



Business Sector Calls for a Policy Framework on Land Use; Says Moratorium on Land Conversion Could Set Back Development Goals

A joint group of business leaders and economists today called on government to carefully review the proposal of the Department of Agrarian Reform to prohibit the conversion of agricultural lands to non-agricultural purposes and to review all land conversions, stock distribution, and leasehold arrangements.

While the group welcomed the clarification of Undersecretary Marcos Risonar of the Department of Agrarian Reform (DAR) that such lands can be converted as long as within priority areas identified by the Department of Trade and Industry (DTI), Department of Agriculture (DA), Department of Tourism (DOT) and the Philippine Economic Zone Authority (PEZA), the group is apprehensive at the effect the moratorium would have on the entry of investments.

In a statement, the business groups comprised of the Philippine Chamber of Commerce and Industry (PCCI), the Foundation for Economic Freedom (FEF), the Makati Business Club (MBC), the Management Association of the Philippines (MAP), the Philippine Exporters Confederation (Philexport), the American Chamber of Commerce of the Philippines (AmCHam), the European Chamber of Commerce (ECCP), and the Japanese Chamber of Commerce of the Philippines (JCCIP) expressed their apprehension at the proposal of the DAR to impose a moratorium on farmland conversion saying this could set back the goal of developing more economic zones, expanding the manufacturing industry, accelerating infrastructure projects and decongesting urban areas.

The business groups said government should take into account that there are lands classified as agriculture that are low-yielding and unproductive. Preventing the conversion of such lands to more productive uses they stressed, goes against the principle of allowing the highest and best use of land. It will hamper industrialization as agricultural lands, which could be better and more efficiently used as for example, industrial parks or economic zones, are prevented from conversion. Development of unproductive and idle agricultural land that could be better used for commercial, residential, and industrial uses will also be hampered setting back jobs that can potentially be created in the manufacturing, housing, construction, and retail sectors, they added.

The business sector also pointed out that the review and possible rescission of previously approved conversions, stock distribution and leasehold arrangements breeds uncertainty among investors, a move that is contrary to President Rodrigo Duterte's economic agenda of fostering a favorable investment environment in the countryside, particularly in Mindanao to balance growth away from Metro Manila.

If there is difficulty in securing approval of conversion of agricultural land, the supply of land for residential, commercial and industrial uses will dry up, driving up prices for future homeowners and making housing unaffordable to the poor. The policy will certainly breed more congestion in crowded urban areas.

The business sector urged government to instead consider a adopting a broader policy framework that will govern land use allocations, limits to conversion and expansion of selected uses to ensure that there is balance to meet future demands for food security, housing and shelter and industry and commerce.

The group further urged government to reconsider the suspension of Department Administrative Order No. 3 of the DAR, which sought to subdivide the collective Certificate of Land Ownership Awards (CLOAs) into individual CLOAs.

The group explained that collective CLOAs mean that with one collective title, farmer beneficiaries cannot sell or mortgage the property and to pass this on to their heirs. This, they say, has serious negative effects, including depriving individual farmers of their sense of ownership and control over the land. Without individual CLOAs or titles, farmer beneficiaries will not be obligated to pay their fair share of real estate taxes, depriving Local Government Units of revenue.

The groups said collective CLOAs, unless subdivided into individual CLOAs, hamper individual initiative that will lead to increased agricultural productivity and rural incomes.

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