pretending" to account for the companies' reproduction: "We have suggested that one of the contradictory and critical possibilities of these accumulation processes, their fictionalisation, has become the foundation of the very reproduction of capitalism" (Pitta, 2016, p. 113). Pitta (2016) comes up with such a suggestion based on the concept of fictitious capital proposed by Robert Kurz (2019).

Kurz (2019) takes up the movement from Marx's *Capital* (Volumes I to III) to show the possibilities of decoupling the entanglement - expressed in the circuit  $M(a)-M(b)-C-M'(b)-M'(a)$  - of interest-bearing capital ("a"), which lends money (M) for a price (interest), to the functioning capital ("b"), producer of commodities (C) through the exploitation of abstract labour that creates surplus value, which then undertakes ("b") the loan and shares its profit with the payment of interests (to capital "a"). For Kurz (2019), this divergence between the circuits of interest-bearing capital and functioning capital can be caused by an unsuccessful production, which could not be sold and therefore could not repay the advances. It can also happen when the loans are spent unproductively, without being converted into commodity production to extract surplus value. But the "fiction" only really takes effect when a new loan is systematically taken out to pay off a previous one, which doesn't just happen on an individual level but, as we can see, has become a repeated social practice in which:

[...] the financial system pushes an ever-growing mountain of credit money "without any substance" treated "as if" it was undergoing a real process of valorisation, even though it is only fictionalised. Thus, the link between

abstract labour and money is so prolonged that the non-coincidence of the two phenomenal forms is not immediately apparent but rather is somehow "postponed". However, the fictitious extension chain will eventually break, i.e. the interest cross-sectional remuneration of the M-M' movement will reach its limit, having grown beyond its substantial content (Kurz, 2019, p. 58).

Alongside the financial system, though, the issue has become more complex in this fictitious reproduction as labour itself changes by becoming more scientifically productive and technified. As is evident in the case of the mechanisation of agricultural work, the process of increasing the organic composition of capital (Marx, 1986) has been widespread since the expansion of Fordism, but it has taken on a whole new set of connotations with the Microelectronics Revolution and the growing difficulties of providing compensation in which unemployed workers in one sector could migrate to a different one (Pitta, Leite and Kluck, 2020). The migration of labour to the service sector to promote the circulation of commodities, hides, however, a reduction in the scope for extracting social surplus value. In this way, the real compensation for the Fordist expansion laid in the (also territorial) expansion of production, so that the increase in sales would compensate for the decrease in surplus value extracted per commodity produced (Harvey, 2011). But the scale of production and the level of productivity call for an ever higher level of debt, and they quickly saturate any markets while exploiting proportionally less and less living labour. Of course, it is the State that is required to make investments that the companies shy away from making and in order to maintain a minimum of social cohesion. From circulation infrastructures to the support of worker legalisation, education, health and retraining apparatuses, through to mitigating the environmental impacts of commodity production, up to subsidies, protectionism of national industry and providing direct incentives (Kurz, 1999).

A completely new situation has thus arisen: the problem of "state finance" and therefore of "fictitious capital" in the form of State credit are no longer just a matter for the State apparatus, but also for social life itself as organised according to the commodity form. "[...] The process in which growing masses of future labour are mortgaged and 'capitalised', the vampiristic nourishment of the future now encompasses not only the reproduction of capital, but also the reproduction of the State, and the two forms of reliance on credit are intertwined" (Kurz, 2019, p. 75).

In any case, we have seen the way in which the constitution of "debt circuits" (Kurz, 2019) passes through the financial system and its mechanisms as "financial assets" that expect to have their prices inflated, regardless of the movement of money through productive circuits. Revisiting the indications of Marx (1986), Kurz (2019) and Pitta (2016) on the centrality of "fictitious capital" in capitalist social reproduction, we can now assess its implications for a process of "financialisation" of agriculture in its critical aspects.

## **The critical reproduction of capital in the countryside and its new financial mechanisms**

Coutinho and Belluzzo (1998, p. 137-139) have attempted to ascertain how the "inflation of financial assets", these property rights over future capital income, has altered expectations about the "pace" of "enrichment" since the early 1980s, accelerating it while at the same time changing the very qualitative perception of "wealth", which has come to include these assets in the typical properties of middle-income families and in the management of companies, so that economic decisions in general have been conditioned by the prevailing interest rate. In this way, the interest rate becomes the expression of expected price changes and therefore of the "liquidity" of financial assets. The development of financial "innovations" and the computerisation of the market has lifted the volume of transactions with ever shorter terms, which: "combined with leverage based on bank credits, explain the enormous potential for feedback from price increase processes ("bubbles"), as well as the risks of a collapse in the case of a sharp fall movement" (Coutinho and Belluzzo, 1998, p. 138).

Thus, a very broad critical context of capitalist social reproduction has been developing since the 1970s in the world economy (Harvey 2011; Kurz, 2019; Roberts, 2016), and within it specifically in Brazil, so that the very modernisation of agriculture has in its genesis an indelible mark of crisis and of attempts to overcome it, producing in its unfolding some aspects that are equally critical from a socio-economic and environmental point of view (Delgado, 2012). Such modernisation of Brazilian agriculture took place in the midst of the exhaustion of a phase of national industrialisation, which had been carried out by means of import substitution (Tavares, 1972). At first, the radical transformation of the forms of reproduction in the countryside involved a massive supply of substantial credit, albeit unevenly distributed, by the National Rural Credit System created by Law no. 4.829 of 5 November 1965 in parallel with the maintenance of the partial monopoly over land, of which the access was mediated either by land grabbing inside Incra or by major concession projects in the period (Delgado, 1985; Silva, 1982).

