

Updates on Recent exchanges between Alter Trade and NDF Utrecht

Friday 31 August 2007, by [Alter Trade](#), [GUANZON Federico](#), [LOPEZ Edwin](#), [MUGAR Norma](#) (Date first published: 14 July 2007).

Dear Friends and Colleagues,

Four days ago, August 10, we received another letter from Mr. Luis Jalandoni of the International Office of the National Democratic Front.

It is now more than a year since 30 NPAs held an Alter Trade staff and some farmers in Sitio Batobato, Toboso in Northern Negros and burned the Alter Trade postharvest truck, on August 13, 2006. The NPAs wanted us to pay P30M in rebel taxes, which will deprive our farmer beneficiaries of credit and operational funds. We appealed to the Negros NDF led by rebel ex-priest Frank Fernandez to consider our work in poverty alleviation and social development. However, in January 24, 2007 Fernandez came out with trumped up charges against Alter Trade and a brazen threat on the lives of Alter Trade leaders.

Thus, we exerted efforts to seek a dialogue with the NPAs' political umbrella, the National Democratic Front in Utrecht, Netherlands to find a solution to our problem. Our letter to rebel ex-priest Luis Jalandoni requested for a dialogue with the CPP-NPA-NDF leadership in The Netherlands. Mr. Jalandoni, instead proposed that the dialogue shall be between us and the anonymous representatives of "158,000 farmers of Negros" and to be moderated by him. We found this questionable since Mr. Jalandoni is not a neutral moderator but a representative of the Philippine rebels in peace negotiations.

We believe that our original request for a voluntary dialogue between two sides to a conflict could not be achieved by Mr. Jalandoni's proposal. In his latest letter to Alter Trade, it is unfortunate that Mr. Jalandoni misread our reiteration for a voluntary dialogue with the CPP-NPA-NDF leadership as an act refusing to a dialogue at all. However, we shall continue to pursue our proposal, because this is the only peaceful way to finally resolve the issues of this specific conflict. We are enclosing copies of recent exchanges between the NDF International Office and Alter Trade for your reference.

On the other hand, we also foresee that Mr. Jalandoni's letter forebodes a new round of violent actions that may be committed by the rebels to force us to succumb to their taxation demands. To this we can only appeal to them to respect their avowed commitment to the Comprehensive Agreement on the Respect for Human Rights and International Humanitarian Laws (CAHRIHL) and spare our social development work, our staff and leadership from their military attacks and harassments. We can only appeal to them to consider the farmer beneficiaries of our programs and services who in the end will lose access to valuable support services in their production and community projects.

After twenty years of service, Alter Trade has reached out to 32,500 direct and indirect beneficiaries. We cannot simply abandon them. Alter Trade has journeyed a long way and improved its interventions for poverty alleviation year upon year. Now it has completed a strategy for the development of marginal rural communities and is exerting efforts on its replication through multi-

stakeholder cooperation.

We have decided to stand our ground and maintain our own space in pursuing people's development. But we also believe that we can not do this alone. Thus we continue to call on to fellow travelers in social development, to join us in our standing appeal for sobriety and understanding, for a stop on rebel harassments on Alter Trade and other similar social development organizations, an appeal for peace so that farmers can freely pursue their own path of development.

We shall continue to update you on the developments on this specific conflict.

Sincerely yours, August 14, 2007

NORMA G. MUGAR

President, Alter Trade Corporation

FEDERICO A. GUANZON

President, Alter Trade Manufacturing Corp.

EDWIN MARTHINE O. LOPEZ

Executive Director, Alter Trade Foundation Inc.

DOCUMENTS

[Because of their format, only two of the four letters attached to the above message could be copied and pasted here. We'll try to do the same with the remaining letters from the NDF as soon as possible. We did not find them on the NDF website.]

