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Agrarian Reform Cooperatives: Trials and Triumphs in the Struggle for Sustainability

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The Comprehensive Agrarian Reform Program remains a promise unfulfilled to many who have toiled the fields for generations despite efforts of past and present administrations. For two cooperatives in Basilan the gift of land was both a blessing and a curse. The Certificate of Land Ownership and Acquisition (CLOA) was not the end of their problems, but quite the opposite. After enduring poverty and red tape, the new landowners were faced with the enormous task of managing thousands of hectares of agricultural land without prior experience. Lacking financial stability and managerial expertise, the cooperatives appeared better off without the fruits of their struggle. Eventually they realized their weaknesses and found their strengths. Through favorable financing programs from government institutions and joint ventures with other organizations, the once vulnerable upstarts have grown into profitable, self-sustaining units. Now the cooperatives are development catalysts in their respective communities and a stable force in the thriving agricultural sector.

Introduction

The province of Basilan

Basilan is an island province at the southern tip of the Zamboanga peninsula. It is bounded by the Basilan strait on the north, the Moro Gulf on the east, the Sulu Sea on the west and the Celebes Sea on the south. Its neighbors on the southwest are the cluster of islands that compose Sulu and Tawi-Tawi.

Basilan's land area spans 1,379 square kilometers or 137,000 hectares with a terrain that ranges from undulating to rolling and moderately steep towards the interior parts of the island. It is made up of seven municipalities with 261 barangays, all of which have land access. Around the province are ribbons of roads with a total length of 865.17 kilometers. Of these, 62.66 kilometers are national highways and 229.08 kilometers are provincial roads.

In terms of basic services, Basilan has six public and private hospitals, with 191 beds. These are complemented by main and barangay health centers, most of which provide only primary and, at best, secondary health care. For tertiary health facilities, the Basileños have to travel to Zamboanga. The province has 246 elementary schools, 22 high schools, two colleges and one university. The literacy rate is 66 percent.

Basilan's soil is generally fertile and suitable for cultivation. The province is a typhoon-free area with an average annual rainfall of 73.62 inches. As a result, more than 70 percent of the province's total land area is devoted to agriculture. Coconut, rubber and coffee are planted extensively. Minor crops include palay, corn, cacao, cassava, African oil

TABLE 1
Agricultural Production

CROPS	AREA (hectares)	ANNUAL YIELD (metric tons)
Coconut	69,025	82,831
Coffee	9,600	4,308
Rubber	8,074	6,297
Rice & Corn	4,444	6,134
Cacao	981	981
Banana	3,418	34,176
Cassava	2,562	25,618
Other's	1,766	761

palm and black pepper. Table 1[1] shows the agricultural profile of the province.

Of Basilan's 243,091 population,[2] more than 70 percent are Muslims from various tribes, the most predominant of which are the Yakans. Table 2, below, shows the composition of the Basilan population.

The annual average population growth rate is 2.7 percent with a population density of 1.8 persons per hectare. The average household size is 5.5 and the dependency ratio is 55 percent per person.

TABLE 2
Ethnic Distribution of Basilan Population

Yakan	85,568	35.20%
Tausug	59,314	24.40%
Chavacano	32,088	13.20%
Samal	27,226	11.20%
Cebuano	25,282	10.40%
Other's	13,613	5.60%
TOTAL	243,091	100.00%

While trading accounts for 70 percent of the province's investments, agriculture is by far the biggest jobs source, accounting for 35 percent of the labor force. The overall employment rate of the province is 34.5 percent.

In spite of the province's rich resources, its growth rate is one of the lowest in the country. This is mainly due to the fact that the island province has played host to several armed anti-government forces like the Moro National Liberation Front, the Moro Islamic Liberation Front, the Abu Sayyaf, and various splinter groups engaged primarily in banditry. The province's geographic location, terrain and vast uninhabited areas facilitate stealthy group movements and criminal activities. Such conditions have greatly impaired the region's economic growth.