The "Green Revolution" technological and petrochemical package was thus acquired thanks to public funding for certain farmers, ranchers and businesspeople, leading to a wide-ranging restructuring of production processes, in which the eviction of labourer residents and households that had been living and working inside rural properties caused them to be replaced by precarious and usually informally salaried labour from temporary migrants, in a kind of partial installation of a Brazilian-style Fordism in the countryside (Boechat, 2014; Boechat, Toledo and Pitta, 2019; Boechat et al. , 2023). Using the "generation of foreign currency" on a larger scale, the portion of Brazilian agricultural



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production thereby renewed and boosted by official credit made it possible to roll over Brazil's foreign debt required for its post-war industrialisation policy, something that proved to be insufficient in the face of a rise in US interest rates at the end of the 1970s, plunging not only Brazil but many other developing countries into a lasting economic recession (Boechat 2022).

Guilherme Delgado (2012) observes a transition period between the 1982 exchange rate crisis and the 1999 crisis prompting the need for a series of adjustments to the economic growth model set in place during the military regime - in which the generation of trade balances through the export of basic and agro-processed products had played a decisive role - which then underwent an "ultra-liberal adjustment" in the 1990s dismantling the State institutions of what was known as the "Vargas era" (1930-1945), a reduction in the amount of rural credit granted, "the trade opening to the outside world promoting a generalised fall in agricultural income" and a growing burden of debt that would cause the crisis of 1999, leading to the consolidation of what he calls the "relaunch of the strategy of reprimarisation of foreign trade at any cost"<sup>3</sup> (Delgado, 2012, p. 77-88).

As a way of "breaking out" of the persistent debt crisis in the so-called Third World, the 1990s debt restructuring in Brazil with the reorganisation of bank assets and the renegotiation of producers' accumulated and unpayable debts with the State took place alongside the creation of a new structure of private financial mechanisms. This was followed by the creation of a new private financial mechanism structure around the Rural Product Note (CPR), created in 1994, which later made possible a number of other mechanisms and the existence of a secondary market for private debt securities linked to them, thus unfolding the negotiation of financial "assets" linked to agribusiness, which correspond to new financialised private debt circuits (Pitta, 2016).

Consequently, the scenario began to change in the 1990s in parallel with the enactment of Law No. 8.929 of 22 August 1994, establishing Rural Product Notes (CPRs) as defining instruments for the entire production chain and a structural mechanism for private financing of agribusiness. At the same time, a series of measures to renegotiate and extend

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<sup>3</sup> "The second Fernando Henrique Cardoso government began the relaunch of agribusiness, if not as a structured policy, with some initiatives that ultimately converged: (1) a priority investment program in territorial infrastructure, with "development axes", aimed at creating economies external ones that incorporated new territories, means of transport and commercial corridors for agribusiness; (2) an explicit direction of the public agricultural research system (Embrapa), to operate in perfect synchronization with multinational agribusiness companies; (3) lax regulation of the land market, in such a way as to leave "vacant land" out of public control, plus those that are declared not to fulfill their social function, in addition to a large part of self-declared productive lands (...); (4) the change in exchange rate policy, which, by eliminating the overvaluation of the real at that juncture, would make the agribusiness economy competitive with international trade and functional for the macroeconomic adjustment strategy pursued; (5) the provision of rural credit in harvest plans was reactivated, initiated with the Moderfrota program, and resumed with vigor in the period 2003/2010 (Delgado, 2012, p. 94).

the debts of rural producers with the Bank of Brazil make up a process that will be conceived as *debt securitisation*.<sup>4</sup>

However, by means of Law 9.138 of 1995 and Pesa - the Special Asset Recovery Programme (Copom Resolution 2.471/98) - among other resolutions, the aim was to replace farmers' debts with the bank, which had become unviable, with government-issued bonds with a future maturity; in other words, "to replace the bank's loans to the sector with private debt securities (from producers) with the National Treasury, transferring the risk of default to the latter" (Silvestrini and Lima, 2011, p. 10). Known as securitisation, these measures basically consisted of lengthening and restructuring built-up debts to avoid the Brazilian financial system crashing. In the final instance, these debts were effectively guaranteed by the National Treasury, an allegedly infallible debtor, thus revealing the deep-rooted basis of financialisation in the public debt. At the same time, however, the composition of private financialisation mechanisms for Brazilian agricultural assets would also involve the introduction of "securitisation companies" that would issue these securities to be traded on the secondary financial market.

In this way, the financing of Brazilian agriculture from the 2000s onwards, when there was a scenario of a global increase in commodity prices as can be seen in Figure 1, would continue to take place through public funds with a return of resources to the SNCR and the opening of BNDES credit lines for agribusiness investments. Nevertheless, the composition of the source of this debt would partially shift from external indebtedness to unfolded forms of domestic debt, making it possible to increase debts exponentially<sup>5</sup> (Pitta, 2016; Boechat, 2020).

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<sup>4</sup> "The mechanism by which the old agricultural and trade policy was dismantled between 1986 and 2003 is a relatively obscure chapter in the so-called recognition of contingent liabilities, or 'skeletons' in popular terminology, which in reality means transferring a huge amount of private credit contracted from public or private banks to the federal public debt, under the previously prevailing conditions of agricultural and commercial policy. These liabilities were then converted into public debt by means of a generous issue of public debt securities, in order to 'securitise' overdue debts or stock losses and embezzlements at public and private banks. This process was not just for the rural sector, but for a range of sectors - official banks (PROES), private banks (PROER), private pension funds, INPS/IAPAS, BNH, the electricity sector, the railway sector, etc." (Delgado, 2012, 86).

<sup>5</sup> It is worth remembering that access to rural credit and BNDES financing lines requires borrowers to be in possession of negative debt certificates (CNDs), which does not mean that previously accumulated debts have been paid off, but that they are being rolled over, that is, administered.

**Figure 1: International price evolution index for all commodities (in blue) and commodities associated with food and beverages (in green) - from September 1998 to November 2022.**



Source: International Monetary Fund (FMI).