Alter Trade Letter, August 14, 2007

August 14, 2007

Mr. Luis Jalandoni

Chairman, NDF Panel

NDF International Office

P.O. Box 19195

3501 DD Utrecht, The Netherlands

Email: ndf casema.nl

Dear Mr. Jalandoni,

Thank you for your letter dated 28 July 2007 which was in reply to our April 27, 2007 letter. Although we could discern in it some twisting in the logic of our request for a dialogue between you and our group, we nevertheless appreciate your frank admission that you have no control over the CPP-NPA-NDF forces who violated the provisions in the Comprehensive Agreement on Respect for Human Rights and International Humanitarian Laws (CAHRIHL) that you signed with the Philippine Government in March 16, 1998. Please accept our apologies for having a "completely wrong impression that (you) have command over the revolutionary forces in the Philippines." (Paragraph 10 of your 28 July 2007 letter)

Our impression of you as the Chief International Representative of the NDF stemmed from our own experience that when our representative signs an agreement with another party (a Collective Bargaining Agreement with the labor union, for instance) the whole organization of Alter Trade is committed to abide by the provisions of the said agreement. We think that this is also true for other entities that negotiate treaties, agreements or contracts. The signature of their representatives (and subsequent ratification by their principals) commits their organizations to implement all provisions of the agreement. When a provision is violated by a party to the agreement, the signatory cannot just say that he or she has "not been given authority to exercise any kind of command over" the organization and therefore is not accountable for the violation.

We are surprised to learn that this is not the case for the CPP-NPA-NDF. Nonetheless, we have taken notice of your position regarding our proposal to meet with the CPP-NPA-NDF in The Netherlands in order to resolve the conflict between us, once and for all.

We reiterate that the conflict between Alter Trade and the CPP-NPA-NDF stemmed from our refusal to pay P30 million which your forces in Negros have been trying to exact from us since May 2001. To pressure us into acceding, your forces burned one of our trucks on August 13 last year in Toboso, Negros Occidental and a few months later, on January 24, 2007, in an apparent move to escalate the pressure, imposed the death sentence on our leaders.

The truck burning and grave threats are clear violations of the general and specific provisions of Protocol 2 of the International Humanitarian Law, which the NDFP committed to uphold in the CAHRIHL. This is the fundamental issue in the conflict between Alter Trade and the CPP-NPANDF.

The other issues cited in your letter were apparently raised to muddle this fundamental issue. In fact, these were never raised when the CPP Negros Island Regional Party Committee demanded, in a letter dated May 3, 2001, that "P30 million [be] turned over to the Party treasury." These issues were never raised in several verbal and written messages sent to us weeks before the Toboso truck-burning in August 13, 2006.

The CPP-Negros only raised these issues **five months** after they torched our truck and only after this incident hogged the headlines of a major national daily and became a topic of television talk shows and newspaper opinion columns. In the interim period between August 13, 2006 and January 24, 2007 (the date of Frank Fernandez's statement claiming responsibility for the Toboso truck-burning) the CPP-Negros was silent on the matter.

This silence has even prompted you Mr. Jalandoni, to write one of our partners, Bread for the World, that it was not the NPA, but the "RPA-ABB or another splinter group" who burned our truck in Toboso. (Please refer to your letter dated November 7, 2006 to Bread for the World).

You based this conclusion from the account of an unknown 'friend of a friend' who happened to visit a town next to Toboso, at an undetermined period.

Apparently, the CPP-Negros raised these issues you cited in your letter to give justification to a dastardly action, a justification that has to be concocted over a five-month period simply because they are mere concoctions.

But just the same, allow us to enlighten you on the matters you have raised.

1. On the issue of the 158,000 farmworkers and peasants. Frank Fernandez claims that "In 1992, NGO bureaucrats grabbed the properties, assets and operations of Alter Trade from the legitimate ownership of the accredited beneficiary people's organizations and small farmers' cooperatives that in 1984 had a membership of 158,000."

It is a fact that Alter Trade Corporation was registered at the Securities and Exchange Commission (SEC) in 1988, by five original incorporators with a paid-up capital of P12,500. It was assisted by Japanese partners with a loan of P50,000 and an advance payment of P450,000 for muscovado operations. The five original incorporators in 1988 remained unchanged until today, with the exception of a few who already passed away and who opted to engage in electoral politics. There was no amendment on its ownership documents at the SEC in 1992.