The recent signing of the Peace Agreement between the government and the MNLF heightened optimism for the realization of the province's full potential. This, however is less reality than thought. For one, encounters between MILF and government forces have increased and the populace in the mountain barangays are again confronted with an escalation of kidnappings and robberies. But the burgeoning hope of the Basileños cannot be stilled by terrorism. This much can be said for the agrarian reform cooperatives whose leaderships were determined to pursue the development of the membership and the adjoining communities.

The study areas

The case study focuses on two agrarian reform communities in Basilan.

The first community is Tumahubong, a barangay in the municipality of Sumisip, about 65 kms. from the provincial capital, Isabela, and 35 kms. from the municipality of Lamitan. Tumahubong has a total population of 1,589 of which roughly 70 percent are Muslims of the Yakan tribe.

The major economic force in the barangay is the plantation cooperative. Other economic activities are of the traditional Yakan weavers and a smattering of sari-sari stores. Basic facilities are virtually nonexistent. Water is drawn from artesian wells and nearby creeks and rivers. The water supplied by a crude distribution system is not considered potable.

Telecommunication is possible mainly through VHF radio transceivers, status symbols in the region. A post office is located at the plantation campsite. The barangay has day care centers but health services are provided by the plantation clinic. The barangay wet market located inside the plantation caters to the 10 other adjacent barangays.

The second community straddles two barangays in Isabela. The cooperative's administrative center and processing plants are located in Brgy. Menzi while majority of its members reside in the adjacent Bgy. Kabunbata, which is about three kilometers from the town proper. It has a population of 1,482 with Muslims from the Tausug and Yakan tribes comprising 20 percent.

Unlike Tumahubong, the Menzi community is blessed with abundant supply of potable water with its numerous springs, rivers, creeks and waterfalls. A water system originating from the community serves the central areas of Isabela and adjoining barangays.

Communication is also done mainly through handheld radio. Recently, the advent of the cellular phone system has linked the cooperative to its major contacts in Manila, Cebu and other parts of the country.

Because of its proximity to the town center, the community does not have its own wet market and its health center is open only three days a week. An elementary school was recently established upon the initiative of the cooperative.

Life at a rubber plantation

A rubber plantation is a community within a community. Due to the nature of its major crop, most, if not all, of a plantation's regular workers are male. Female workers are usually hired as accounting or clinic staff. In some instances, an all-female workforce is recruited to undertake seasonal tasks for the plantation.

On account of some cultural biases, the rubber plantations in Basilan had a peculiar policy of "importing" labor from the Visayas islands and other parts of Mindanao, making the plantation a veritable melting pot. The workers and their families were relocated and aside from the wages and benefits mandated by law, they were provided with housing facilities, subsidized power and a commissary from which they can acquire basic necessities on credit. A plantation nurse provides first aid for the workers and their families.

With the company providing most of their daily requirements, the workers developed a degree of childlike dependence on the plantation owners. This dependence is reinforced by the workers' spending habits. It is usual for most of them to live like "one-day millionaires," spending two weeks pay within one or two days and living on credit until the next pay day.

The life of a plantation worker is far from ideal. The housing facilities of the rank-and-file workers are actually bunkhouses with a bedroom, a tiny living room, and an even tinier kitchen-cum-dining area. Toilet facilities are usually detached water-sealed types.

Supervisors and other members of the management staff are provided with individual housing units with better facilities, the quality of which depend on rank. The living arrangements reinforce the hierarchy established by the company's work structure. The workers mingle with other workers and the plantation "elite" socializes with the larger community's elite.

TABLE 3

Land Acquisition/Distribution Status as of Oct. 31,1996

	WORKING SCOPE	ACCOMPLISHED VOS	ACCOMPLISHED OTHERS	PROBLEMATIC	WORKABLE BALANCE
Private Agri'l					
>50 has.	9,795.17	7,262.52	524.58	612.72	1,395.35
24-50 has.	1,462.14	155.95	202.19	-	1,104.05
24 has.	3,449.00	804.20	873.40	-	1,772.08
Others	1,348.43	-	1,337.17	11.26	-
SUB-TOTAL	16,055.30	8,222.67	2,937.34	623.98	4,271.43
Gov't Owned	4,415.61	-	4,415.61	-	-
Settlement	7,917.73	-	7,917.73	-	-
TOTAL	28,388.76	8,222.67	15,270.68	623.98	4,271.43

The Comprehensive Agrarian Reform Program

The Comprehensive Agrarian Reform Program went into full implementation in 1988 during the term of former President Corazon C. Aquino. In the case of privately-owned lands, the CARP provided for two means of acquisition in preparation for distribution to identified beneficiaries: compulsory acquisition and voluntary offer to sell (VOS).

