


Original Article

Exploring the Lived Experiences of Filipino Smallholder Farmers under Contract Rice Farming within a Neoliberal Context

John Patrick P. Habacon 

College of Arts and Sciences,
Lyceum of the Philippines
University - Laguna, Laguna,
Philippines

*Correspondence:
johnpatrick.habacon@lpulaguna.edu.ph

Abstract

Background: Contract farming is expanding in the Philippines, primarily driven by adopting neoliberal policies. While this model benefits farmers, it also raises significant concerns. This study examines the implications of contract farming in the rice farming sector, focusing on smallholder rice farmers' experiences, challenges, and coping strategies.

Methods: Through in-depth interviews and an ethnographic approach including observations of five farmers, the study reveals their dependence on contract farming due to lack of initial capital and the attractive market price of hybrid rice.

Results: Three key structural themes emerged: (1) High Hopes – the motivations and perceived benefits of contract farming; (2) Covert Exploitation – the hidden struggles including high input costs, delayed payments, and lack of support during disasters; and (3) Resistance and Adjustments – the farmers' adaptive strategies to cope with these challenges.

Conclusion: Farmers often enter contract arrangements due to limited capital and the promise of higher returns from hybrid rice that is grown mainly for export. This creates a troubling paradox: the country exports rice while facing food insecurity. The study calls for fair and sustainable policies to empower and support smallholder rice farmers, promoting their autonomy and reducing vulnerability.

Keywords

Filipino smallholder rice farmers, contract farming, neoliberalism, transcendental phenomenology, Lumban Laguna

INTRODUCTION

Despite its long history as a major rice-producing and consuming nation, the Philippines has become the world's leading rice importer, surpassing China in recent years (Gozum, 2023). Although rice is considered the staple food of most Filipinos, rice production has been steadily declining because of various interconnected and interrelated factors. For instance, available farmlands have significantly declined because of rampant land conversion for urban and industrial use, while the rising costs of agricultural inputs such as fertilizers and machinery have made rice farming costly and less profitable (Bravo, 2017; Briones, 2017). Moreover, fluctuating rice prices in the market have reduced farmers' incomes, and the aging population of farmers, the majority of whom are smallholders, further exacerbates the situation (Alvarez, et al., 2022; Palis, 2020). Indeed, this intertwining network of issues and concerns has adversely affected the country's domestic rice production capacity.

Another critical concern compounding the decline in rice production in the country is that most rice farmers are smallholders who do not own the land they till (Ramos, 2012). Their lack of land ownership limits their ability to acquire necessary resources and implement improvements, resulting in a vicious cycle of low productivity and poverty (Michler & Shively, 2014). The smallholders' ability to sustain their economy and increase their output is further hampered by the fact that they are often at the mercy of landowners and market dynamics (Oakeshott, 2016). Essentially, the agricultural sector's systemic problems hinder the efforts toward rice self-sufficiency and heighten the country's reliance on imports to meet domestic demand (San Juan, 2020).

Notwithstanding these salient issues, many multinational companies still consider the Philippines a lucrative location for crop production, owing to its diverse land types and relatively low labor costs (Ortiz & Torres, 2020). Known as contract farming (CF), large agribusinesses enter into agreements with local farmers to produce specific crops by providing the necessary inputs and technical support and ensuring the farmers a market for their produce (Meemken & Bellemare, 2020). However, this model, while advantageous in some respects, also raises concerns about the fairness and sustainability of such arrangements. Although CF can aid in improving productivity and providing better incomes for farmers, scholars also argue that it may lead to dependency on multinational corporations and constrain the agency of local farmers (Bellemare & Bloem, 2018; Ton et al., 2018). Furthermore, these multinational contract companies, often based in developing countries, typically export to regions with high demand and greater profit potential (Meemken & Bellemare, 2020). As the country faces its uncertain agricultural future, striking a balance between the benefits of trade investments and the need to support and empower local farmers will be crucial.

In this article, the implications of their participation in these contracts were explored on their farming lives and tried to make sense of how they navigate the challenges that come with it. The first part introduces the current situation of rice farming in the country and the challenges confronting our smallholder rice farmers. In the second part of the study, the existing literature on contract farming in the country, the neoliberal restructuring of agriculture that led to the rise of contract farming, and the conditions in post-colonial societies that facilitate it were discussed. The third section delves into the research methodology, while the fourth segment presents the key findings and discussion. Finally, the last section provides a conclusion and reflections on the research process.

Contract Farming

Contract farming in the Philippines has been around for decades, although it was initially aimed at cultivating high-value crops such as bananas and pineapples (Digal, 2007). However, there has been a growing demand for contract farming in rice cultivation in recent years. Corporations favor cultivating hybrid premium rice seeds to produce quality typically exported to other countries. Even though the Philippines is largely regarded as a net-importing country for rice, the country still exports premium rice to other nations (Abadilla, 2016).

Supporters of CF claim that it can result in numerous benefits to agricultural workers (Arouna et al., 2021; Bellemare & Lim, 2018; Kanburi Bidzakin et al., 2019; Nhàn & Yutaka, 2019). For instance, CF companies can help farmers have financial security since contracts often provide a fixed price for a percentage of the harvest, stabilizing their incomes and reduce the risks of unstable market prices. Moreover, CF companies can provide or make it more convenient for farmers to access necessary agricultural inputs such as pesticides, fertilizers, and premium seeds—all of which can be expensive for farmers to procure. Farmers may also receive technical support and training on better farming techniques from CF companies that may help reduce expenses and improve yields, making them more productive and efficient. Lastly, CF companies can provide farmers access to markets beyond their immediate area due to their established connections and network of marketing channels. This action will ultimately eliminate the farmers' dependence on extortionate middlemen or traders.