The number of IPOs of various agribusiness companies increased considerably in the period between 2003 and 2012 (Pitta, 2020). In the 2000s, for example, large sugarcane agribusiness groups used this strategy to finance their expansions and promote an "inflation of their assets" (Coutinho and Belluzzo, 1998) taking advantage of the international price inflation of sugar and the prospects for the foreign commercialisation of ethanol (Boechat 2020). The prospect of rising commodity prices would boost companies' assets and also push for the development of productive forces with further eviction of living labour from production processes and huge use of resources, which would reinforce the contradiction between value and price in the intertwining of fictitious capital and commodity production (Pitta, 2021).

With regard to the new securities being traded on secondary markets, the rural product note (CPR) was presented as a security representative on the promise to deliver products issued by farmers or their associations and co-operatives. Back in 2001 with Law No. 10,200, this asset could now be financially liquidated by means of financial rural product notes (CPR-F). The possibility to maximise leverage by issuing these bonds at any stage of agricultural production, although it sounds like a fixed-term contract, has paved the way for greater interaction with the futures and other derivatives markets. In 2004, Federal Law 11.076 expanded these mechanisms with the certificate of agricultural deposit (CDA), the agricultural warrant (WA), the agribusiness certificate of credit rights (CDCA), the agricultural letters of credit (LCA) and the agribusiness receivables certificate (CRA). These are the

securities alongside with the ones from the parallel real estate financial market - LCI, CDCI and CRI - that are now "packaged" together in a new financial "product", namely Fiagros.

In the 2010s and 2020s, the Agricultural Letters of Credit (LCAs) would have become one of the most important private "financing" mechanisms for agribusiness. In more recent years we have seen how agribusiness receivables certificates (CRAs)<sup>6</sup> also became popular, as shown in Table 1, which compares the recent evolution of state credit with the stock of the four main new mechanisms, CPRs, CDCAs, LCAs and CRAs. As you can see, in the last five years, the amounts of all four have exceeded those of Brazil's Safra Plan, which has also grown significantly<sup>7</sup>.

**Table 1: A comparison of the evolution of public rural credit and stocks of new financial mechanisms for agribusiness from 2003 to 2023 in Reais.**

Year	Safra Plan/SNCR	CPRs	CDCAs	LCAs	CRAs	FIAGROs	TOTAL (CPR+CDCA+LCA+CRA)
2003	32.500.000.000	1.047.000.000	0	0	0	0	1.047.000.000
2008	78.000.000.000	1.396.000.000	1.734.000.000	10.317.000.000	1.000.000	0	13.448.000.000
2013	136.000.000.000	1.210.000.000	3.202.000.000	28.627.000.000	969.000.000	0	34.008.000.000
2018	194.370.000.000	27.670.000.000	5.000.000.000	50.000.000.000	32.000.000.000	0	114.670.000.000
2023	441.000.000.000	259.580.000.000	29.600.000.000	362.760.000.000	111.260.000.000	11.900.000.000	763.200.000.000

Sources: IPEA, CNA and MAPA. Organization: Author.

Therefore, side by side with the resumption of SNCR resources from 2003 onwards, these new mechanisms began to fuel the expansion (in terms of area, production and productivity) of various agricultural products, including processes of modernisation by means of mechanisation, scientificisation, digitalisation and the industrialisation of products while agribusiness companies went public on the stock exchange. Yet it will be mainly from 2013 onwards, when the effects of the 2008 crisis increasingly hit the Brazilian countryside, that such mechanisms have effectively consolidated with special emphasis on a dramatic increase in these amounts from 2020 onwards. This gives us an understanding of the critical context in which these mechanisms have emerged. The same context in which Fiagros were born, one that we shall now describe and problematise.

<sup>6</sup> Understood by agribusiness firms as a source of working capital alternative to credits originating from the banking system and an alternative to the SNCR, according to the wording of Law No. 11,076, the CRA is a "nominative credit title, freely negotiated, issued exclusively of agribusiness credit rights securitization companies, representing a promise to pay in cash and constitutes an extrajudicial executive title" (see Boechat, 2020).

<sup>7</sup> There is duplication in the accounting of some securities, which are collateral for each other and which make up the assets of the Fiagros. Even so, the statement is common that the total amount of these titles exceeded the Safra Plan.

## Fiagros in the mobility of the fictitious capital that drives agribusiness and its problems

At the beginning of August 2023, there were 32 funds listed on B3, the São Paulo Stock Exchange, out of which 27 were actually active adding up to a net worth of almost R\$11 billion in about a year and a half of existence, and purchased by 655,000 shareholders. Around 90 per cent of them were "ordinary" investors, who could buy shares (quotas) ranging in price from around R\$10.00 to around R\$100.00 through "normal" banking channels such as Banco do Brasil (administrator of Fiagro BBGO11), and Itaú (administrator of RURA11 and KNCA11), or through other banks and finance companies. For example, BTG Pactual had seven Fiagros; XP Investimentos had another five. For a more detailed overview of this new market, Table 2 shows a survey we have carried out on the Stock Exchange (B3) and on specialised websites as well as the Management Reports of the respective funds, showing all the Fiagros listed in August 2023 as well as the date they started their activities, the administrators or managers of the funds, their registered net assets in Reais, the number of shares being traded and the number of shareholders.