In Basilan, the total land area available for distribution at the start of the CARP stood at 28,388.76 hectares, of which 16,055.42 hectares, or 56.56 per cent, were private agricultural lands. Table 3 shows the status of land acquisition and distribution in Basilan.

Most plantations in Basilan opted to avail of the VOS scheme because of two factors. First, the peace and order situation in the area made operations increasingly difficult. Secondly, the consistently low world market prices of their main crops (e.g., rubber, coffee, cacao and copra) coupled with rising labor costs have greatly limited profitability.

Because of these prevailing conditions, the corporate owners of Basilan plantations decided to terminate their operations in the area and recover their investments through the government's agrarian reform program.

The Agrarian Reform Experience

Tumahubong Agrarian Reform Beneficiaries Integrated Development Cooperative (TARBIDC)

Tumahubong and the adjacent territories were part of a logging concession area operated by the Tuazon family. In 1957, B. F. Goodrich, a US multinational, bought 1,017 hectares of the said property. The area was planted with rubber and was later expanded when B. F. Goodrich leased the adjoining 782 hectares from the Tipo-tipo Rubber Plantation, Inc. (TRPI) owned by the Ututalom family.

When the Parity Rights expired in 1974, the 1,017-ha. area was acquired by Siltown Realty, Phil., Inc. (SRPI) which subsequently leased it back to B.F. Goodrich. The lease agreements of the two parcels of land were later transferred to Sime Darby Pilipinas, Inc. (SDPI) in early 1980. The plantation maintained normal operations until the passage of Comprehensive Agrarian Reform Law in 1988.

In September 1989, SRPI formally submitted its intentions to participate in the CARP under its VOS scheme. This development was relayed by the management of SDPI to the workers together with information that plantation operations would cease by February 28, 1990. The workers, through its labor union under the umbrella of the National Federation of Labor (NFL), requested the SDPI management to extend operations for another six months to give them time to prepare for the takeover of the plantation management as CARP beneficiaries. This request was denied. The workers immediately organized themselves into the Tumahubong Agrarian Reform Beneficiaries Association (TARBA).

One major factor which influenced SDPI's decision to cease operations was the threat posed by a hostile Yakan community. The plantation management's labor importation scheme had created an island of Christians surrounded by Yakan Muslims. Only 10 percent of the plantation workers identified as agrarian reform beneficiaries were Yakans.

To diffuse the persistent threat of conflict between Christians and Muslims, the leaders deemed it prudent to increase the involvement of the Yakans. A series of consultations between the local labor leaders and the leaders of the Yakan community established an organization of Christians and Yakans which will serve as the official representative of the agrarian reform beneficiaries.

In February 1990, a Notice of Termination was issued to the workers. Not long afterwards the workers, along with their families and belongings, were transported either to Isabela or Lamitan towns.

TARBA commenced negotiations with SDPI for the operation of the plantation in March while the land valuation and transfer processes were being undertaken. The negotiations were held with the participation of the Department of Agrarian Reform and the 2nd Marine Brigade in Basilan. By this time SDPI had transferred the lease to the Tumahubong Rubber Company (TRC) owned by the Furigay family, and the latter had taken over the operation of plantation's processing facilities and agricultural production. During negotiations, TARBA was also busy recruiting workers for the resumption of plantation operations. It was a difficult task since very few workers were willing to gamble on the uncertainty of a worker-managed-and-operated plantation.