Nonetheless, several issues are also attributed to the widespread implementation of contract farming (Adams et al., 2018; Dupa, 2022). For instance, critics of CF have pointed out the power imbalance that arises from it, specifically the unequal bargaining power between businesses and individual farmers, which leads to unfavorable contract terms (Niño & Oya, 2021). Moreover, it may lead to an excessive dependency on

businesses for markets and inputs, leaving farmers vulnerable to changes in corporate policies or market dynamics (De la Cruz & Jansen, 2017).

Neoliberalization and the Rise of Contract Farming

As a political-economic theory, neoliberalism promotes free markets, deregulation, privatization, and minimal state intervention in economic affairs (Harvey, 2007; Heywood, 2013). This ideology is based on the belief that reducing government control and allowing free market forces to operate results in increased efficiency, innovation, and overall economic growth (Tomas, 2020). When applied in agriculture, neoliberal restructuring aims to transform traditional farming systems into market-driven enterprises and integrate them into the global economy. In the Philippines, the adoption of these reforms stems from the promise of greater productivity and improved livelihoods for farmers. It is perceived as the catalyst for economic development, reduced inequalities, and poverty alleviation (Borras, 2007).

The rise of contract farming and the adoption of neoliberal policies are closely interconnected, with neo-liberalization creating conditions that foster the expansion of contract farming arrangements. Contract farming aligns with neoliberal ideals by promoting private sector involvement in agriculture, minimizing state intervention, and encouraging competition and globalization in agricultural markets (Niño & Oya, 2021). In particular, smallholder farmers are targeted as 'beneficiaries' of CF due to their perceived lack of entrepreneurial skills and distance from markets, contributing to their poverty. The proposed neoliberal solution aims to integrate them into corporate-driven global agricultural value chains, where they can acquire the necessary business skills and take advantage of market opportunities (Martiniello & Azambuja, 2019).

In this context, contract farming has emerged as a private sector-driven mechanism in order to fill the void left by the government withdrawal, providing smallholder farmers with access to inputs, credit, and markets (Little & Watts, 1994). Moreover, neocolonial societies create favorable conditions for contract farming to flourish, as farmers are driven to connect with companies in a globalized agricultural market. This shift effectively substitutes colonial plantations and government marketing programs while allowing companies to enter new agricultural areas thanks to technological advancements (Vicol et al., 2021).

While proponents of contract farming argue that it can enhance productivity and income stability for smallholder farmers, critics contend that it may exacerbate power imbalances and increase farmers' dependency on large corporations, reflecting broader debates about the impacts of neo-liberalization on rural economies and food systems. Martiniello and Azambuja (2019) argued that despite the promise of a reciprocal "win-win" scenario—where contract companies receive regular and standardized quantities of produce, and smallholders gain secure market access—there is little evidence of success in contract farming. They discovered that including smallholders in these schemes often lead to dispossession, selection of the most competitive producers, ecological degradation, social differentiation, and conflict. Meanwhile, Yadav (2024) contended that the rise of contract farming, a key feature of neoliberalization, has been primarily driven by eliminating government subsidies and increasing agricultural expenses. However, the CF under the neoliberal paradigm has been criticized for commodifying food and the land (Van der Borghet & Gómez, 2024). In the case of Ugandan sugar farming communities, for example, implementing contract farming contributes further to the marginalization of smallholders rather than uplifting their situations (Martiniello, 2020). According to Mazwi et al. (2022), although neoliberalism has made it easier for capital to enter many agrarian economies in Africa, it has also resulted in the subjugation of impoverished and vulnerable farmers and new rural inequality.

In the case of the Philippines, Clapp and Moseley (2020) argued that the neoliberal restructuring of agriculture resulted in a growing dependence on food importation, which undermined domestic agricultural production. In addition, the prioritization of export markets has only aggravated specialization and competition, mainly benefitting large-scale commercial enterprises at the expense of the smallholder farmers. Moreover, the conditions under which agricultural commerce has been opened generally favor developed countries' interests, placing the local farmers at a disadvantage. Most importantly, contract farming arrangements have become more widespread among Filipino smallholder farmers, but at the same time, raising concerns about possible

exploitation and power imbalances. Finally, the neoliberal agenda has significantly weakened land ownership rights for agricultural workers, thus further reinforcing existing inequalities and compromising food security.

Research Problem

Given these conditions, it is crucial to understand the perspectives of smallholder rice farmers engaged in corporate contract farming. This study intends to fill the gaps in the existing literature by looking into the complex dynamics of corporate contract farming in the Philippines through a critical neoliberal theoretical framework. The study emphasizes the perspectives and agency of small-scale rice farmers, aiming to comprehend the complexities of power dynamics and socio-economic nuances inherent in such interactions. By shedding light on their experiences, the research aims to contribute to discussions on fair and sustainable agricultural development that gives emphasize the empowerment and agency of smallholder rice farmers.

To maintain focus, the study aimed to answer the following research questions: (1) Why do smallholder rice farmers turn to contract rice farming?; (2) What are the challenges and issues faced by smallholder rice farmers under contract farming arrangements?; and (3) What strategies are smallholder rice farmers adopting to address the challenges posed by corporate contract farming arrangements?

METHODS

Since this study primarily focused on understanding and investigating the experiences of smallholder rice farmers engaged in corporate contract farming arrangements, the qualitative research design was employed. Specifically, this qualitative study utilized the transcendental approach. The transcendental phenomenological approach, as explained by [Creswell and Poth \(2016\)](#), helps describe the shared experiences of several people regarding a concept or phenomenon. The main goal of phenomenology is to distill individual experiences into a description of the universal "essence." Researchers using this method are encouraged to set aside their assumptions and biases ([Pilarska, 2021](#)), allowing for a deeper and more empathetic understanding of farmers' experiences. This method ensures that the research findings reflect the farmers' perspectives rather than the researchers' interpretations.

