

5. Commercial Farm

Institute of Agrarian and Rurban Development Studies. Towards the Determination of Lease Rental for Lands in Commercial Farm Production Under Comprehensive Agrarian Reform Program (CARP). University of the Philippines, College of Public Affairs, College, Laguna. 2004.

The study aimed to come up with parameters and indicators and other relevant information requirements which the agrarian reform beneficiaries (ARBs) and their cooperatives or organizations can use as guide/basis for negotiating for a fair lease arrangement. Primary data were gathered from respondents including landowners or key informants in corporations directly managing the commercial farms, as well as those involved in the actual operations of commercial farms from land preparation to marketing. To ensure a wider participation in the generation of inputs for the study, a round table discussion with the major stockholders was conducted which served as venue to express their concerns on lease rental determination for corporate farms. Corporate documents, local and national statistical bulletins and existing contractual records were also reviewed. The study covered 11 commercial farms predominately growing commercial crops such as banana, pineapple, rubber, citrus, cacao, coffee, and sugarcane spread across the provinces of Bukidnon, Misamis Oriental, Davao del Norte, Davao del Sur, and Compostela Valley. The study posits that it would be difficult to come up with a general formula for land rent determination because of the complexities attributable to the variety of conditions obtaining across organizations of production and across crops. It also cited that in lease rental determination, factors such as location, efficiency, marketing capabilities, and company benefits are critical in shaping the final terms and conditions of the contract. However, general guiding principles can be provided to ensure that the negotiations are carried out in fairness to the contracting parties. The study came up with a framework for lease rental determination for commercial farms and several options/modalities of lease agreements that an agrarian reform beneficiary (ARB) and an investor may enter into. These are: 1) lease rental payments only; 2) lease rental with labor component; 3) lease rental with fringe benefits; 4) lease rental with both labor component and fringe benefits; 5) lease cum contract growing arrangement; 6) lease contract with individual ARBs with contiguous farmlands; and 7) lease agreement on a per tree basis.