



January 18, 2012 (at Tokyo)

“Current situation on the investment for agricultural land and sustainable use of biomass: How Japan should act? “

Land grabbing cases with the Japanese Companies Involvement in the Philippines

--- Isabela Bioethanol Project ---
(Tentative Translation)



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● **Material Procurement (Sugarcane)**

- **Where, How, and Main Issues related to land**

● **Corporate Social Responsibility (CSR) to be needed for Private Project**

(Manong Diony's part)

● **Life of Farmers in Isabela**

● **Concrete Problems / Concerns caused by Project**

- **Farmland grabbing and Risk at Food Security**
- **Labor Condition**

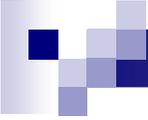
● **Activity and Demands of Farmers**

Project Overview

● Isabela, Philippines (North-eastern Luzon)

- Bioethanol plant
= in San Mariano
- Farmland for
Sugarcane
= within 30-km
radius from
the Bioethanol plant





Project Overview

● Purpose

- 1. Projection and Sale of Bioethanol from Sugarcane**
(Annual Production 54,000 kl = Largest in the Philippines)
 - Mix into gasoline for cars in domestic
 - ← Biofuel Act (Republic Act No. 9367)
= effective in February 2007
(5% mandated since 2009)
 - 2. Supply of Renewable energy from Sugarcane bagasse**
(maximum 19MW. Excess power to be sold = 13MW)
 - Projected CO₂ emission reduction = 543,850 t
(Under application process of CDM registration)
- * Continuous employment for around 3,000 households

Project Overview

- **Project Cost**
US \$ 120 million



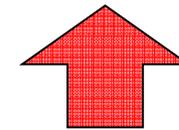
- **Project Proponent**

- **Bioethanol Production and Power Plant**

Green Future Inovation. Inc. (GFII)

= Invested by Japan, Philippines, and Taiwan's companies

Japanese Companies = Itochu, JGC



- **Sugarcane Cultivation and Supply**

ECOFUEL Land Development Inc.

= 100 % investment from Philippin companies

Investor from Isabela etc.





Project Overview

● Chronology

- **2007 ---** **Public consultations with LGU / residents =
Started explanation on project and lease / growing contract**
- **2008 ---** **Started sugarcane cultivation at San Mariano**
- **April 2010** **Formal Announcement of Itochu and JGC on
Participating the Project**
- **April 2010** **Issued the Environmental Compliance Certificate
(ECC) for the plants**
- **November 2010** **Started the preparation for the construction of
the plants**
- **November 2010** **President Aquino visited Japan**
**Mentioned the project as one of the
successful attraction of Japanese enterprise**
- **April 2011** **Itochu applied for CDM registration of UNFCCC**