**Table 2: Fiagros shares traded on the São Paulo Stock Exchange in August 2023 with their assets (in reais), number of shares, and shareholders.**

FIAGRO	Start	Administrator/Manager	Net worth (\$)	Quotas (No.)	Shareholders (no.)
AAZQ11	dec/22	XP Investimentos	231.326.612,71	24.037.284	14.565
AGRX11	aug/21	Banco Genial	96.929.302,21	9.561.172	7.678
BBGO11	feb/22	Banco do Brasil	390.616.970,04	4.005.164	8.210
BTAL11	jan/21	BTG Pactual	626.301.203,94	5.982.736	44.827
BRTA11	jul/21	BTG Pactual	399.327.198,80	3.364.559	21.260
CPTR11	jul/22	BTG Pactual/Capitania	406.333.593,20	4.138.006	17.816
CRAA11	apr/23	BTG Pactual/Sparta	50.187.246,21	494.836	341
DCRA11	feb/22	Banco Daycoval/Devant	64.903.137,05	6.738.905	15.923
EGAF11	jan/22	VORTX/ECO	187.339.243,40	1.888.921	5.023
FGAA11	jan/22	BRL TRUST/ FG/A Gestora	327.762.735,53	34.097.599	33.279
FLEM11	may/23	XP INVESTIMENTOS/051 Agro	283.912.404,01	2.925.000	18
FZDA11	jan/22	XP INVESTIMENTOS/051 Agro	345.024.367,90	1.550.000	198
FZDB11	mar/23	XP Investimentos	358.977.506,97	3.600.000	51
GCRA11	jan/22	Singulare CTVM/ Galápagos	171.630.837,17	1.750.865	6.879
GRWA11	mar/22	Banco Daycoval S.A/Greenwich Invest.	12.861.567,79	1.267.100	241
HGAG11	aug/22	VORTX/High Asset Manag.	5.784.788,22	248.252	960
IAAG11	jul/23	Banco Inter	52.369.136,26	5.448.766	1.289
IAGR11	feb/23	Warren/Banco Daycoval/SFI Invest	25.892.804,00	265.200	453
JGPX11	set/21	Banco Daycoval S.A/JPG Gestão de Crédito	80.972.220,68	848.097	4.011
KNCA11	jan/22	INTRAG DTVM LTDA./Kinea	1.603.626.456,25	15.489.328	38.058

<b>LSAG11</b>	apr/22	Banco Genial/Leste Financial Services	87.802.768,65	877.799	1.467
<b>NCRA11</b>	dec/21	BTG Pactual/NHC Capital	43.361.946,05	4.079.106	5.759
<b>OIAG11</b>	jun/22	SOCOPA/Ouroinvest	88.437.882,61	9.032.999	8.229
<b>PLCA11</b>	aug/22	PLURAL S.A. BANCO MÚLTIPLO	52.861.932,79	557.019	1.732
<b>QAGR11</b>	nov/19	BTG Pactual/Quasar Asset Manag.	290.724.376,00	5.040.000	23.323
<b>RURA11</b>	mar/22	INTRAG DTVM LTDA./Itau Asset Manag.	977.910.788,26	97.599.509	28.122
<b>RZAG11</b>	oct/21	PLURAL/Riza	646.233.537,45	68.040.425	56.839
<b>RZTR11</b>	oct/20	PLURAL/Riza	1.074.905.610,79	11.048.018	90.522
<b>SNAG11</b>	jul/22	SOCOPA (SINGULARE)/Suno Invest	302.149.553,51	3.000.000	42.575
<b>VCRA11</b>	jun/22	INTRAG DTVM LTDA./Vectis/Datagro	472.502.540,39	4.593.919	5.337
<b>VGIA11</b>	dec/21	BTG Pactual/Valora	823.046.997,34	86.455.117	108.031
<b>XPCA11</b>	nov/21	XP Investimentos	432.149.278,90	45.523.076	62.730
<b>TOTAL</b>			<b>10.925.728.662,47</b>	<b>463.548.777</b>	<b>655.746</b>

Sources: Various specialised websites and Management Reports of the Fiagros. Organization: Author.

The largest part of Fiagros' portfolios is made up of credit rights, especially Agribusiness Receivables Certificates (CRAs), which represent credits (i.e. debts contracted) taken out by farms, mills, co-operatives, input distributors, and other agribusiness firms as part of their various activities. There is also an incipient development of Fiagros with land as the main asset in their portfolios, developing processes of financialisation of land markets by means of land purchase and leasing arrangements, sometimes rented back to the former owner or company, but always with a view to the future resale of the land at a higher price than initially was spent. Since February 2023, in a bid to diversify assets and reduce the risk of the entire portfolio running into a default, Fiagros no longer have to be specialised in a single type of asset, but can henceforth be mixed or hybrid, or just being "Fiagros", as in the current nomenclature.<sup>8</sup>

<sup>8</sup> In the same way that diversification of assets is sought in the composition of each Fund, those who invest are also urged to seek a diverse investment portfolio, which places Fiagros within a "menu" of many financial assets offered on the stock exchange. This is what the consultant Flávia V. from XP Investimentos, who was interviewed by the Author at the beginning of August 2023, explains. According to her, despite the appearance of being a "fixed income" investment, Fiagros have a "variable income" and are of moderate to high risk since the agreed monthly payments vary and are combined with the fluctuation in the shares' prices. When asked about her opinion if we put all our savings into Fiagros shares, she replied that it would be "crazy" and that the shares should be a smaller part among other "assets" in a "portfolio". Consultant Guilherme S., from Empiricus/BTG Pactual, also interviewed by the author in August 2023, says that he usually suggests between 10 and 15 per cent of Fiagros to draw up an average "income portfolio" for an investor, but that at the moment, with successive falls in the Selic interest rate and the fall in the price of the main commodities visible since mid-2022 (Figure 1), Fiagros should "hold their ground" for a while, and Real Estate Investment Funds, or FIIs, whose prices have declined throughout the pandemic, are now more attractive and expected to be "well capitalised". For him, a considerable difference between FIIs and Fiagros is that most of the companies that borrow funds in the financialised real estate market are large retail, logistics, etc. companies, well-known to the general "urban public" with open capital and auditable accounts, while the companies that borrow from CRAs acquired by Fiagros, however "large" they may be, are generally privately-held and unknown, which requires laborious "due diligence" on the part of the fund managers.