It is impossible for Alter Trade to have been established nor owned by "accredited beneficiary people's organizations" that dates back to 1984, or four years before it was established. From its inception, Alter Trade was a private corporation; however, it upheld a vision and mission for sustainable social development of small farmers and farmworkers in Negros. It **never** received funds from any international or local humanitarian aid groups, including the Japanese Committee for Negros Campaign (JCNC) for its establishment

Alter Trade forged solidarity through people-to-people trade with Japanese consumers' cooperatives facilitated by Alter Trade Japan or ATJ. This direct trading with consumers' cooperatives later reached out to Europe and other Southeast Asian countries, which allowed Alter Trade to expand its operations and beneficiaries outside of Negros.

Today, Alter Trade is in partnership with a total of 5,000 producers nationwide. Nearly 3,000 of which are smallholder and independent banana farmers. The rest are organized agrarian reform beneficiaries in former sugarcane haciendas in Negros. Including the farming households, Alter Trade has direct beneficiaries of 32,500 marginal rural producers. With our present resources, reaching 158,000 beneficiaries is still a distant dream for us.

From 1993 to 1997, Alter Trade created subsidiaries such as the muscovado mill and the organic fertilizer plant and established the Alter Trade Foundation, to cope up with the growing number of beneficiaries and consumer needs. A complete loop was established from sustainable farm production to processing and marketing of people's products.

The CPP's claim that Alter Trade is for "profit-making" is true! But profit is necessary for any enterprise to be sustainable. For Alter Trade, profit from trade is not privatized. It goes to capability building and empowerment of its partner growers and communities. Thus it has a unique character as a business enterprise that exists for social development. Its business operations ensure resources for its community empowerment programs. As Alter Trade operations expand, so does the breadth and depth of its community

empowerment. Alter Trade is still distinct from the common business enterprises that are merely for private profit.

2. On the buying price of banana. Alter Trade has greatly improved farmers' income through its stable and constant market for Balangon banana. It buys bananas at farmgate prices higher than what the local traders pegged. Previous to Alter Trade's interventions, Balangon were bought at most at P0.25 per piece by local traders. Alter Trade improved the price to P0.60 per piece for the uncultivated Balangon, and P0.90 to P1.25 per piece for the cultivated Balangon. Obviously the variance is for the labor and production materials invested by farmers in cultivated Balangon farms. In North Negros, which you cited as an example, we do not buy bananas at P0.50 apiece (as you wrote), but at P 0.90 or even higher because they are cultivated bananas.

The price comparison you cited from Fernandez' statement does not come from a working knowledge of actual operations and entrepreneurial realities. From the farmgate buying price, Alter Trade incurs costs for consolidating the harvests from remote farms, packing, transport and forwarding of bananas in refrigerated vans to the port of Manila. Alter Trade receives payment merely for FOB-Manila port at the amount of P4.30 per piece of balangon. The price at the consumer end cited by Fernandez was pegged by the Japanese cooperatives to cover the costs of shipping to Japan, ripening, packing and delivery by vans to every member-household's doorstep. Mr. Fernandez does not know that our partner-cooperatives in Japan have more than one million member-households who receive Balangon deliveries per week.

3. On the interest rates on loans Alter Trade provide to farmers. Alter Trade provides access to capital to marginal farmers and agrarian reform beneficiaries through affordable credit. The interest rate is far from "exorbitant" as claimed by KMP. From 1992 until 2005 the loans bear an interest of 10% per annum. That is equivalent to the cooperative interest rates. We adjusted the interest rate to 14% per annum in 2006 based on the recommendation of the external evaluation conducted in 2005. The evaluation was funded by Bread for the World.

The adjusted rate of 14% per annum, however, is still much lower than Philippine microfinance organizations' rates, which is 36% p.a., or the rates of commercial banks, which is 24% p.a. On the other hand, usurers charge at 120% p.a. or in other cases 240% p.a., which the peasants and farmworkers in Negros know very well. The accusation that we are engaging in usury is obviously untrue.

4. On how we produce our Mascobado. The farms of our sugarcane producers undergo the Bio-Organic Conversion Program. This is a long process of converting conventional farms that are heavily dependent on synthetic chemical inputs to fully-organic farms that utilizes plant and animal wastes as agricultural inputs.

