



Business



## Is Philippines selling land or selling out?

Elliott Stephenson

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Just hours before Gloria Arroyo, the Philippine president, gave her last address on the state of the nation, the politician Rafael Mariano introduced a resolution calling for an immediate inquiry into what he calls the "great foreign land grab" in the poor South East Asian nation of 90 million people. "The rising number of land-lease arrangements the country has entered into with foreign agribusiness corporations involving hundreds of thousands of hectares of farmland will only worsen landlessness in this country," the mild-mannered Mr Mariano, who represents peasant farmers, said on Monday. "The increasing trend of global corporate land grabbing in this country is a direct affront to our national patrimony and undermines the Filipino farmers struggle for genuine land reform. "It is the height of stupidity for our country to bargain our lands for the sake of other nation's food security, while being dependent on importation for our very own food security needs." However, foreign investment in farming can often lead to job creation and the construction of roads and other infrastructure that can benefit the entire population. One of the reasons that the Philippines needs to import so much rice is that its agriculture is inefficient, and lacking capital investment. But clearly anybody investing in farmland in a foreign country is running the risk of a political minefield. Ban Ki-moon, the UN secretary general, established a task force on the global food security crisis in April last year to clarify some of these issues. Composed of the heads of specialised agencies, funds and programmes, the Bretton Woods institutions and relevant parts of the UN Secretariat, its aim is to help the poor and most vulnerable but also to set guidelines for rich countries investing in agriculture abroad. The task force has considered the idea of "exploring the possibility of the establishment of actual or virtual humanitarian food reserves. This would facilitate a rapid response to fast-developing humanitarian situations, as well as building confidence in markets." Bahrain, Kuwait, Qatar, Saudi Arabia and the UAE have signed agricultural deals or are continuing to negotiate for them with the Philippine government for thousands of hectares of land. Little is known about the deals because the negotiations are carried out behind closed doors. Last year Hassan Fakhro, Bahrain's trade minister, visited the Philippines for discussions with the government to secure land to grow basmati rice. Details of the deal have not been made public but the undersecretary for agriculture for the Philippine government, Berna Romulo-Puyat, said Bahrain is to invest US\$300 million (Dh1.1 billion) in a banana plantation. Kuwait and Qatar are also reported to be interested in leasing large tracts of land for food production. A delegation of Saudi

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businessmen led by Fahad Balghunaim, the agriculture minister, visited the Philippines recently with plans to invest more than \$300m to develop 20,000ha of land in Mindanao for the planting of commercial crops such as bananas and pineapples. Although land-lease agreements are set for 25 years, the Philippine government is said to be looking at increasing them to 75 years considering the long development period for agriculture ventures, and to be competitive with most African countries where the contract duration is 99 years. A number of corporations from the UAE already have significant agricultural investments in the Philippines, including banana plantations on the southern island of Mindanao and fish and cereal farms on the main island of Luzon. Gil Herico, the Philippine agricultural attache for the Middle East, said this year a memorandum of understanding between the two countries had been signed to find ways how the Philippines can help the Emirates ensure its food supply. "Some officials here have already approached us to address their food security issue," Mr Herico was reported to have said. "I believe our country can help the UAE meet its food requirement. Other countries, such as Saudi Arabia, Qatar and Bahrain, are also looking at the Philippines as the major source of their food basket." Although the Philippines is one of the world's major rice importers, the government believes it can supply other foods, including bananas, pineapples, corn, vegetables and other farm and poultry produce. About 99 per cent of the bananas and pineapples sold in the UAE come from the Philippines, according to the government. Since the food crisis two years ago, China, India and South Korea have joined the international hunt for rich, fertile farmland to guarantee an uninterrupted supply of produce. Lack of water and good agricultural land and growing distrust of global markets have forced these countries into finding alternative sources of supply. "Food-importing countries with land and water constraints but rich in capital, such as the Gulf states, are at the forefront of new investments in farmlands abroad," Joachim von Braun and Ruth Meinzen-Dick wrote in a paper for the International Food Research Institute (IFRI), based in Washington. The Economist said this month that between 15 million and 20 million hectares in poor countries have been bought or still being negotiated since 2006. IFRI has estimated the deals are worth between \$20bn and \$30bn. The Economist estimated the deals were probably 10 times as much as the recent World Bank emergency package for agriculture. In Cambodia and Thailand the story is much the same. The Kuwait government was reported to have offered Cambodia loans totalling \$546m for dams and roads in return for land to grow crops. "Cambodia has plenty of farmland and forests but has been suffering from land grabbing by the government as well as influential people for years," Jin Ju, a food rights activist at the Asian Human Rights Commission, said recently. "I doubt that [either] government would consider the villagers and farmers as equal decision-makers." Arthur Yap, the Philippine agriculture secretary, said recently the government's drive to attract foreign investments for agricultural ventures would not compromise the country's food security and self-sufficiency targets. "Most of the food to be produced in lands up for development through foreign investments will stay in the country to meet our food security goals," Mr Yap said. "Only excess supply will be shipped out for overseas consumption." According to the Philippine environment department, the country has about 1.9 million ha of unused land available for agricultural development. Mindanao, considered the food basket of the Philippines, has more than 171,000ha that can be prepared for agriculture. The Philippine Agricultural Development and Commercial Corporation is working with the Philippine Export Zone Authority to set up special agro-economic zones in Mindanao to encourage foreign investments in agribusiness. It has been estimated that some 365 million people in Asia still derive their living from farming. Most of them are poor and barely manage to make ends meet. Investments from the Gulf could help the economy if properly managed. [business@thenational.ae](mailto:business@thenational.ae)

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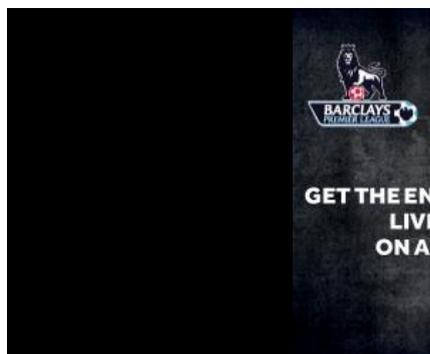
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