Project Overview

● Bioethanol Plant

Barangay Malabo, San Mariano

- Site Area = 31ha

including 4ha = Power Plant

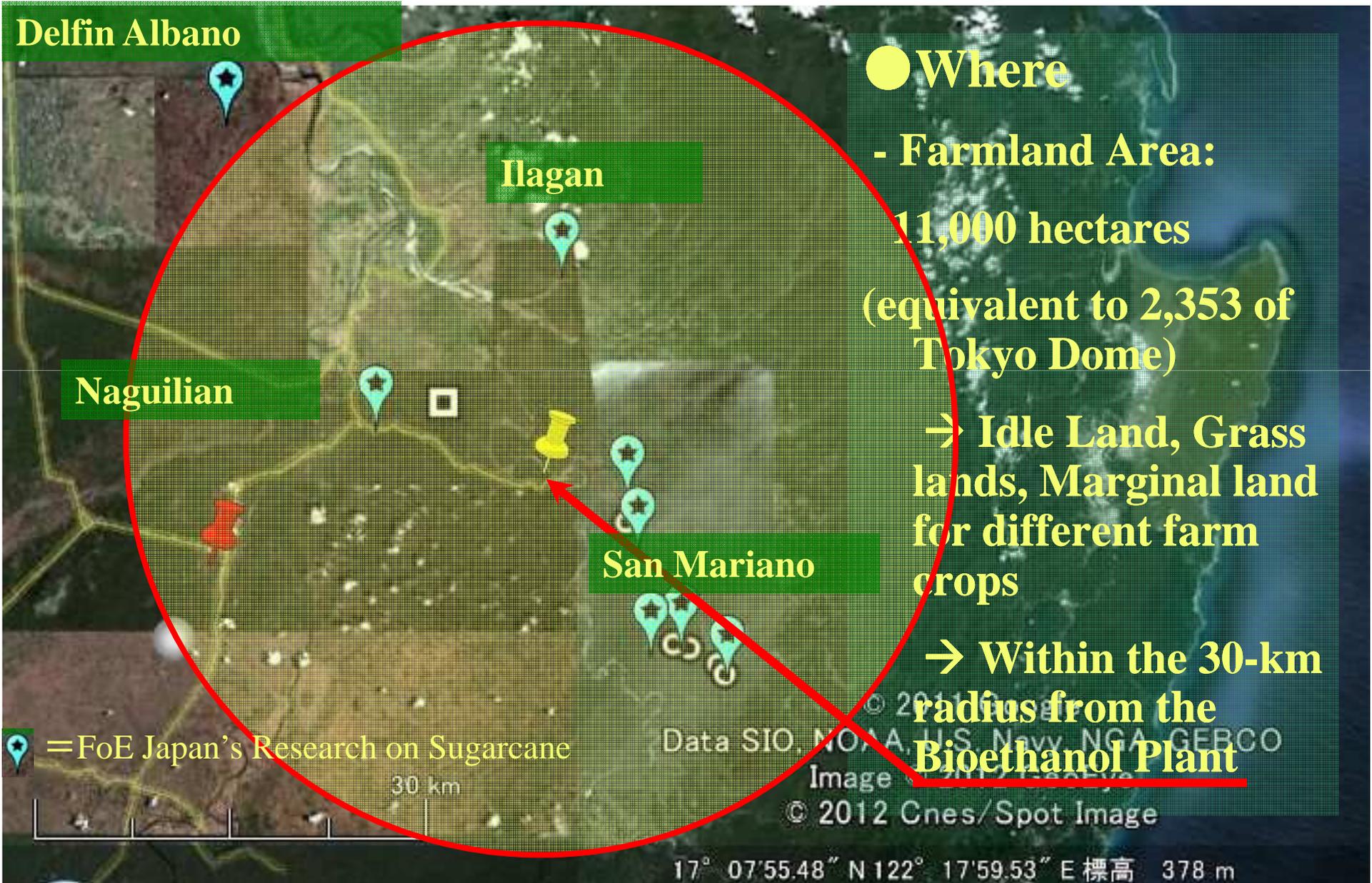
- After EIS, ECC was issued

→ Commercial Operation

= to start in May 2012



Material Procurement (Sugarcane)



Material Procurement (Sugarcane)



● How

1. Land Lease Contract
2. Contract Growing Arrangement

1. Land Lease Contract

- 5,000 - 10,000 pesos / ha / year = Lease amount
- Lease period = renewable every 3 years
- Payment for Lease = lump sum of 3 years at once
- signing bonus = 500 pesos / ha etc..

2. Contract Growing Arrangement

- ECOFUEL will provide all inputs (fertilizer and farm labor etc.) (no interest)
- ECOFUEL will buy all the harvest (deduction of all cost from gross benefit)
- Training and assisting on sugarcane farming for free
- Signing bonus 500 pesos / ha etc..

Material Procurement (Sugarcane)

● Main Issues related to Land

* Bargaining Power of Farmers

→ Unfavorable Contract with ECOFUEL

- Cheap lease amount

- Unknown price for company to buy

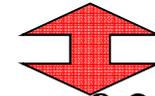
- Continuous payment of tax etc. during contract period etc.