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In these funds' brief history, we've looked at news and reports (Table 3) on problems related to the borrowers of the funds offered by Fiagros showing 31 specific occurrences ranging from less serious cases of late payments, longer-lasting defaults, suspension of production activities and delays in the delivery of works, to more serious and violent ones involving allegations of invasion of indigenous lands, environmental violations and the use of labour bordering on slavery. It's not just the smaller Fiagros that take risks with "problem" borrowers. Often a "problem" is shared by several Fiagros who have acquired CRAs, CRIs or properties/assets from the same company.

A recent report on The Intercept website has exposed Kinea Investimentos' KNCA11, the largest Fiagro today, with a net worth of R\$1.6 billion. The Fund holds a total of three CRAs worth R\$195.3 million, which corresponds to 12% of its assets that were issued to finance the operations of Usina Rio Amambaí, in Naviraí/MS, which has been fined by IBAMA for a series of environmental infractions resulting in the signing of a Term of Conduct Adjustment. The same was true of Usina Itamarati, or UISA in Nova Olímpia, in Mato Grosso, for which the Fund issued two other CRAs in the total amount of R\$176.2 million or 11% of its equity (Peres, 2023). Table 3 below lists these and other cases related to problems regarding borrowers linked to assets in the Fiagros portfolios listed on B3:

**Table 3: List of problems related to Fiagros between 2021 and 2023, stating which Fiagro and which firm were involved, the type of problem, the related security, the value (in Reais) of the security and the percentage of the security in the Fund's total net assets.**

FIAGRO	Company involved	Type of problem	Title involved	"Value" (R\$)	% from PL of Fiagro
VCRA11	Grupo APR	Default	CRA	40.000.000,00	6
BTAL11	Usina Serpasa	Delay	CRI	60.000.000,00	10
VCRI11	Usina Serpasa	Delay	CRI	5.000.000,00	3
VICA11	Usina Serpasa	Delay	CRI	5.000.000,00	1,5
VCRA11	Usina Serpasa	Delay	CRI	9.800.000,00	2
VCJR11	Usina Serpasa	Delay	CRI	5.000.000,00	0,3
BRTA11	Rio Bravo Agropecuária	Default	Rent/lease	80.000.000,00	27
BRTA11	Rio Bravo Agropecuária	Default	Rent/Lease	21.000.000,00	27
GCRA11	Três Irmãos	Default	CRA	9.620.476,00	5,6
GCRA11	Atlas	Delay	CPR/CRA	11.228.713,00	6,5
GCRA11	Formosa	Partial payment	CRA	20.400.000,00	11,9
BRTA11	Grupo JR	Default	Rent/Lease	1.839.328,58	23
BRTA11	Fazenda Vianmancel	Default	Rent/Lease	81.000.000,00	23
BRTA11	Fazenda Vianmancel	Silo fire	Rent/Lease	81.000.000,00	23
BRTA11	Fazenda Vianmancel	Judicial recovery	Rent/Lease	81.000.000,00	24

<b>BRTA11</b>	Fazenda Vianmancel	Irregular occupation	Rent/Lease	81.000.000,00	24
<b>XPAG11</b>	Usina Ester	Judicial recovery	CRA	23.700.000,00	1,63
<b>XPCA11</b>	Usina Ester	Judicial recovery	CRA	5.000.000,00	1,16
<b>XPCA11</b>	Usina Ester	Struggle for eviction	CRA	5.000.000,00	1,16
<b>CPTR11</b>	AgroGalaxy	Reported loss	CRA	32.172.731,00	8,6
<b>GCRA11</b>	Três Irmãos	Default	CRA	9.180.029,00	5,4
<b>KNCA11</b>	Schio Agropecuária	Slavery-like labour	CRA	101.300.000,00	6,22
<b>KNCA11</b>	UISA	Environmental infraction	CRA	88.100.00,00	5,62
<b>KNCA11</b>	UISA	Environmental infraction	CRA	88.100.00,00	5,6
<b>GCRA11</b>	UISA	Environmental infraction	CRA	14.334.815,00	8,4
<b>CPTR11</b>	UISA	Environmental infraction	CRA	40.734.995,00	10
<b>KNCA11</b>	Frigol	Invasion of indigenous land	CRA	62.300.000,00	3,94
<b>CPTR11</b>	Frigol	Invasion of indigenous land	CRA	40.734.995,00	10
<b>VGIA11</b>	Cooperativa Languiru	Default	CRA	50.578.537,75	6,15
<b>KNCA11</b>	Usina Rio Amambaí	Environmental infraction	CRA	65.100.000,00	4,06
<b>KNCA11</b>	Usina Rio Amambaí	Environmental infraction	CRA	65.100.000,00	4,06
<b>KNCA11</b>	Usina Rio Amambaí	Environmental infraction	CRA	65.100.000,00	4,06
<b>CPTR11</b>	Usina Rio Amambaí	Environmental infraction	CRA	18.882.000,00	4,60

Sources: News from various newspapers and management reports from the Funds. Organization: Author.

Still on the subject of Fiagro's assets, a supplier to Brazil's largest apple producer, Schio Agropecuária, from Vacaria/RS, has been caught in an accusation of slavery-like labour. KNCA11 has a CRA with Schio valued at R\$101.3 million, equivalent to 6.22% of its assets (Dallabrida, 2022). In addition, Frigol's cattle suppliers, for whom the fund has a CRA worth R\$62.3 million (4% of its equity), have been found illegally raising cattle in the Apyterewa indigenous reserve, in São Félix do Xingu, Pará (Alessi, 2022). Thus, the "troubled" assets involved in serious socio-environmental accusations, which make up the portfolio of this largest existing Fiagro, have a not insignificant value of R\$358.9 million and 33.56% of its net assets. They express how *extra-economic violence* (Marx, 1985) is linked to the reproduction of the fictitious capital of these funds.