The negotiations resulted in three contracts involving TARBA, SDPI and TRC. The first was a harvesting contract between TARBA and TRC which provided that 20 percent of the total production shall be paid to SDPI through TRC in the form of crumb rubber. The second was a processing contract between TARBA and TRC wherein TRC is paid P4.50 per kilogram of processed raw rubber. The third was a marketing contract wherein TRC shall facilitate the sale of TARBA's crumb rubber for a fee equivalent to 18 percent of total sales. However, the signing of the contracts proved the least difficult hurdle.

To begin with, TARBA had financial problems not to mention an underfed work force. The workers were not able to contribute their share in the working capital since the release of their separation pay was suspended pending the completion of the transfer process. TARBA had to commit its limited resources to the renting of transport vehicles to replace the hauling trucks pulled out by SDPI.

The workers could barely put together three meals a day for their families but were able to survive this lean period only through a bridge fund provided by the NFL. Compounding TARBA's worries was the order obtained by the Ututalom family seeking the recovery of 782 hectares owned by TARPI. In October, 1991, TRC took over the said area despite DAR intercession.

By December, TARBA was in dire straits. Funds to rent hauling trucks had run out, leaving the harvest stranded at the plantation. Wages were delayed and the rice supply in the commissary was almost non-existent. During this period, TARBA was finally registered with the Cooperative Development Authority (CDA) and was renamed Tumahubong Agrarian Reform Beneficiaries Integrated Development Cooperative (TARBIDC).

In February, 1991, after nearly 12 months of operational losses, TARBIDC received more bad news, this time concerning its harvesting contract that would not be renewed. Immediately, the cooperative sent a 20-member delegation to conduct lobbying activities in Manila. The delegation, accompanied by workers from other Basilan and Zamboanga del Sur plantations, launched pickets and noise barrages calling for the renewal of the harvesting agreement and the completion of the transfer process.

Legal steps were also undertaken with the filing of a motion with the Department of Agrarian Reform Adjudication Board (DARAB) for a 30-day extension of the harvesting contract. This motion was granted by DARAB in April but an order restraining its enforcement was issued by the Basilan RTC just three days after.

Back at the plantation, the security guards of TARBIDC were deployed in strategic areas to secure the plantation. The workers and their families within were virtually under siege. Power lines were cut and the rented trucks were grounded, bringing production to a stand still. For almost a week, the plantation took on a war zone-like atmosphere. TARBIDC picketed the regional office of DAR to press for the immediate land transfer in order to avert a possible bloody confrontation in Tumahubong.

On April 9, a peace agreement was signed by TARBIDC and TRC in the presence of Colonel Guillermo Ruiz, commander of the 2nd Marine

Brigade, and Bishop Romulo dela Cruz. A Philippine Marines detachment was deployed to maintain order.

The DARAB head office was able to secure an order from the Court of Appeals canceling the Temporary Restraining Order of the Basilan RTC on harvesting activities. Later, the SDPI secured an order from the Supreme Court upholding the Basilan TRO. The workers, fearing the worst, blocked the roads to the plantation to dramatize the urgency of their demands. For the next six months, TARBIDC continued to languish under the spectre of an unfavorable court ruling and the threat of violence.

Finally, in December, 1991, TARBIDC was awarded a Certificate of Land Acquisition and Ownership (CLOA) and an opportunity to chart its own destiny.

United Workers' Agrarian Reform Beneficiaries Multi-Purpose Cooperative (UWARBMPC)

In the early 1950s, the Menzi Agricultural Company (MAGRICO) was the first company to establish a plantation in Basilan. It operated 1,020.72 hectares. of rubber, African oil palm, coffee and black pepper and processing facilities for all the crops.

The agrarian reform experience of the MAGRICO workers was a different one. In September 1990, management submitted its voluntary offer to sell and informed the workers of its decision. While waiting for the land transfer, MAGRICO and the workers, through their local labor union, agreed on a P20 rollback of daily wages to avoid financial problems later. To compensate for the lost income, a crop-sharing scheme was devised based on excess of the quota.

During the first six months the workers earned an average of P6,000 per month. In the next six months, the quotas were increased, reducing the average wage by almost 30 percent. This arrangement was in effect until August 1992, when MAGRICO finally ceased plantation operations.