The research occurred in a farming barangay in Lumban, Laguna. The barangay was chosen for its abundance of smallholder rice farmers engaged in contract farming, particularly with a multinational Philippine-based company. This contract company is described as the "largest local producer of hybrid rice and hybrid rice seeds in the Philippines and tropical Asia," their rice products are available only for export to countries in North America, the Middle East, Asia and the Pacific. The researcher was already familiar with the community and had used it as the site for previous research. For the entire data gathering, the researcher stayed at the house of one of the participating farmers, who also served as his gatekeeper to achieve a more immersive observation and gain a deeper understanding of their experiences.

The participants of this study were purposely selected based on specific criteria. Firstly, they must be small-scale farmers. This research considers landholding size since most Filipino rice farmers are involved in small-scale farming. Small-scale farming typically involves agricultural production on plots of land ranging from less than one hectare to 10 hectares ([Food and Agriculture Organization of the United Nations, n.d.](#)). Secondly, participants must have been engaged in contract rice farming for at least two planting cycles. This duration is deemed sufficient to capture participants' perspectives on the dynamics of contract rice farming arrangements.

In-depth interviews were conducted with the farmers until data saturation was reached, which occurred after speaking with five participants. This approach ensures that the farmers can share their experiences freely while their perspectives are being explored in greater depth. The interviews were conducted in their native language, Tagalog, and focused on their lived experiences within the corporate contract farming arrangement, including the challenges they face and the strategies they develop to cope. The interviews with the participants lasted between 30 and 40 minutes on average and were recorded using a mobile voice recorder. Overall, the participants' ages range from 45 to 64 years. The participants have completed mostly basic education, with the highest level of attainment being a high school graduate. Meanwhile, their experience in rice farming

varies from 13 to 30 years, and their farm sizes range from 1.2 to 3 hectares. Regarding their involvement in contract farming, participants have been engaged for 5 to 10 years. Notably, none of the participants own the land they cultivate; they all work as sharecroppers (see Table 1).

Table 1. Summary of socio-demographic and farming characteristics of the smallholder rice farmers (2024)

Socio-Demographic Characteristics				Farming Characteristics		
Participant	Age	Educational Attainment	Years in Rice Farming	Farm size (ha)	Nature of land occupancy	Years in Contract Farming
Tatay	64	Elementary Graduate	20	1.2	Leasehold (Sharecropper)	7
Ka Junior	54	Elementary Graduate	30	3	Leasehold (Sharecropper)	5
Ka Bong	53	Elementary Graduate	15	2	Leasehold (Sharecropper)	5
Ka Kokoy	45	Highschool Graduate	13	2	Leasehold (Sharecropper)	5
Ka Arnel	54	Highschool Graduate	29	2	Leasehold (Sharecropper)	10

The transcribed interviews were analyzed using Moustakas' (1994) method for phenomenological data. This method involves identifying a phenomenon to study, setting aside personal experiences known as 'bracketing', and collecting data from several individuals who have experienced it. Afterward, the gathered data were reduced into key statements or quotes (called horizontalization), combined into textural themes, and created structural descriptions of what the participants experienced and how they experienced it, including the context. These descriptions are then combined to convey the overall essence of the experience. The researcher also visited their farmlands and observed their daily activities to supplement the interviews. These visits to the rice field areas were important as they provided significant insights into the farmers' behaviors, attitudes, and needs. Through these visits, the researcher aimed to capture nuanced insights beyond what could be gleaned solely from verbal participant interpretations. Furthermore, the emergent themes were presented to the rice farmer participants for further comments and suggestions to enhance the credibility of the research findings. The researcher demonstrated reflexivity by consciously acknowledging his preconceived notions and biases and refraining from influencing the participants' responses to the questions that were posed to them.

For ethical considerations, the researcher gave the selected participants written informed consent before participating in the interviews. In addition to securing informed consent, sensitivity was observed when asking the interview questions. The researcher ensured that participants were aware of their right to terminate their participation if any part of the interview made them feel uncomfortable, and to maintain their anonymity, pseudonyms were assigned to each participant. Finally, the study's key findings were presented to the participants for validation, allowing them to confirm whether the findings resonated with their experiences and to provide feedback on any discrepancies or misunderstandings.

RESULTS

High Hopes: Motivations of Farmers in CF Engagement

Farmers learn about contract farming primarily from the technicians or representatives of the contract farming (CF) company. These technicians regularly visit potential rice farmers to recruit them, explaining the procedures and potential benefits of participating in CF. Typically, farmers do not have direct communication or contact with the CF company; instead, they interact only with the technicians. The farmers cited two main reasons for their decision to engage in contract farming. First is the promise of higher yields and better market

prices. Rice farmers mainly depend on middlemen or traders to sell their produce. They have expressed concerns about the declining farmgate prices of inbred (ordinary) rice imposed by these middlemen, which essentially prevents them from earning higher incomes. In contrast, while the farmgate price of inbred rice typically ranges from 10-15 pesos per kilo, the price of hybrid rice usually fetches 25 pesos or more per kilo. Moreover, farmers observe that hybrid rice produces a higher yield per stalk than ordinary inbred rice. This increased productivity is due to advanced breeding techniques, which make hybrid rice more robust, high-yielding, and resilient to environmental stresses (Digal & Placencia, 2019). These combined factors make hybrid rice appealing to farmers suffering from diminishing incomes due to poor productivity and fluctuating market prices for palay. As one of the participants, Ka Kokoy, puts it, "There's a big difference, you'll earn more. Of course, we'll go where the prices are higher."