Every year, these farms are subjected to third-party inspection by a strict European inspection body, the Institute for Marketecology (IMO), to ensure compliance to standards set by the European Union, Naturland and Bio-Suisse. Alter Trade has a Quality Assurance Program, with Internal Control Systems in place on the whole Alter Trade production chain. Alter Trade has mutually adopted such a transparent guarantee system with its socially-responsible market for more than a decade.

Each farming community participating in our program is also visited by Japanese, Korean and European consumers almost every month. A second-party audit is conducted by Japanese cooperatives every year, establishing traceability of products from every farm

and grower.

The conversion process takes from three to five or even six years. From Year 0 until the farm is certified fully organic, all produce from this farm are labeled either conventional or "in-conversion" products. Thus, aside from certified organic mascobado, Alter Trade still produce conventional as well as in-conversion Mascobado. In fact, we have a sizeable market for conventional Mascobado in Japan and some countries in Southeast Asia.

With the level of scrutiny our farms and processes are subjected to regularly, it is very difficult, if not totally impossible, to commit fraud.

5. On the so-called "root problem ". We are forwarding your letter to the JCNC so they could respond accordingly to your allegation that they misappropriated "millions of US dollars collected as of 1986...for the benefit of the many thousands of hungry sugar farmworkers and their families... The amount collected in their name was used as private capital by JCNC for setting up Alter Trade Japan. Since then this misappropriated capital has been used by Alter Trade Japan, as the parent company, and Alter Trade Corporation as its supplier in the Philippines, to exploit the sugar farmworkers and cheat the customers abroad."

But at the outset, we can say that this allegation is clearly without basis and that you are completely misinformed. In the first place, ATJ has never been ATC's "parent company." As mentioned above, ATC was registered at the SEC in 1988. On the other hand, ATJ was only established in 1989 and not by JCNC but by several Japanese cooperatives like the Green Coop, Seikatsu Club and Shutoken Coop. Until now, these cooperatives still control ATJ through its representatives in ATJ's Board of Directors.

This is public knowledge which can be verified through public records.

To our knowledge also JCNC has partnered with several Negros-based organizations in the 1980s and supported the relief and rehabilitation of hunger stricken communities. The NFSW is just one of the many recipients of JCNC funds. Another is the NRRRC. These organizations were the ones responsible to deliver the relief goods and services to the intended beneficiaries, not JCNC. ATC never received JCNC funds for its establishment nor for its succeeding trading operations.

6. On links with the AFP. Alter Trade has never been involved in any counter-insurgency program of the government. It believes that the continuing internal conflict has its roots on poverty and as such can not be solved by a military solution. It respects the views and convictions of other political groups in seeking social reforms, while it pursues changes in people's lives through its own program for poverty alleviation and social change.

The insinuation in your letter that we may have links with the AFP could be a very crude attempt to lay down the "basis" to carry out the threat contained in Frank Fernandez's January 24, 2007 statement that the "NPA will punish these NGO bureaucrats of Alter Trade Corporation..." It is a most vulgar way of announcing Mr. Fernandez's murderous plot against our leaders.

As you may very well know, the AFP Civil Military Operations Unit has the penchant of filing complaints with the Joint Secretariat of the Joint Monitoring Committee on behalf of anybody or any organization. We did not even know that a complaint has been filed by a certain Major Lyndon J. Sollesta regarding the Toboso truck-burning until we were informed by the JMC regarding the matter almost a month after the incident.

We truly had hopes that the leadership of the CPP-NPA-NDF based in The Netherlands could rectify the misconduct and abuses of their troops and cadres in the field. But, based on your reply, we were obviously mistaken.

Still, we maintain our dedication to the empowerment of marginal producers to allow more rural communities to rise from poverty. We are aware that we are defenseless against your armed men. We accept this as a part of the whole social reality wherein we are intervening. We cannot do anything except to make you understand our service-oriented work for the marginal farmers, and to allow us our own space in order to realize our vision for sustainable people's development.

We remain open to a dialogue with your forces, with or without a third party facilitator. But should this our plea fall on your deaf ears, we are ready to risk our lives and limbs. We have our own social mission to accomplish and a better world to build.