While the crop-sharing scheme was in effect, MAGRICO had intensified its tree tapping or latex harvesting operations, thereby causing a faster depletion of the trees' capacities. When asked whether they understood the implications of the over-exploitation of the trees, the workers acknowledged that they knew low productivity would follow. However, they did not put too much weight on this possibility since they never expected to acquire ownership of the plantation.

To hasten the land transfer, MAGRICO and the workers, now known collectively as the United Workers Agrarian Reform Beneficiaries Multipurpose Cooperative (UWARBMPC), undertook joint rallies and demonstrations at the DAR Basilan provincial office for almost a year.

Up to this point, MAGRICO and UWARBMPC appeared to be "partners" in the completion of the land transfer. MAGRICO shouldered the travel expenses of the workers in following up the land valuation. However, it was later discovered that MAGRICO contributed to the delay in the hope of increasing the value of its property.

In March 1993, UWARBMPC was awarded its CLOA and, after eight months of work stoppage, the workers returned to the plantation, this time as owners.

Life After the Land Transfer

The cooperatives as plantation owners

In their first year as owners/managers both cooperatives were in a frantic search for normalcy.

TARBIDC grappled with crippling losses both from operations and failed contracts. Only through additional funds from the NFL was it able to secure salaries for the workers, payment for additional vehicles and the lease of the processing facilities which were not included in the land transfer.

UWARBMPC was in better shape financially after the land transfer. With the separation pay released by MAGRICO, the workers were able contribute PhP 5,000 each to the cooperative's starting capital. They also agreed to lower wages in order to reduce production costs.

In 1993, TARBIDC and UWARBMPC undertook a joint marketing agreement, pooling their produce in order to command better prices in the local market. This undertaking still stands and has resulted in market linkages with end-users in Zamboanga, Cebu and Manila.

By 1995, cash flow was no longer a problem due to healthy net surpluses. The challenges TARBIDC and UWARBMPC had to face shifted from survival to maintenance. The more pressing problems concerned the cooperative members' attitudes, long-term financial viability and management capability.

Members' attitudes

Now that their dream of acquiring ownership of the plantation through a collective effort was "suddenly" a reality, the workers then reverted to their individualistic, "live-for-today" ways.

Seeing that their sacrifices had borne fruit, some members of the cooperative felt it was time to exercise their ownership rights and cash in. They made demands regarding how the plantation was being run and they questioned the tight rein some leaders held over cooperative funds. The workers involved in harvesting clamored for shorter working hours in the field and for more non-cash benefits such as a monthly rice allowance, pension plans, etc. They also demanded the distribution of their share in the net surplus, which came in the form of dividends and patronage refunds.

A strong background as labor union members combined with the cooperative's framework wherein the member/owner is the supreme authority, gave the workers fresh impetus to push for their demands. Unfortunately, the traditional cooperative membership training and seminars were not designed to adequately impart the responsibilities that are attached to being co-owners of an enterprise. A member would react and make decisions either as a worker, a member or an owner, depending on which role would give him the most benefit.

Because of this tendency of the workers, the cooperatives are searching for ways to educating them on their new role as entrepreneurs in order to avoid role confusion and vacillation.

Long-term financial viability

The cooperatives are expected to enjoy a few more years of adequate production levels. However, due to the impending senility of the rubber trees coupled with the exploitative harvesting practices in the period preceding the land transfer, it is also foreseen that production levels will go down drastically leading to operational losses and, as a worst-case scenario, the possible demise of the enterprise. The decline and possible cessation of operations could be avoided by the replanting of trees. This undertaking requires an average investment of PhP 60,000 per hectare, and a massive strain on the cooperatives' cash flows.

The cooperatives' means of internally generating capital are through monthly contributions deducted from salaries and the reinvestment of year-end dividends and patronage funds. The first brings in an average of PhP 36,000 a year while investment could yield up to a million. It is no surprise that at the end of each fiscal year, management goes out of its way to persuade the members not to demand for the full release of their shares in the surplus.