Aside from the benefits of higher productivity and favorable market prices, the root cause of why farmers are encouraged to try hybrid rice contract farming is their lack of working capital. The farmers shared that because they are resource-limited, they have to borrow money from various sources to carry out and continue their rice production. Participant farmers mentioned numerous expenditures at every stage of the farming process. Due to the absence of proper irrigation in their community, they rely primarily on diesel-powered engines to irrigate their paddies. They also have to rent machinery such as hand tractors and harvesters. The prices of agricultural inputs such as commercial seeds, fertilizers, and pesticides are also increasing due to inflation. All these fixed and variable costs make agricultural operations difficult for most of the participant farmers. Consequently, many resort to borrowing, especially from informal lending sources. Contract farming alleviates the burden of securing loans for these expenditures for the farmers since the contract company provides the necessary resources. However, despite the inputs being provided by the contract company to the contract farmers, it is still essentially a debt that they have to repay once they harvest the rice. The expenses initially shouldered by the contract company are deducted from the total earnings of the harvested hybrid rice. Ka Kokoy said, "That's why we tried the first time, they provided everything for us. The fertilizer, the pesticides, it was all on credit. They will deduct it when it is time to harvest." Furthermore, when the seeds provided by the contract farming company do not sprout or grow properly or pests destroy the crops, the rice farmers are not held liable. Their contract stipulates that the contract company must be replaced by the contract company and should not be charged to the farmers, provided they report the issue to the technicians immediately. These contract company programs make farmers more drawn to contract farming.

Covert Exploitation: Farmers' Struggles in Contract Farming

Narratives of the farmers uncover various challenges and issues arising from their engagement in contract farming. Initially, the farmers are astute in evaluating the services they obtain from the contract company, underscoring the opportunities provided by the company's programs. However, probing into their experiences unravels their situations under contract farming, which is regarded as a subtle, indirect form of exploitation.

Lack of autonomy in price determination. While the pricing of hybrid rice is significantly higher than that of inbred varieties, the farmers report not being consulted about the pricing nor explaining the contract company's pricing scheme. They are expected to accept that the contract company knows the best price for hybrid rice and that established "standards" determine fair pricing. The rice farmers mentioned that technicians inspect their harvested palay to ensure it meets the required moisture content level. If the harvested palay has a high moisture content, indicating improper drying, the buying price will be lower than a palay with a low moisture content. Therefore, the 25 pesos per kilo price for hybrid rice is not fixed, as it depends on whether the contract farmers' rice meets the contract company's requirements. As Ka Bong narrated,

We did not sign any agreement that the price would be 27 pesos. Only they [referring to the technicians] decide. Also, they have this thing called MC (Moisture content). The price of dry and wet rice may vary. They check it before harvesting. Before the harvest, it has already been visited by the technician. If it is still green, they will not take it because they will lose profit. And also, the price drops in that case. For example, if your rice is nice and dry, it will be priced at 27, but if it is still a bit wet, it will go down to 26. The pricing is not fixed.

Lack of Support. Secondly, the rice farmers have complained about the inadequate support they receive from the contract company. For instance, they argue that in the past, the company provided nearly all necessary farming inputs—from seeds to fertilizers. However, they observed that in recent years, particularly post-pandemic, the contract company has withdrawn many of these support services which now focuses only on providing seeds. Tatay has expressed his thoughts on the contract company's deliberate withdrawal of support services: "They used to provide some kinds of fertilizer and pesticide but now there's nothing anymore. They only give us the seeds. We have to buy these things ourselves now". Due to this situation, other farmers like Ka Junior are reconsidering whether they will continue being under CF, due to the increasing uncertainty regarding the contract company's policies. "Now, we feel like we want to separate. They don't provide anything anymore except for the seeds. No more fertilizer. No more pesticides. We're on our own to find where we can borrow money to buy those", Ka Junior shared.

The lack of support for farmers becomes more pronounced during calamities, especially when disasters like typhoons damage or submerge their crops. Unfortunately, the barangay is prone to flooding during the typhoon season due to its proximity to the Pagsanjan-Lumban River. According to their contract, the farmers must shoulder the consequences of crop devastation caused by natural disasters, as the contract company clears itself of any liability for such losses. When asked about their contract's implications in severe losses or total crop devastation, the farmers expressed sadness, stating that despite their circumstances, they remain obligated to repay their debts to the contract company. However, they are granted extensions to settle their obligations. Tatay noted that the local agriculture office is even more supportive of providing financial assistance, albeit minimally, than the contract company. "None. You just have to pay your debt. The assistance we receive during calamities comes from the Municipal Agriculture office."

Delayed remuneration. Among all the problems they highlighted, the farmers emphasized that delayed compensation for their labor is the most significant issue associated with CF. Unlike the traditional setup, where middlemen or traders come to their communities to buy their crops through bidding, contract farmers must wait for technicians to collect their harvested rice and pay for their harvested rice. In the former arrangement, farmers receive their payment instantly, whereas in the latter, they have to wait for a certain period, and the payment is made by cheque, not cash. The problem, according to the farmers, is that the waiting time is often too long, sometimes extending to months, and the process of cashing the cheque at the bank is cumbersome, delaying their access to their hard-earned money. Tatay described this very rigid procedure: "Once they take your rice, you have to wait for a set period to get the payment. But it's not even cash. It's a check. We still need to go to the bank. It takes a long time even if you already have the check. They will still call the main office of [name of the contract company redacted] to verify if you actually have money there." Ka Arnel also shared the same sentiments, "Some farmers have difficulty going to the bank. You know, some farmers haven't had much schooling, so they struggle with signing and cashing checks. They think it's hard to get the money."

