UNITED NATIONS (Reuters) - Land purchases by foreign investors in poor countries and the growing use of biofuels are boosting pressures on agricultural farmland and helping make 500 million small farmers hungry, a U.N. envoy said on Thursday.

Olivier De Schutter, the U.N. Special Rapporteur on the right to food, said the combination of environmental degradation, urbanization and large-scale land acquisitions by foreign investors formed an "explosive cocktail" for small farmers.

"The plots cultivated by smallholders are shrinking year after year. Farmers are often relegated to soils that are arid, hilly or without irrigation," he said in a new report presented to the U.N. General Assembly.

"This poses a direct threat to the right to food of rural populations."

Each year, up to 30 million hectares (74 million acres) of farmland are lost due to severe degradation, conversion to industrial use and urbanization.

On top of that, more than a third of large-scale land acquisitions -- which last year reached some 45 million hectares -- are intended to produce agrofuels rather than food, according to the World Bank.

"All these developments have a huge impact on smallholders, indigenous peoples, herders and fisherfolk who depend on access to land and water for their livelihoods," De Schutter said, urging states to recognize these people's land rights.

There has been a steep rise in the number of land deals since a 2008 spike in food prices, with countries like China, South Korea and rich Gulf Arab states seeking to secure their food supplies by buying large swathes of farmland mostly in African nations.

The problem of land rights and ownership is particularly acute in Africa, where according to a U.N. conference in Rome last week 90 percent of the land being targeted by investors is not legally documented.

De Schutter said that transplanting Western concepts of land property to developing countries through land registration and individual titling processes may backfire, benefiting local elites or foreign investors rather than farmers.

"Rather than focusing on strengthening the rights of landowners, states should encourage communal ownership systems, strengthen customary land tenure systems and reinforce tenancy laws to improve the protection of land users," he said, calling for land redistribution in case of grave inequalities.