Both cooperatives are heavily dependent on loans with an equity ratio of 10 percent for TARBIDC and 20 percent for UWARBMP. The land acquisition portion of the cooperatives' loan is a substantial portion of their liabilities. Due to their inability to finance the bulk of their investment requirements, specially for rubber replanting, the cooperatives continue accessing external financing loans.

In the early years, it was difficult for cooperatives to avail of the banks' usual lending facilities or many reasons foremost among which was the perception of these financial intermediaries that cooperatives are poor credit risks. Secondly, the loans being extended by the banks, including the main government bank for the agricultural sector, the Land Bank of the Philippines, allow a maximum grace period of three years as prescribed by the Central Bank. This grace period is not compatible with the gestation period of rubber which is five to six years.

With constant lobbying, DAR and LBP increased their support for the agrarian reform cooperatives. They have designed a financing program called the 70-25-5 wherein 70% of the loan fund is provided by LBP at 12% interest, 25% by DAR, 5% by the cooperative, thereby reducing the effective interest rate.

Just recently, the LBP launched its special window for long-gestation crops like rubber. Aside from the land acquisition and replanting loans, the LBP has also been extending one-year working capital loans to the cooperatives with an interest rate of 14 percent per annum as a response to the latter's liquidity problem.

Management personnel capabilities

The corporations operating the plantations varied in their management setups and approaches. SDPI maintained a highly centralized management structure wherein vital functions (e.g., planning and financial management) are discharged from its head office in Manila. Even in the bookkeeping, the Tumahubong plantation only maintained subsidiary ledgers and submitted mere summaries of transactions. No financial statements were produced at the Tumahubong plantation level. Only the top level plantation management staff got to participate in the planning and decision-making process. In the case of UWARBMPC, the management function was in the hands of the top level plantation management and the MAGRICO.

Unfortunately, these top level management personnel who had the skills and the experience to oversee the medium and long-term direction of the plantation were not interested in becoming beneficiaries of the agrarian reform program and opted to leave even before the transfer process was completed. As a result, the cooperatives had to select their new manager from among the few supervisory level staff who stayed on. TARBIDC was fortunate to have convinced one member of the supervisory staff, who was being groomed for a higher management position by SDPI, to stay as manager.

However, the present plantation cooperative managers require more inputs on the various aspects of management. They also need to be equipped with the tools that would help them effectively discharge their management functions specially in decision-making.

Aside from the lack of an able management staff, the cooperatives are further hampered by the managerial ineptness of its Board of Directors, the members of which came from the rank-and-file. In addition to the members' lack of skills, this direction-setting unit does not have sufficient analytical capacity necessary to discern the suitable paths and make the appropriate decisions for the cooperative, both organizationally and operationally. Consequently the quality of decision-making is very low and policies and plans are usually made based on the perceived reaction of the members. Often, vital decisions are avoided by the Board of Directors so that they will not gain the ire of the members.

The cooperative and the community

Immersed in the urgent efforts to make their operations profitable and sustainable, the cooperatives have yet to evolve a planned outreach program for the community. Nevertheless, the cooperatives were able to undertake a couple of projects that were compatible with their own objectives.

TARBIDC, in its attempt to bring down overhead costs, devised a scheme that involved the women of a nearby community. The cooperative allowed the women to plant upland rice in newly-replanted areas and in exchange they would ensure that the areas are regularly cleared of weeds. This arrangement worked well since some members of the community gained access to fertile land while the cooperative gained the benefit of having well-maintained areas at no cost.

On the other hand, the UWARBMPC worked with the Department of Education, Culture and Sports (DECS) for the establishment of a two-building elementary school in their barangay. The cooperative allowed the free use of the parcel of land where the school buildings are located. As a result, the children of the barangay residents, not just the members of UWARBMPC, now have the benefit of an accessible school.

The cooperatives and former land/corporate owners

Both TARBIDC and UWARBMPC do not own the processing facilities within their plantations. As such, they have lease agreements with the former land owners for the use of the much needed facilities.

In the case of UWARBMPC, the lease agreement included the administration building, the engineering shop and several units of transport vehicles (jeeps and cargo trucks). Aside from the leasing of the processing facilities and due to the good relationship it has maintained with the former owners, it has a standing agreement with MAGRICO for the marketing of its African oil palm.