Furthermore, as rice farming is their primary source of income and they only earn during the harvest season, their household expenses are literally financed by borrowing from informal credit sources such as loan sharks. They argued that since they are surviving and operating daily through debts, any delay in remuneration further exacerbates their financial vulnerability. Although highly predatory due to their huge interest rates, farmers commonly rely on these loan sharks because of their accessibility and convenience. Ironically, they lamented that even with the relatively higher income from hybrid rice farming, they still earn almost the same as inbred rice farming. The extra earnings only go toward paying off debts, which are compounded due to the delayed release of their payments. In his interview, Tatay expressed his frustration with the payment system of the contract company:

"With hybrid rice, you don't get the money right away. So, when you need to plant again, you have no capital and you need to borrow money again. The interest on the loan is very high. If you got paid promptly for the hybrid, you would have money to use. For example, fuel. If your machine breaks down, you need to repair it—where will you get the money? If you don't have debts, like with the bank, that's okay. But if you have bank debts and the interest grows, you will be worried about how to pay it off because your money is still tied up.

The interest on our loans increases. The money I get from [name of the contract company redacted] just goes there. So sometimes it's better to use inbred varieties. When you harvest, you immediately get your money."

The participants believe this delay is unacceptable, especially from a large multinational corporation. They contended that their hybrid rice production was not intended for domestic consumption but would be exported. Tatay had this response when asked about how they felt toward the cultivation of rice for exportation despite the current food crisis in the country:

"They export it. When they sell it abroad, it's more expensive. You won't find it being sold in the local markets. It's not owned by Filipinos; it seems like a Taiwanese owner. Yet our government buys the low-quality ones. If the rice is produced here in our own country, why do we need to export it? We even import, but then our crops are sent abroad. Let's sell it here in the Philippines instead. You won't see [name of the contract company redacted] products in local rice stores. This is because they earn more profit abroad."

This process makes it difficult for them to understand the delay in receiving payments from the contract company, unlike traditional palay traders who can pay them instantly. Ka Bong exclaimed:

"That's why we are puzzled. It takes a long time for us to get paid even though it's being exported and sold for a higher price abroad. Our question is, why does the money take so long? Why is ordinary rice paid for immediately, but it takes [name of the contract company redacted] a very long time? I used to be really encouraged because it only took two weeks to receive the payments, but now it takes more than a month."

Moreover, the situation is further exacerbated by the lack of clear communication; the farmers feel they are intentionally kept in the dark about the reasons for the delays. This withholding of information creates confusion, leading farmers to rely on rumors and speculations, such as unsold stocks or bankruptcy, to explain the delay. For instance, Ka Bong attested, "There are rumors that the rice can't be sold because there's a lot of stock. The money can't be processed because they're waiting for the previous stock to be sold. It's been two months, but we still haven't received it. It's taking a long time."

Resistance and Adjustments: Managing Problems related to CF

In response to these predicaments, the farmer participants developed strategies to either resist or adjust to the problems they were confronted with. Four strategies emerged from the participants' narratives: side-selling, protest and negotiation, engaging in other farm and non-farm activities, and returning to in-bred rice farming.

Side-Selling. While it is clearly stated in rice farmers' contracts that they are prohibited from selling the hybrid rice to anyone other than the contract company, some rice farmers admitted to defying this provision and stealthily engaging in side-selling. They argued that they are compelled to sell to local markets out of desperation due to the prolonged delay in remuneration. Tatay shared this side-selling activity he and other rice farmers engage in: "It's prohibited, but they can't stop us. They can't do anything about it. Since we don't have the money to pay our debts, we have to resort to this. How much longer will we have to wait for the payment from them?"

Protest and Negotiation. Furthermore, rather than passively accepting their situation, some rice farmers voice their concerns by repeatedly asking the technician about the status of their remuneration. This action serves as their way of protesting to ensure that their complaints are being heard. Tatay said, "We just keep pestering the technician who comes here. We'll say, 'Can you please check if there's a check for me there?'" They recognize, however, the limitations of this approach, as their complaints only reach the technician and do not directly reach the contract company itself. In addition, the farmers must travel to the main office in Manila to be heard directly by the company officials, which is a significant challenge for most of them. This situation highlights the lack of effective communication between the farmers and the contract company.

Engaging in other farm and non-farm activities. The farmers argue that relying solely on hybrid rice farming, despite its higher market price, is insufficient to meet their needs. Thus, to cope with the challenges, they shared that they engage in various farming and non-farming activities to augment their incomes. This insufficiency is exacerbated by the debts incurred due to delayed payments from the contract company. This is

particularly captured in the narrative of Ka Junior: "There should still be other sources because we can't manage with just this. I'm also growing vegetables and occasionally fishing." On the other hand, Ka Arnel mentioned the importance of being a dual-income household, with his wife and children also working to help meet their family's needs. He contended, "Now we have a small store. Previously, she used to sew. However, we still sometimes run short."

Going back to inbred rice farming. The farmers have learned to strategize their cropping patterns, given their precarious situation. The high cost of hybrid rice seeds and the burden of losses during calamities, discourages them from engaging in contract farming during the rainy season. Instead, they reverted to inbred farming during this period and only resume contracted farming during the dry season, when the risk of losses was relatively lower. As Ka Junior related, "During the typhoon season, I don't avail [name of the contract company redacted]. Instead, I plant the more ordinary ones during the rainy season." Tatay, on the other hand, divulged that his decision to return to inbred farming was a result of the mounting debts and expenses caused by the late payment of the contract company. He explained, "I said, what about the money we borrowed from the lenders? The interest will just keep growing! Sure, they buy our rice at a high price, but our earnings will go toward paying off the loan interest. So we end up with nothing. That's why I'll stick to inbred varieties for now."