As Table 3 shows, the same groups involved in the allegations have not only been "financed" by the KNCA11. UISA has another CRA amongst its GCRA11 assets, Galápagos' Fiagro, and another still with Capitania Agro Strategies, which also has a CRA from Usina Rio Amambaí and another from Frigol in its Fiagro CPTR11.



Those serious accusations involving environmental, labour and land problems don't seem to have been the cause of any significant variation in the price of the aforementioned Fiagros, which, at most, have issued statements to absolve themselves of any responsibility for what had happened, and instead shift the blame onto "third parties" highlighting the issue of the "distance" that is inherent in the logic of investor profitability and the real and violent consequences of actually investing money in the financial markets (Clapp, 2014). On the other hand, there are economic problems that we might consider to be less serious since they are not exactly related to explicit offences and violence against the people and the environment which seem to be of much greater concern to these same investors, the shareholders of Fiagros.

For instance, inside the state of Bahia, a delay in obtaining licences from the National Petroleum Agency (ANP) has held up the implementation of the Serpasa mill forcing the Paranhos Ferreira family to sell a property to replenish the Reserve Fund that had been used to pay dividends to the shareholders of BTAL11 owned by the BTG/Pactual group, and three other Fiagros. Since the postponement of the payment of the Serpasa CRI in February 2023, BTAL11 has suffered a significant devaluation with its price falling from R\$ 95.30 on 16 January to R\$ 81.29 on 29 March. With the temporary resumption of payments, the price then made a recovery reaching R\$97.45 on 19 July 2023 (BTAL11, 2023). The mobilisation of assets in land property reveals the charging power of fictitious capital in the reproduction of capital linked to agribusiness.

Two of XP Investimentos' Fiagros - XPAG11 and XPCA11 - also had sudden drops in their share prices following the request for judicial recovery by Usina Ester, from Cosmópolis/SP, which blamed the recent drought and high interest rates for the drop-in profitability and the "rising cost of financing for companies" (Vital, 2023). A few months after it had won the Mastercana Brasil management award, the mill revealed the limits of its endeavour with an accumulated debt of R\$651.7 million, thereby jeopardising the monthly payment of its CRAs in the amounts of R\$23.7 million and R\$5 million, which represented 1.63% and 1.16% of XPAG's and XPCA's assets, respectively (Mendes, 2013c).

Despite this, it's not just in the sugar-energy agribusiness that the problems have been concentrated; debts are being multiplied everywhere, and they seem to be getting worse, and often being unable to be rolled over with the recent drop in international commodity prices.

At the beginning of July 2023 many of the 95,000 shareholders in Valora's Fiagro VGIA11 rushed to try to get rid of their shares in the face of a request from the Languiru cooperative in Rio Grande do Sul, a dairy specialist, to suspend the execution of its debts estimated at around R\$800 million. With an amount of R\$50,578,537.75, the Languiru CRA

accounted for 6.15% of the fund's assets. Whilst trying to run its business amid the demands of creditors, the cooperative was desperately trying to expedite a sale of its assets to the Chinese state fund ITG Holding. The chairman, Dirceu Bayer, has placed the blame on interest rates and the cost of capital, but suggested that the problem was not centred on the banking debt, allowing for an interpretation of the "weight" that CRAs pose for borrowers of this type of credit (Mendes, 2023a).

However, at the same time, on one hand, JGP managing partner Julia Bretz, who runs Fiagros JGPX11 and JGPT11, has recently warned of a downturn in commodity prices and rising costs, reducing the profitability of Fiagros borrowers (Mendes, 2023b); on the other hand, news reports have continued to indicate that investments in Fiagros are paying extremely high yields, which are very attractive to investors (Rivas, 2023). A novelty among these investments lies in "land as a financial asset", which is also traded by Fiagros as they are specialised in this "commodity", leading to an escalation in the process of land financialisation as we will see below.

### **Land financialisation in the critical reproduction of agribusiness**

After the collapse of the subprime housing bubble in the US in 2007/2008, the parallel boom in commodity prices - visible in the data in Figure 1 - would show an even more critical facet of "assets inflation" (Coutinho and Belluzzo, 1998) manifested in the abrupt bankruptcy of a lot of agribusiness companies and the "centralisation of capital" (Marx, 1985), which they have been simulating with great difficulty using new mechanisms of financial indebtedness, a certain slightly declining "stability" between 2011 and 2019, only to experience new commodity price inflation, seemingly in the process of being reversed since the second half of 2022, almost alongside the COVID-19 pandemic and, above all, the "reopening" and the onset of the Russian-Ukrainian War in February 2022. Therefore, the great crisis did not mean the interruption of commodity production and its correlating problems of violence and destruction, but it rather reinforced the fictionalisation in process redefining bets on alternative financial assets (Pitta and Silva, 2023).

It was during this period of relative recession after the 2008 crisis - when central banks used bailout policies to inject trillions of dollars into national economies and cut interest rates with the relatively vain aim of restarting GDP growth (Roberts, 2016), which in turn pushed up inflation on the stock markets, resulting in a backlash of general inflation, in an undesirable scenario of stagflation, where even China had reduced the pace of its growth - a "worldwide race" for land, or land grabbing, took place (Borras Jr. et al., 2012; White et al., 2012) with a growing interest in land as "financial asset", driving up the land price and

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fuelling the escalation of violence in the countryside along with environmental destruction<sup>9</sup>. A July 2023 report by S&P Global Commodity Insights reveals that the average price of Brazilian land has jumped from around R\$10,000 in 2013 to R\$25,429.00 per hectare in 2023 (Figueiredo, 2023). We have seen an even more significant increase in the municipalities on the agricultural frontiers of Matopiba (Boechat et al. 2019; Boechat et al., 2023).

Thus, as commodity prices were soaring between 2003 and 2014, there was an expansion in production, productivity and area for the production of soya and corn, for example, and there was speculation in commodities on the international future markets, but it was only after this period that transnational agricultural real estate companies were formed with a focus on investments in land as a financial asset (Pitta, Cerdas and Mendonça, 2018). Accordingly, the value of agricultural land as a financial asset for these agribusiness corporations has continued to rise, at least since 2007 (Flexor and Leite, 2017), even while commodity prices tumbled between 2011 and 2020 (Fig.1).