In late 1995, UWARBMPC began negotiations for the purchase of the leased properties. With the assistance of DAR and LBP, the cooperative was finally able to acquire ownership of the land, under the VOS scheme, and the facilities, under the 70-25-5 arrangement, in late 1996. The marketing arrangement with MAGRICO still stands and the relationship between the two has remained cordial.

The cooperatives and the rubber industry

The seat of the natural rubber industry in the Philippines is Mindanao due mainly to its soil and climatic conditions which are most suitable to the crop. Production from the area is absorbed by downstream rubber products industries in the country and some products are exported.

For more than three decades, rubber has been cultivated in Mindanao. The industry is fragmented and, with the advent of agrarian reform, majority of the plantations have been collapsed into smaller holdings thereby magnifying the lack of coordinated direction and eroded the potential strength of the industry.

There is a growing demand for natural rubber in the domestic market. It is conservatively projected that local demand will increase from 36,000 tons in 1994 to 78,500 tons in 2005.[3] As of 1994, gross annual production of natural rubber stood at 67,000 metric tons. Of this volume 5.4 per cent, or 3,600 metric tons, was produced in Basilan. The experts estimate that by the year 2005, the Philippines will be a net importer of natural rubber.

In 1991, Mindanao had 31,215 rubber farms with a gross area of about 200,000 hectares with Western Mindanao accounting for 44%. Of this number 1.71% or 233 rubber farms are located in Basilan with a total land area of 13,034 has.[4] The plantation cooperatives are attributed with 5,120 has., or 40% of the total rubber area in Basilan. UWARBMPC and TARBIDC have a combined area of 1,390 has or a mere 10% of the total area for Western Mindanao and 7% for the whole of Mindanao.

The rubber processing plants in the Philippines generally process and produce rubber in two forms: sheet and crumb. Around 15% of the Philippines rubber production is in sheet form while the remaining 85% *is crumb rubber*[5]. *Among the field rubber processors in the* Philippines, which number around 47, only 17 or 36% produce crumb rubber. The products of these 17 crumb rubber producers are classified as the high grade, known as crumb 5, and low grade, known as crumb 20. Only five of the crumb rubber producers are producing the high grade with a total capacity of 12,000 tons (both high and low grade) per annum. Of these five, two are tire producing companies, namely SDPI and Goodyear.

UWARBMPC and TARBIDC are among the field rubber processors that produce high grade rubber. With the joint marketing undertaking of the two cooperatives, they have more leverage in negotiating for better prices.

The implementation of agrarian reform restructured the rubber industry where the supply, traditionally controlled by corporations, has been transferred to smaller autonomous units. The restructuring of the rubber industry was, at first, seen as both a threat and a boon by the rubber traders and end-users.

It was a threat to the continuity and adequacy of the natural rubber supply. Competitiveness of the product has been undermined since the new plantation owners no longer have the resources to tap new and technology. The volume of production has also been down-sliding due to the inability of the new owners to replace over-mature trees.

It was perceived as a boon to some traders and end-users who now have to deal with small, "cash-hungry" producers plagued by a lack of resources. Under these conditions, the traders and end-users would have the upper hand in establishing the buying rates for the natural rubber.

The plantation cooperatives in Basilan and Zamboanga del Sur, recognizing the inherent weakness of their individual positions, have come together to address the issues of productivity and market position. They also joined the other rubber producers, traders and end-users in a Rubber Summit, held in October 1995, wherein the state and future of the rubber industry were discussed.

Shaping the Future

The cooperatives as enterprises

The cooperatives have, through hard work and determination, successfully moved from the survival stage to that of profitability and sustainability. They have gained the increasing support of government institutions and established their presence as a contributor in the rubber industry.

They are now in the process of establishing their own niches in the rubber industry. Several options, including possible joint ventures among cooperatives for the founding of a downstream industry for rubber-based products, are being considered. The cooperatives are also working on improving product quality in order to command better prices in the local market and explore possibilities in the export market.