Ultimately, the farmers stressed that contract farming is more suitable for "larger scale" farmers (by this, they mean those cultivating three hectares or more) because their higher profit margins enable them to absorb delays in compensation and continue their operations. In contrast, small-scale farmers are typically disadvantaged because they rely heavily on the expected remuneration to cover their debts and expenses. Consequently, any delay in compensation only reinforces the vicious cycle of economic insecurity for these smaller farmers. As Ka Bong succinctly explained:

"If you have a large area to plant, you can make a lot of money. That's the difference. But if you're only planting a small area, don't go with [name of the contract company redacted]. Because with [name of the contract company redacted], you need a wide area of planting to earn a significant amount. But if you're only planting one hectare, just one planting season, oh my, you'll end up in a lot of debt. Then you won't even get your money right away. So it's difficult. About three hectares, that's doable... but if it's just one hectare, it's better to stick to ordinary varieties. Because the expenses, number one, are huge. Don't go with [name of the contract company redacted]. If your rice field is extensive, it's possible. But if it's just one hectare, don't do it, you'll lose out on the price."

DISCUSSION

Participation of the smallholder rice farmers in CF is essentially driven by financial insecurity. This vulnerability, a universal experience among the participant farmers, is shown by their lack of upfront capital, coupled with their attraction to the promise of increased yields and better market prices of hybrid rice. However, a critical analysis reveals that despite these apparent benefits, significant forms of covert exploitation within the contract farming system exacerbate the farmers' vulnerability.

The core tenets of neoliberalization—market-driven economy, individualized responsibility, and bureaucratization—are evident in the lived experiences of contract rice farmers. Farming has been market-driven, with smallholder contract farmers often having no control over the price they receive for their rice because the contracting companies generally dictate contract terms. This results in the alienation of the farmers from the product of their labor, as they have no autonomy over the pricing and are bound by the terms set by the contracting companies. Moreover, farming has become an individualized responsibility, with farmers managing the risks associated with agricultural production, particularly the adverse effects of natural disasters. While providing upfront capital, the contracting companies insulate themselves from these risks through the terms of the contracts, effectively transferring the burden to the farmers. Finally, farming has become highly bureaucratized, as demonstrated by the slow and cumbersome process involved in the delayed payment to farmers by the contracting companies, which can further strain the financial situation of farmers who may already be operating on thin margins. This supports the neoliberal critique of the government as

inefficient but, paradoxically, reveals how the private sector bureaucracies can create significant barriers for individuals (Davis, 2020).

The neoliberalization of agricultural spaces in the Philippines, exemplified by the growth of contract farming, has been facilitated by the existing post-colonial nature of the country that aligns our economy with the broader forces of globalization. Participants of the study pointed out that the contract company prioritizes hybrid rice exportation over domestic consumption. This shows that despite the country's chronic issues of food insecurity and insufficiency, contract farming companies still utilize our scarce land resources for their export-oriented business activities. In addition, they argued that their engagement in CF is caused by their desire to get away from the unfair pricing of exploitative middlemen, thinking that a multinational company would be more capable of providing reasonable and fair compensation. However, the CF company's indifference to the plight of the farmers, underscored by the lack of clear communication regarding payment delays, is regarded by the participants as a clear indication that profit maximization takes precedence over their well-being. The concentration on export markets leaves the local farmers in a vulnerable state where their needs are only secondary to the company's financial goals.

Nevertheless, the participants have devised various strategies to cope. Some farmers have tried to voice their concerns by repeatedly demanding the representatives of the contract company about the immediate release of their remuneration. This exemplifies what Hambloch (2021) refers to as "minor agency" or "everyday acts of resistance" among contract farmers in the Philippines. Although these attempts may seem futile, contract farmers still serve as important responses to influence and shape the relationships within CF. Others take a more resistant approach, resorting to selling their rice independently, defying their contractual obligations. Although risky, this act of defiance allows the farmers to secure immediate cash flow and mitigate the adverse effects of delayed payments. These actions demonstrate that the farmers are not mere passive actors in the situation. Furthermore, the risks associated with delayed payments and contractual obligations force them to diversify their income sources. Most of them engage in other farming activities or seek non-farming jobs to augment their incomes. For the participants, contract farming is a gamble or a risky decision, especially for smallholder farmers like them who have no safety nets.

CONCLUSION

The rise of contract farming in the country is an offshoot of the increasing dominance of trade liberalization in the Philippine agriculture sector. With its emphasis on providing raw materials and services to the rest of the world under the guise of globalization, the neocolonial and neoliberal nature of the country creates the necessary conditions for this to flourish. Unfortunately, the contract farming system exploits the economic fragility of smallholder rice farmers. Desperate and resource-limited farmers can be easily enticed by the promise of immediate financial relief and stability, drawing them into contracts that may ultimately be detrimental. These contracts include conditions that trap farmers into the vicious cycles of dependency and debt, making it hard to get out of the system once they have entered. This exploitation is further reinforced by the farmers' acceptance of these practices as a "normal" part of the contract farming system, a mindset they have learned to adopt over time.

This study contends that the current neoliberal model of CF significantly disempowers smallholder rice farmers. This model, which concentrates on market-driven policies and profit maximization over the well-being of the stakeholders, takes advantage of smallholder farmers' vulnerabilities. It exacerbates existing inequalities within the agricultural system, shifting the burden of structural inefficiencies and oppressive practices onto those who are marginalized and have limited resources.

Moreover, this study calls for the reevaluating of the current CF model to ensure that it serves the interests of smallholder rice farmers. Necessary improvements must be made to foster the farmers' agency in decision-making and ensure fair pricing mechanisms. However, the researcher contend that the first step toward truly empowering our smallholder farmers is to recognize the long-standing structural barriers that hinder them from being self-reliant, self-sufficient, and self-sustaining. These barriers force them to "hold onto a knife's edge," and the ultimate culprit is why they submit to CF. Participation in CF must be a willful, rational decision

by the farmer, not a result of desperation. The government should take an active role in providing greater assistance to the farmers rather than shifting support away from them and leaving it in the hands of the private sector. Smallholder rice farmers will remain vulnerable and disempowered as long as the structures that hold back our farmers are not dismantled.