Through Law 14.130, of 29/03/2021, Bolsonaro's government launched Fiagros linked to the so-called Agro Law, Law 13.986, of 7/2/2020, which allows mortgages to be split in rural credit operations, and were formulated by members of the Ruralist Caucus due to the new rise in commodity prices since May 2020 (Fig. 1). Amongst all the other features mentioned above, there was also the prospect of real estate condominiums or consortiums of

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<sup>9</sup> Thus, we would like to emphasise that these new aspects of the agricultural frontier are not restricted to Brazil or to Matopiba in particular, but rather are an expression and consequence of a broader transformation that has been understood as the financialisation of agriculture and land, or as part of land grabbing (Fairbairn, 2015; White et al. 2012; Borras Jr. et al. 2012; Ouma 2014; Leite 2020; Sauer and Borras Jr. 2016). J. Clapp (2014) has suggested that there had been a broad movement of economic deregulation in the financial and commodities markets since the 1980s, but especially in the 1990s, which tied the derivatives futures market for these commodities to index funds taking contributions from investors putting their reserves in banks, and being unaware of the destination of their investments and, therefore, unaccountable. Fairbairn (2015) has stated that in the early 2000s the commodity index funds had already become popular, especially among institutional investors. Visser (2015) has pointed to a huge variety of commodity and farmland investment vehicles ("stakeholders") that have emerged since the 2000s, such as large investment banks, hedge funds, private equity funds, publicly listed agricultural firms and real estate investment trusts (REITs), in which large family businesses, endowment funds, pension funds and international development banks have started to invest. At the same time, the big food traders such as the ABCDs (Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus) and others set up financial subsidiaries to advise their clients, to advance payments, to centralise production and to have their own hedge funds (FAIRBAIRN, 2015; ISAKSON, 2014). Daniel and Mittal (2009) had already pointed out that, despite the first impression that today's land grabbing phenomenon came from Asian governments worried about price inflation, it was mainly private investors who played a leading role in the process. According to De Schutter (2010), investments in commodities have come to be seen as a way of minimising the risks of institutional investors' portfolios, which seems to transfer to investments strictly based on land. Visser (2015) has observed that the financial sector has predominantly targeted farmland in emerging economies with large-scale agriculture, and more developed rural infrastructure, particularly in Latin America (especially in Brazil and Argentina) and in Eastern Europe (Romania, Ukraine and Russia). In fact, Oliveira (2010) has strongly criticised the concept of land grabbing in Brazil through the notion of "foreignisation", because he reaffirms the importance of understanding how land grabbing operates primarily through the practice of domestic actors. However, we have observed how some Brazilian agribusiness groups have partnered with transnational investors, who are also investing large amounts of capital in the business, to set up transnational agricultural real estate companies and to acquire land in agricultural frontier areas such as Matopiba. However, at the same time, they used local intermediaries to acquire land, most of which had been stolen. In Brazil, moreover, the legal framework has limited the acquisition of land for foreigners, which, although it is in the process of being legitimised, is effectively subject to the establishment of mediations (PRETTO, 2009; LEITE, 2020).

rural title holders and credit rights being set up, pulverising property and aiming to increase the price of land, which however only required a self-declaration from INCRA's Rural Property Registry as the legal basis allowing these titles to be issued, suggesting a fragility that would reiterate and unfold land grabbing practices assumed and linked to the subsequent inflation of land as a financial asset (Boechat et al., 2019), 2019) including the possibility of greater investment of foreign capital in a new land market linked to the Fiagros (Delgado, 2021).

Meanwhile, the difficulties arising from the disappointment caused by the resumption of the commodities slump from mid-2022 onwards (Fig.1) and the sector's high level of accumulated indebtedness are also already affecting the cases of Fiagros that buy land properties and then rent them out before a future sale, in the so-called land equity, buy-to-lease and sale-and-leaseback operations.

In September 2022, for example, BTG Pactual's BRTA11 fund, which is specialised in farmland, led the losses on B3, with the suspension of a recovery of possession of the Vianmancel farm in Nova Maringá/MT, an area dedicated to grain production. The fund was trying to remove the tenant Milton Cella, who happened to be the former owner of the farm sold in August 2021 for R\$81 million, representing for 23% of BTRA11's assets. Less than a year after the sale, the former owner and now lessee has filed for judicial repossession requiring a reduction in income payments to shareholders (Carvalho, 2023). Mr Cella's creditors have been contesting the sale of the property to the fund in court, and have even occupied part of the farm, where a silo was set on fire during conflicts.

And that's not all. In April 2023, the same BRTA11 sought precautionary measures to seize grains, machinery, etc., and the pledge of financial resources from Fazenda Campo Verde, worth R\$1.839 million in the fund's assets, that produces soya and corn in Mato Grosso, following the reported default in the rental payment by José Roberto Patrício's JR Group. As if that wasn't enough, the fund then also discovered that the JR Group had signed another contract transferring the property to the firm known as Felícia Administração e Participações (CLUBFII, 2023).

That said, the case of the Bergamasco family was even more far-reaching. And then we finished with it. In October 2021, the very same BTRA11 acquired Fazenda Três Irmãos for R\$80 million, bargaining with the former owners for a six-monthly payment for the lease of the land to themselves, who, since April 2023, have been suspending the payments to force a renegotiation over the terms of the contract. According to the Bergamascos, the cost of the operation, which runs from 70 to 90 bags of soya per hectare, is "unaffordable for what Mato Grosso can offer" with averages varying between 50 and 62 bags/hectare (Augusto, 2023). The family has also done the same deal with Fazenda Colibri, which they sold for R\$21

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million to BTRA11, making up 23% of the fund. The Três Irmãos group owned by the same family has also defaulted on the payment of instalments for a CRA they had negotiated with GCRA11, in the amount of R\$9.6 million, and 5.6% of Galápagos' Fiagro assets (Table 3).