Aside from the core business, the cooperatives are undertaking secondary business activities directed at providing essential services to their members. These activities include credit services, provision of consumer goods, housing, etc. But these secondary businesses will largely depend on the cooperatives' success in their efforts to gain enduring profitability and operational stability for their core business.

The cooperatives as community development catalysts

The cooperatives have become pockets of developing communities within larger communities that have remained economically backward. To avoid the threats faced by the former corporate owners under this condition of economic imbalance, it has become a challenge for the cooperatives to accord the surrounding communities with their own opportunities for economic advancement.

Hence, in sharing the economic benefits they are beginning to enjoy, the cooperatives have to identify what they do best and disseminate it to the nearby communities without depleting their own resources. A major strength of the cooperatives is the more advanced rubber planting and maintenance technology they inherited from the former corporate owners. This strength can be offered to the adjoining communities, some members of which are already engaged in rubber growing, to increase their income potentials. The added benefits of rubber facilities in the

TABLE 4
Summary of Field Processors Producing Crumb Rubber

COMPANY	LOCATION	PRODUCTION	GRADE
TARBIDC	Basilan	1,200	both
UWARBMP	Basilan	720	both
Sime Darby	Basilan	960	both
TNP	Davao del Sur	3,600	low
De Oro Rubber	Cagayan de Oro	1,800	low
PRPC (Goodyear)	Zamboanga del Sur	4,800	both
Amaressa	Zamboanga del Sur	2,400	low
PRC	Zamboanga del Sur	2,160	low
HB Marcelo	Zamboanga del Sur	2,400	low
Tire King	Zamboanga del Sur	1,200	low
Makrubber	Agusan del Sur	960	low
Makrubber	North Cotabato	3,600	low
Standeco	North Cotabato	3,600	low
Sto. Nino	North Cotabat	4,320	both
Pioneer	North Cotabato	2,400	low
Davao	North Cotabato	3,600	low
Jocar	North Cotabato	1,200	low
TOTAL		40,920	

midst of the communities enhance the value of the communities' agricultural products.

Recently, the TARBIDC has launched a pilot project in partnership with the NFL Agrarian Reform Department. This pilot project entails the provision of rubber technology and better tree clones to a small community of Yakans that acquired certificates of forest stewardship contracts from the Department of Environment and Natural Resources (DENR). Still at the organizing stage, the project puts TARBIDC as an actor in the economic development of the Yakan community. A similar project is now being considered for the UWARBMPC which targets a mostly Tausug community near its plantation.

On a much larger scale, the cooperatives can come together and work with government agencies and special units in their economic programs. Immediately after the signing of the peace agreement between the government and the MNLF, the cooperatives met in a conference to discuss their contribution to peace and development effort.

The cooperatives as key actors in the rubber industry

The cooperatives have come together for a stronger representation in the rubber industry. As a result of the Rubber Summit held in October 1995, the Rubber Industry Development Committee (RIDC) was formed. Two of the nine members of the RIDC came from the plantation cooperatives. This committee has been tasked to represent the rubber producers, processors and traders alike, and push for the development of the industry. The very first major result achieved by the RIDC was the establishment of a P 100-million rubber development fund which will be applied to the replanting of existing rubber areas with senescent trees.

Aside from the RIDC, the cooperatives and some rubber end-users have been trying to identify possible joint venture schemes. Among those considered was the prospect of the end-users investing in the replanting activities of the cooperatives. Another potential arrangement is for both parties to identify large tracts of land which that they could develop together wherein the end-users will provide the funds while the cooperatives will undertake the development and operation of the area.

In this case, the cooperatives and the end-users have realized the need to work together so as to avoid the industry's demise. Although no further talks have been held after the initial exploratory meetings between the industry actors, it is hoped that the communication links have been instituted and their roles as partners have been defined.

Notes

1 Dept. of Trade & Industry, Basilan Provincial Office.

2 as of 1993 Census.

3 The Philippine Rubber Industry Profile and Strategic Directions October 23, 1995.

4 Census of Agriculture, 1991; National Statistic Office.

5 Production Aspects of Philippine Rubber, October 1995; The Philippine Rubber Industry Profile and Strategic Directions.