Funding

This research received no external funding.

Ethical Approval

Not applicable.

Competing interest

The author declares no conflicts of interest.

Data Availability

Data will be made available by the corresponding author on request.

Declaration of Artificial Intelligence Use

In this work, the author did not use generative AI or AI-assisted technologies in the preparation, analysis, or writing process.

REFERENCES

- Abadilla, D. D. (2016, October 14). Philippine hybrid rice producer hopes to capture profitable market in China. *Philippine Daily Inquirer*. <https://business.inquirer.net/216610/philippine-hybrid-rice-producer-hopes-to-capture-profitable-market-in-china>
- Adams, T., Gerber, J. D., Amacker, M., & Haller, T. (2018). Who gains from contract farming? Dependencies, power relations, and institutional change. *The Journal of Peasant Studies*, 46(7), 1435 - 1457. <https://doi.org/10.1080/03066150.2018.1534100>
- Alvarez, S. C., Jacoba, F., Antonio, O. C. C., Gabriel, A. G., & Herezo, M. C. (2022). Food sufficiency, tariffication policy, and business strategy: A new business model for the rice milling industry in the Philippines. *MEC-J (Management and Economics Journal)*, 6(2), 109–128. <https://doi.org/10.18860/mec-j.v6i2.17020>
- Arouna, A., Michler, J. D., & Lokossou, J. C. (2021). Contract farming and rural transformation: Evidence from a field experiment in Benin. *Journal of Development Economics*, 151, 102626. <https://doi.org/10.1016/j.jdevco.2021.102626>
- Bellemare, M. F., & Bloem, J. R. (2018). Does contract farming improve welfare? A review. *World Development*, 112, 259-271. <https://doi.org/10.1016/j.worlddev.2018.08.018>
- Bellemare, M. F., & Lim, S. (2018). In all shapes and colors: Varieties of contract farming. *Applied Economic Perspectives and Policy*, 40(3), 379-401. <https://doi.org/10.1093/aep/ppy019>
- Borras, S. M., Jr. (2007). 'Free market', export-led development strategy and its impact on rural livelihoods, poverty and inequality: The Philippine experience seen from a Southeast Asian perspective, *Review of International Political Economy*, 14(1), 143-175, <https://doi.org/10.1080/09692290601081426>
- Bravo, M. R. (2017). Urbanization in the Philippines and its influence on agriculture. *Science for Sustainable Societies*, 97-110. https://doi.org/10.1007/978-4-431-56445-4_9
- Briones, R. M. (2017). The fertilizer industry and Philippine agriculture: Policies, problems, and priorities. *Philippine Journal of Development*, 43(1), 29-49. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspjd2016-1b.pdf>
- Clapp, J., & Moseley, W. G. (2020). This food crisis is different: COVID-19 and the fragility of the neoliberal food security order. *The Journal of Peasant Studies*, 47(7), 1393-1417. <https://doi.org/10.1080/03066150.2020.1823838>
- Creswell, J. W., & Poth, C. N. (2016). *Qualitative inquiry and research design: Choosing among five approaches*. Sage publications.
- Davis, O. (2020). Neoliberal capitalism's bureaucracies of 'governance'. *New Formations*, 100(100-101), 60-76. <https://doi.org/10.3898/newf:100-101.05.2020>
- De la Cruz, J., & Jansen, K. (2017). Panama disease and contract farming in the Philippines: Towards a political ecology of risk. *Journal of Agrarian Change*, 18(2), 249-266. <https://doi.org/10.1111/joac.12226>
- Digal, L. N. (2007). Agricultural contracts in Mindanao: The case of banana and pineapple. PIDS Discussion Paper Series 2007-24. https://www.researchgate.net/publication/24111033_Agricultural_Contracts_in_Mindanao_the_Case_of_Banana_and_Pineapple
- Digal, L. N., Placencia, S. G. P. (2019). Factors affecting the adoption of hybrid and high-yielding rice varieties in the Philippines. *Agricultural Research*, 9(1), 1–8. <https://doi.org/10.1007/s40003-019-00403-z>
- Dupa, H. J. P. (2022). Reasons of engagement and impact of contract farming to smallhold farmers: A literature review. *International Journal of Advanced Research in Economics and Finance*, 4(1), 56-60. <https://doi.org/10.55057/ijaref.2022.4.1.6>
- Food and Agriculture Organization of the United Nations (n.d.). *Smallholders and family farmers (Factsheet)*. <https://openknowledge.fao.org/handle/20.500.14283/ar588e>

