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Farmland for rent: A danger for the Philippines

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Ideally, leased farmlands should make good business sense particularly in the Philippines where millions of hectares of farmlands are not tilled by farmers. This means income for farmers and landowners. It is a good idea for the government if it owns the farmland leased to private enterprises.

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International organization Oxfam and the International Food Policy and Research Institute (Ifpri) noted that the magnitude of investments in Philippine agricultural lands, but not in other parts of the world due to the increasing demand for food and fuel.

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The food demand as well as the global economic crisis in 2009 were identified as the drivers behind the "frenzy" of investments in Philippine agricultural lands. The increase in demand for food and fuel coupled with the need for biofuel have driven investors to go beyond their shores and look for farmlands where they can grow the crops.

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In the wake of the 2009 global economic crisis, a school of thought emerged that investments in agricultural production can be an effective hedge against inflation and a strategy for portfolio diversification. Ifpri noted that the magnitude of global demand for land for agricultural production investments is reflected in the fact that negotiations for such land now cover from 15 to 20 million hectares of farmlands around the world.

While this search for agricultural lands for food and fuel crops presents huge business opportunities particularly for poor municipalities, Oxfam believes that leasing out farmlands to foreign private investors is not a simple venture.

Oxfam, for one, pointed out that the Philippines has no "coherent and appropriate regulatory framework" that will govern foreign investments in local agricultural lands so that these will ensure that the country's agricultural and overall economic development objectives are not undermined.

"The sad reality is no such framework exists at present, putting at risk not only the interests and welfare of small farmers and landholders but the sustainability no less of agricultural industries in the [Philippines]," said Oxfam in its study titled, "Private Sector Investments in Land for Food and Biofuels: Investing in Rural Development or Aggravating Hunger and Poverty?"

Oxfam noted that local governments facilitate land-lease agreements between private companies and farmers. The organization cited the case of two municipalities in Isabela—Delfin Albano and San Mariano—where a total of 750 hectares of farmlands have been leased to two companies.

A total of 25 lease agreements covering 350 hectares of contiguous lands in Delfin Albano which have been earmarked for corn production was signed by small farmer-landholders and Philippine Fuhua Sterling Agricultural Technology Development Corp. in 2008.

"Early this year, the local government of San Mariano, also in Isabela, similarly identified and facilitated the participation of 91 farmers, including agrarian reform beneficiaries, in a lease agreement with EcoFund Land Development Inc.-Green Future Innovations (Ecof), a private company interested in producing bioethanol from sugar-cane feedstock and in building a bioethanol plant in San Mariano," the study read.

<http://www.businessmirror.com.ph/home/top-news/3658-farmlands-for-rent-a-danger-for-the-philippines>

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