* Insufficient support for agriculture from government

→ Contract with ECOFUEL

- Lack of farm inputs → Idle land

→ Land-use conversion of farmland for food production



Joint Administrative Order No. 2008-1, Series of 2008

= To avoid the disorderly land-use conversion

- Only one remaining farmland for food production in the community X

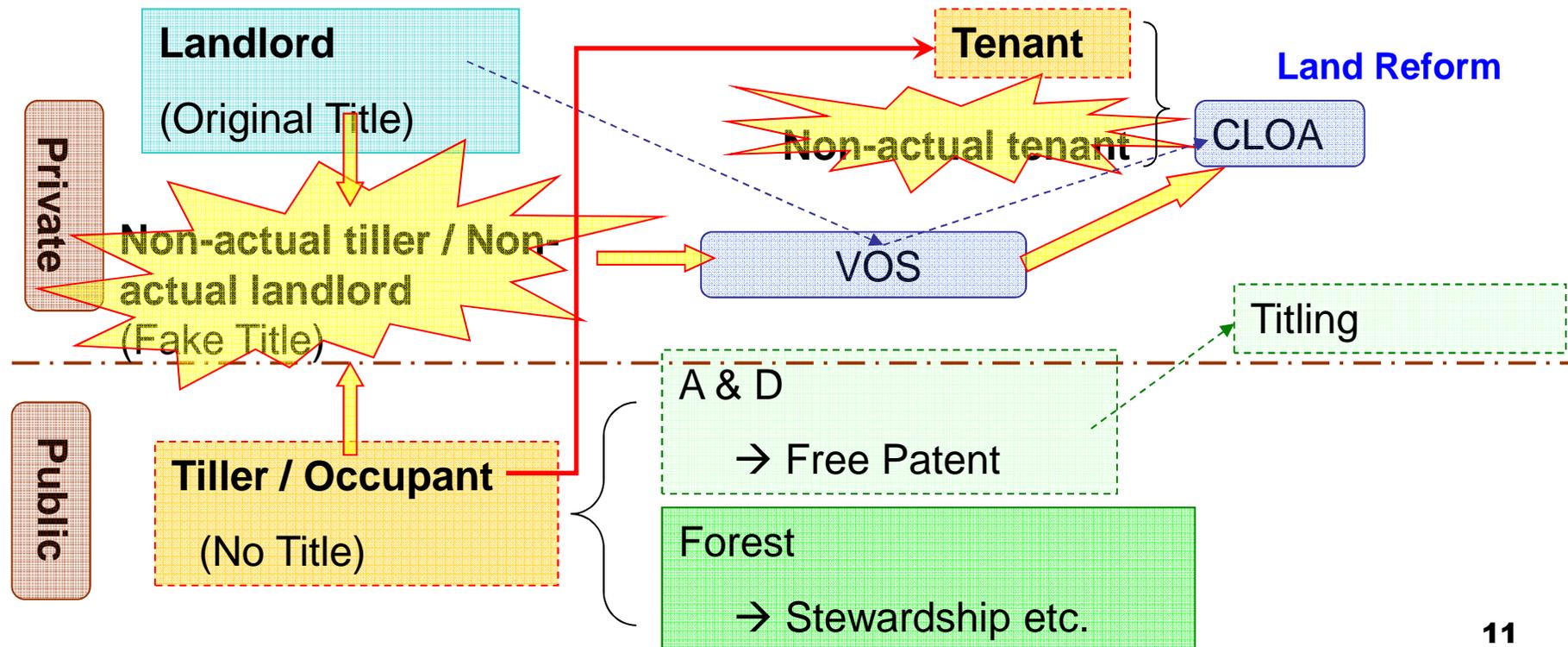
- Area where you can find public / private irrigation facility / where an individual irrigated for rice / corn production X etc.

Material Procurement (Sugarcane)

● Main Issues related to Land

- * Actual tiller / tenant = lack of prior consultation / consent
= hardship of livelihood
- Incentive for land speculation among influence persons/landlords

← Contract opportunity with ECOFUEL





CSR to be Needed for Private Project

- **How could the existing policies be effective?**
 - **CSR Action Guidelines for Supply Chains of each company etc.**
 - **the 10 Principles of the UN Global Compact (HR / Labor etc.)**
- **How could the “Old” problems be addressed in full private project (with no involvement of public sectors)**
 - **Thorough adoption of Free, Prior, and Informed Consent**
 - **Contract in English with legal terms**
 - **in understandable language and manner**
 - **No copy of contract provided etc. → to provide the copy**
 - **Recognition of / consideration for wider stakeholder (socially vulnerable sector etc.)**
 - **Tiller without title, Tenant, IPs / Informal agricultural labor**
 - **to grasp / understand the characteristic of the society/ politics / culture etc.**



ありがとうございました!

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