- Gozum, I. (2023, September 14) Philippines overtakes China as top rice importer – USDA report. Rappler. <https://www.rappler.com/business/philippines-overtakes-china-top-rice-importer-usda/>
- Hambloch, C. (2021). Contract farming and everyday acts of resistance: Oil palm contract farmers in the Philippines. *Journal of Agrarian Change*, 22(1), 58-76. <https://onlinelibrary.wiley.com/doi/epdf/10.1111/joac.12462>
- Harvey, D. (2007). *A brief history of neoliberalism*. Oxford University Press, USA. <https://my.vanderbilt.edu/anth232/files/2014/04/ABriefHistoryNeoliberalism-1.pdf>
- Heywood, A. (2013). *Politics*. (4th Revised ed.). Red Globe Press.
- Kanburi Bidzakin, J., Fialor, S. C., Awunyo-Vitor, D., & Yahaya, I. (2019). Impact of contract farming on rice farm performance: Endogenous switching regression. *Cogent Economics & Finance*, 7(1), 1618229. <https://doi.org/10.1080/23322039.2019.1618229>
- Little, P. D., & Watts, M. (Eds.). (1994). *Living under contract: Contract farming and agrarian transformation in Sub-Saharan Africa*. Univ of Wisconsin Press. <https://uwpress.wisc.edu/books/0331.htm>
- Martiniello, G., & Azambuja, R. (2019). Contracting sugarcane farming in global agricultural value chains in Eastern Africa: Debates, dynamics, and struggles. *Agrarian South: Journal of Political Economy*, 8(1-2), 208-231. <https://doi.org/10.1177/2277976019851955>
- Martiniello, G. (2020). Bitter sugarification: sugar frontier and contract farming in Uganda. *Globalizations*, 18(3), 355-371. <https://doi.org/10.1080/14747731.2020.1794564>
- Mazwi, F., Mudimu, G., & Helliker, K. (2022). Capital penetration and the subordination of the peasantry under neoliberalism in Africa. In *Capital penetration and the peasantry in Southern and Eastern Africa: Neoliberal restructuring* (pp. 3-24). Cham: Springer International Publishing.
- Meemken, E. M., & Bellemare, M. F. (2020). Smallholder farmers and contract farming in developing countries. *Proceedings of the National Academy of Sciences*, 117(1), 259-264. <https://doi.org/10.1073/pnas.1909501116>
- Michler, J. D., & Shively, G. E. (2014). Land tenure, tenure security and farm efficiency: Panel evidence from the Philippines. *Journal of Agricultural Economics*, 66(1), 155-169. <https://doi.org/10.1111/1477-9552.12082>
- Moustakas, C. (1994). *Phenomenological research methods*. 1st ed. Thousand Oaks: SAGE Publications, Inc. <https://doi.org/10.4135/9781412995658>
- Nhân, T. Q., & Yutaka, T. (2019). Contract farming and profitability: Evidence from rice crop in the Central Mekong Delta, Vietnam. *Agris on-line Papers in Economics and Informatics*, 11(1), 83-91. <https://doi.org/10.7160/AOL.2019.110109>
- Niño, H. P., & Oya, C. (2021). Contract farming. In *Handbook of critical agrarian studies* (pp. 416-426). Edward Elgar Publishing. <https://doi.org/10.4337/9781788972468.00057>
- Oakeshott, J. (2016). Sustainable smallholder farming clusters in the Philippines. *Acta Horticulturae*, 1128, 339-346. <https://doi.org/10.17660/ActaHortic.2016.1128.52>
- Ortiz, A. M. D., & Torres, J. N. V. (2020). Assessing the impacts of agriculture and its trade on Philippine biodiversity. *Land*, 9(11), 403. <https://doi.org/10.3390/land9110403>
- Oya, C. (2011). Contract farming in Sub-Saharan Africa: A survey of approaches, debates and issues. *Journal of Agrarian Change*, 12(1), 1-33. <https://doi.org/10.1111/j.1471-0366.2011.00337.x>
- Palis, F. (2020). Aging Filipino rice farmers and their aspirations for their children. *Philippine Journal of Science*, 149(2), 351-361. https://philjournalsci.dost.gov.ph/images/pdf/pjs_pdf/vol149no2/aging_filipino_rice_farmers_pdf
- Pilarska, J. (2021). The constructivist paradigm and phenomenological qualitative research design. *Research Paradigm Considerations for Emerging Scholars*, 64-83. <http://dx.doi.org/10.21832/9781845418281-008>
- Ramos, E. (2012). Fair trade and the role of small farmers and ARBs on food sovereignty in the Philippines. *Kasarinlan Philippine Journal of Third World Studies*, 26(1-2), 414-421. <https://www.journals.upd.edu.ph/index.php/kasarinlan/article/view/3510/3248>
- San Juan, D. M. (2020). Reviewing rice tariffication in the time of COVID-19: Rationale and road to rice self-sufficiency in the Philippines. *SSRN Electronic Journal*. <https://dx.doi.org/10.2139/ssrn.3582210>
- Tomas, R. (2020). The limits of neoliberal globalization. *Montenegrin Journal of Economics*, 16(4), 157-170. https://repec.mnje.com/mje/2020/v16-n04/mje_2020_v16-n04-a23.pdf
- Ton, G., Vellema, W., Desiere, S., Weituschat, S., & D'haese, M. (2018). Contract farming for improving smallholder incomes: What can we learn from effectiveness studies?. *World Development*, 104, 46-64. <https://doi.org/10.1016/J.WORLDDEV.2017.11.015>
- Van der Borgh, K., & Gómez, J. F. M. (2024). Public and common interest in sustainable contract farming. *World Development Perspectives*, 33, 100564. <https://doi.org/10.1016/j.wdp.2024.100564>
- Vicol, M., Fold, N., Hambloch, C., Narayanan, S., & Pérez Niño, H. (2021). Twenty-five years of Living Under Contract: Contract farming and agrarian change in the developing world. *Journal of Agrarian Change*, 22(1), 3-18. <https://doi.org/10.1111/joac.12471>
- Yadav, R. K. (2024). Emergence of contract farming in India: An overview. *International Journal for Multidisciplinary Research*. 6(3). <https://www.ijfmr.com/papers/2024/3/20014.pdf>

How to cite this article:

Habacon, J. P. (2025). Exploring the Lived Experiences of Filipino Smallholder Farmers under Contract Rice Farming within a Neoliberal Context. *Recoletos Multidisciplinary Research Journal* 13(1), 83-94. <https://doi.org/10.32871/rmrj2513.01.07>