The cases above are indicative of a certain fragility in the remuneration of leases, which in turn pay the shareholders of Fiagros specialising in agricultural land. On a closer look, however, we can see that the accumulated debts of landowners and agribusiness entrepreneurs are leading to an attempt to roll over the outstanding amounts of debts through the mobilisation of land ownership conveyed to the new funds. While subsequent defaults reveal the profitability of the activity that falls short of paying for the leases and other elements making up the assumptions of this production, they also hide a centralisation of capital (Marx, 1985) fixed on the land that takes effect in the assets of these Funds as "financial assets", whose ownership is now pulverised among their many shareholders. This land grabbing hints at a new round in the process of financialisation of agricultural land in Brazil, in addition to what we have already seen with the rise of financialised transnational agricultural real estate companies.

## Final remarks

This article has sought to understand Fiagros as a recent expression of the financialisation of agriculture and land in Brazil, which is taking place in an innovative way in relation to other processes taking place around the world, and perhaps even completely unprecedented. Through an approach to the unfolding of "fictitious capital" in Marx (1986) based on the intertwining of interest-bearing capital, and so-called functioning capital we have tried to understand the "financial products" mostly traded by Fiagros as similar to "bills of exchange" suggesting an inversion between the real meaning of the production of commodities towed along by the circulation of these new forms of money. Just as those "bills" were seen by the author as functioning as money, we now see these new forms of securities operating in a similar way. There are, however, processes that unfold.

In addition to a new way of financing production through a credit derived from the commercialisation of a "security" that is representative of a private debt, Fiagros also provide the remuneration and valuation of the quotas' price in a secondary and autonomous market in relation to costing or investment credit *stricto sensu*, thus producing new money in these financial markets. As such, shareholders and administrators or managers have an interest in both the payment of ordinary income from the borrowers of the funds, which are the agribusiness companies, and in the "appreciation" of share prices, which boosts Fiagros' net worth as they are priced on the stock exchange. The latter process of autonomisation of fictitious capital could not however be explored in depth in this article.

On the other hand, by broadening the meaning of fictitious capital far beyond accounting expedients, as Kurz (2019) has pointed out, we can see signs of a social reproduction that has been critically implemented, based on the problematic cases that are at the root of the borrowers of funds linked to the Fiagros especially since the 1970s through the creation of an ever-larger "debt circuit" which has a new facet and scale in the financial markets in which there is a detachment from the processes of value appreciation, which are themselves "de-substantialised" by the immanent trend towards the eviction of living labour from the productive processes.

From the theoretical assumptions about "asset inflation" (Coutinho and Belluzzo, 1998) and the critical developments of fictitious capital in sugar-energy agribusiness (Pitta, 2016), we have drawn up a historical contextualisation of the emergence of new financial mechanisms, which have Fiagros as a new "vehicle" from a broad restructuring of the Brazilian economy in the 1990s through the process of securitisation of agribusiness debts. These are mechanisms for negotiating private agribusiness debt securities with new financialised "debt circuits" (Kurz, 2019).

The survey of Fiagros assets in August 2023 sought to show both their socio-environmental and economic problems highlighting the fetishistic vision of the financial market. There, the "extra-economic violence" (Marx, 1985) of land grabbing, invasion of indigenous lands, environmental violations and slavery-like labour does not seem to cause outrage or even any significant falls in stock market prices. In turn, delaying payments to stakeholders leads to an immediate drop in prices.

Finally, we have outlined cases of Fiagros specialising in farmland as a financial asset, suggesting a new round of financialisation of agriculture and land, which could lead to land grabbing processes that will centralise a significant part of land ownership in the financial markets, implying important changes in the critically reproductive nature of Brazilian agribusiness.

Thus, even in the midst of cases of borrower-related problems, there are renewed promises (Bianchi, 2023), although the inflation of Fiagros' financial assets is often proving to be an inadequate amount (and even a burden) for the continued operation of various capitals linked to agribusiness, which, in the crisis, are quickly faced with new forms of judicial collection increasing competition and promoting new centralisations of capital. However, the economic violence (Marx, 1985) of fictitious capital is being revealed as it endeavours to hide and/or ignore its presupposed and reiterated facets of extra-economic violence (Marx, 1985).

Risk pricing is thus reiterating a movement that doesn't seem to be aware of the link between "asset inflation" itself (Coutinho and Belluzzo, 1998), and a more structure-based critical change that is underway. So the new ways of rolling over agribusiness debts through

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fictitious capital are pushing for the continuation of capital's territorialisation processes, many of them leading to serious environmental infractions and violence against workers and indigenous and traditional people in the quest to increase production and also productivity, as the means of paying off the advance instalments which demand remuneration.

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### About the authors

**Cássio Arruda Boechat** – Master's degree in Human Geography from the University of São Paulo (USP). PhD in Human Geography from the University of São Paulo (USP). Post-doctorate at LISST - Dinamyques Rurales at Université de Toulouse 2 Jean Jaurès. Professor at the Department of Geography at the Center for Human and Natural Sciences at the Federal University of Espírito Santo (UFES) and at the Postgraduate Program in Geography at the Federal University of Espírito Santo (PPGG/UFES). Member of the Study Group on Social Change, Agribusiness and Public Policies (GEMAP) of the (Postgraduate Program in Social Sciences in Development, Agriculture and Society / Federal Rural University of Rio de Janeiro); from the Urban Geography Laboratory (LABUR/USP) and Territorial Studies Laboratory (LATERRA). Researcher funded by the Espírito Santo Research and Innovation Support Foundation (FAPES). **OrCID** – <https://orcid.org/0000-0003-4280-6347>.

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