Truly yours,

Norma G. Mugar

President, Alter Trade Corporation

Federico A. Guanzon Jr.

President, Alter Trade Manufacturing Corporation

Edwin Marthine O. Lopez

Executive Director, Alter Trade Foundation Inc.

Cc:

Mr. Tore Hattrem,

Third Party Facilitator, GRP-NDF Peace Talks

Ambassador Alistair Mac Donald,

Delegation of The European Commission to the Philippines

Ambassador Robert Vornis

Embassy of The Netherlands

Ambassador Stale Torstein Risa

Embassy of the Royal Government of Norway

Alter Trade

April 27, 2007

Mr. Luis Jalandoni

Chairman, NDF Panel

NDF International Office

P.O. Box 19195

3501 DD Utrecht, The Netherlands

Email: ndf casema.nl

Dear Mr. Jalandoni,

We just received your letter dated 5 April 2007.

Obviously, you missed the point of our March 10, 2007 letter proposing to meet with the representatives of the NDF in Utrecht. So at the outset let us clarify our position:

1. The conflict between Alter Trade and the CPP-NPA-NDF in Negros stemmed from our refusal to pay P30 million which the latter have been trying to exact from us since May 2001. To pressure us into acceding, your forces here in Negros burned one of our trucks on August 13 last year in Toboso, Negros Occidental and a few months later, on January 24, 2007, in an apparent move to escalate the pressure, imposed the death sentence on our leaders.

The truck burning and grave threats are clear violations of the general and specific provisions of the Protocol 2 of the International Humanitarian Law, which the NDFP committed to uphold in the Comprehensive Agreement on Respect for Human Rights and International Humanitarian Laws (CAHRIHL) you signed with the Philippine Government in March 16, 1998.

2. As the Chief International Representative of the NDFP and signatory of the CAHRIHL, an agreement that committed all the forces of the CPP-NPA-NDF to uphold human rights and international humanitarian laws, we have the impression that you have command over your forces in the field, especially with regard to the proper implementation of agreements such as the CAHRIHL. Thus, we thought that the NDF Peace Panel in Utrecht (aside from the Joint Monitoring Committee of the GRP-NDF Peace Talks which we have already approached) will be the proper body to address our concerns regarding violations of the CAHRIHL and find a lasting solution to our problem.

A military action committed against a civilian entity like Alter Trade, regardless of its nature or the contrary perception about its pro-people orientation, is a clear violation of the CAHRIHL.

3. We believe that the farm workers and peasants you referred to in your letter (including the KMP) have neither knowledge nor participation in the burning of our truck and the continuing threat against our leaders. They therefore are not a party to the conflict that we are trying to resolve with you. Also, your suggestion that you sit in the proposed negotiations between the farm workers and peasants, on one hand, and Alter Trade, on the other, to provide assistance to the talks, is for us albeit presumptuous. It is like having General Esperon, the AFP chief, facilitate the negotiations between General Palparan, on the one hand, and the victims of the extrajudicial killings, on the other.

If these farm workers and peasants truly do exist and truly have claims for damages against Alter Trade, a legally-constituted Philippine corporation, the proper body that they can seek redress

should be the Philippine Securities and Exchange Commission (SEC) and the courts.

Having said these, we remain open to dialogue with the CPP-NPA-NDF in order to resolve this conflict, once and for all. The dialogue we are proposing shall be conducted between your party and ours, that is, between the CPP-NPA-NDF, on one hand, and the Alter Trade Group, on the other. And in the same way that you proposed in your letter "to sit in to provide assistance to the negotiation between the two parties," we can also request a third party, mutually acceptable, to facilitate our talks.

Truly yours,

Norma G. Mugar

President, Alter Trade Corporation

Federico A. Guanzon Jr.

President, Alter Trade Manufacturing Corporation

Edwin Marthine O. Lopez

Executive Director, Alter Trade Foundation Inc.

Cc:

Mr. Tore Hattrem,

Third Party Facilitator, GRP-NDF Peace Talks

Ambassador Alistair Mac Donald,

Delegation of The European Commission to the Philippines

Ambassador Robert Vornis

Embassy of The Netherlands

Ambassador Stale Torstein Risa

Embassy of the Royal Government of Norway