

LAND BANK CHIEF CRITICISES PHILIPPINE LAND CEILING.By **Chaitanya Kalbag**, Reuters

782 words

11 June 1987

Reuters News

English

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MANILA, June 11 - Proposed land reforms that would limit all holdings in the Philippines to seven hectares are likely to scare away private entrepreneurs, said Deogracias Vistan, president of the state-owned Land Bank of the Philippines.

The government should carefully study minimum land needs for sugar or prawn farming before fixing an arbitrary ceiling, he told Reuters in an interview. In the early stages, it should redistribute rice and corn land only.

Vistan, who heads the agency charged with implementing the reforms, was the first official to publicly oppose the plan. President Corazon Aquino has been pressed to redistribute 5.4 million hectares to 2.6 million landless farmers before her powers of decree end when a new Congress convenes on July 27.

"The Land Bank has a major disagreement with other government departments on the scope of the program," Vistan said. "We said we don't believe the president should mandate an arbitrarily arrived-at retention limit for all agricultural land. Why must we treat all land equally?"

Prawn farming, which has attracted a number of former sugar planters from Negros Island, is highly capital and technology intensive, he said. "It costs 600,000 pesos to convert one hectare of sugarland into a prawn pond. How do you expect to attract foreign technology and local capital with a seven-hectare ceiling? We may just stifle private business initiative," Vistan said.

He said he favoured continuity of land use provided it did not impinge on social justice or prove uneconomic.

Vistan said the program aimed to continue redistribution of rice and corn land started by former president Ferdinand Marcos. "We managed to achieve only 32 pct of our targets in 15 years and distributed 250,000 hectares," he said. The first phase of the draft program calls for the redistribution of 557,000 hectares of rice and corn land, continuing on from the Marcos reforms, Vistan said.

About 600,000 hectares of voluntarily offered, idle, abandoned or sequestered land would be redistributed in the second phase, he added.

A fourth phase covers three million hectares of public and government land mainly occupied by squatters.

"Basically we will just regularise and legitimise their occupation," he said. The main controversy over the reforms relates to 1.3 million hectares of privately owned sugar, coconut and banana plantations included in the third phase, Vistan said.

"That phase covers only 23 pct of the total area of the whole program, but it accounts for 99 pct of the controversy," Vistan said. "It will also take in pineapple cultivation, aquaculture -- what we term 'sunrise industries,'" he said.

Vistan said a Cabinet Action Committee set up by Aquino to prepare a land reform draft was split over whether the decree should cover all land or just rice and corn lands. The latest draft, made public last week, did not address the fate of the country's large plantations.

"No one is arguing the middle ground," Vistan said. "Either they want to leave the entire caboodle to Congress or do a sweeping thing. We believe there is a feasible middle ground." He said his views were shared by Finance Secretary Jaime Ongpin and Trade and Industry Secretary Jose Concepcion.

Vistan said he had told Aquino he could distribute rice and corn lands within two years at a cost of six billion pesos. But he said Aquino was worried about implementation and possible social tension and was looking for alternatives. Vistan said the entire program's estimated cost of 45 billion pesos did not worry him.

"In the crucial land transfer phase there will be a negative spread between what I pay landowners and what I collect from the beneficiaries," he added.



Vistan said the Land Bank would not pay landowners in one lump sum. They would get a choice between taking their payment over 10 years or swapping it for non-performing assets under the government's privatisation plan.

"A one-time payment might risk capital flight or a sharp rise in money supply," he said. Vistan said the Land Bank also disagreed with the draft decree's proposal that farmer-beneficiaries should pay for the land over a 17-year period.

"We want to space out amortizations anywhere from 15 to 30 years," he said.

Vistan said the Land Bank, with capital of 3.6 billion pesos, assets of 15 billion and profits of 385 million pesos in 1986, had 2,050 employees in 34 branches nationwide.

He said he expected to have to recruit at least another 1,000 employees and open eight or 10 new branches in the first year to implement the reforms.

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