Rice giant Thailand wants to coordinate price hikes with Vietnam

THAILAND AND VIETNAM should jointly raise rice prices to boost their bargaining power in the global market, according to Thai premier Prayuth Chan-Ocha, a move that threatens higher food costs for consumers worldwide.

Such a step will benefit millions of rice farmers in the two countries who have struggled with rising costs while prices of the grain have remained subdued, Prayuth's spokesman Thanakorn Wangboonkongchana said in a statement.

Vietnam's Deputy Agriculture and Rural Development Minister Tran Thanh Nam met with Thai officials on Thursday to discuss a framework for cooperation.

The threat to boost rice prices from the two major exporters comes amid growing food protectionism and run-away inflation. There's concern that India may restrict rice exports after similar moves in wheat and sugar, upending global food markets already roiled by Russia's invasion of Ukraine. — *Bloomberg*

FULL STORY
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PhilMech bats for more capable farm machinery industry

THE Philippine Center for Postharvest Development and Mechanization (PHilMech) said the domestic farm machinery industry needs to be built up to reduce dependence on imported equipment.

The Philippines "cannot rely solely on imported farm machines, and there is a need to develop the local farm machine industry to improve their manufacturing capabilities and quality of their products," PHilMech Executive Director Dionisio G. Alvindia said in a statement.

On May 25, PHilMech began setting up the Agricultural Machinery Design and Prototyping Center (AMDPC) in Muñoz, Nueva Ecija in collaboration with the Korea International Cooperation Agency (KOICA-Philippines), Korea Institute for Development Strategy (KDS), and the Korea Agricultural Machinery Cooperative (KAMICO).

The AMDPC took in investment of $3.6 million and will have state-of-the-art design and prototyping equipment and tools to develop farm machinery parts and components.

The center will also have shops to maintain farm machinery.

"The AMDPC is the major step in developing the country's farm machine industry, and KAMICO is a perfect partner as they already possess expertise in the field," Mr. Alvindia said.

"We should not rely solely on import, and we should empower our manufacturing industry," he added.

The center will have the capacity to fabricate farm machinery parts in partnership with domestic manufacturers.

Such an operation "will upgrade our capabilities in local manufacturing that will create jobs in the countryside," Mr. Alvindia said. — **Luisa Maria Jacinta C. Jocson**

Agri output boost seen as defense against inflation, supply chain chaos

By Luisa Maria Jacinta C. Jocson
Reporter

THE agriculture industry must take up a bigger share of supplying the Philippine food requirement in order to contain inflation and blunt the impact of global supply chain disruptions, analysts said.

"We must move quickly to shore up our domestic agricultural sector as well as ensure a healthy stock of staples and other food. We will need actual quick and effective measures to ensure (that food is sufficient), which in turn should cap inflation pressures," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

"Failure to do so could result in the quicker acceleration of inflation, which if not checked could result in civil unrest, as experienced by some other nations this year," he added.

Mr. Mapa said that supply chains were already tight even before the outbreak of the Russia-Ukraine crisis.

"The loss of Russian and Ukrainian wheat from global markets has heightened concerns about food security and we've seen sovereigns resort to export bans to safeguard domestic supply. Wheat, sugar, chicken and even palm oil are just a few of the commodities we've seen banned for export to date," he added.

He said that export bans will help stabilize supply and inflation in countries that implement them; however this may limit global supply and keep supply chains under pressure.

"China's recent shutdown is not helping either as it adds yet another challenge for already constrained supply chains," he added.

Federation of Free Farmers National Manager Raul Q. Montemayor said that with countries implementing export bans, the risks of an import-dependent food policy have become apparent.

"Exporting countries themselves are now limiting, if not stopping, the outflow of critical food products. So, we have no recourse but to rely on our own agriculture sector to produce as much food as we want," he said.

"We still have time. We can produce rice and corn in three to four months, chicken in less than a month, and vegetables in a few weeks. But we have to act fast. And we have to give the proper signals and support to our farmers. We need to help them out with their rising costs for fertilizer, fuel and other production requirements. But we will only discourage them if we continue allowing unlimited imports," he added.

Philippine Chamber of Agriculture and Food, Inc. President Danilo V. Fausto said that the government must wean itself off imports and step up efforts to ramp up domestic production.

"Providing cheap food for the consumers and fighting inflation through imports is a short-term solution. Producing our own food requirements, although a much longer process, will be more sustainable for our people. We appeal for a level playing field from the government. Doing otherwise, we will be shooting ourselves not in the foot but in the head," he said.

"The government should provide the right environment and incentives for the private sector to invest, expand their production, value chain and supply chain logistics, not kill them with competition from cheap and subsidized imported products," he added.

Mr. Fausto said that the supply chain disruptions and food crisis have been expected for some time. "Amid the talk of a cost-of-living crisis and national elections, people have lost sight of a far more serious threat: a global and domestic food shortage. Even before the Russian invasion, the World Food Programme had warned that 2022 would be a terrible year," he said.

"As it happens, I understand that a brutal heatwave is scorching India, the world's second-largest wheat producer; China, the largest, has said that, after rains delayed planting, this year's crop may be its worst ever," he added.

Mr. Fausto said the next administration must increase the agriculture budget and fairly distribute the funds across all sectors of agriculture.

"We appeal to the government that food production should not be sacrificed when the Department of Budget and Management performs haircuts on future budget allocations," he said.

He said a first border inspection quarantine facility will be crucial for food safety and deterring the smuggling of farm products.

"We need to protect especially our hog and poultry industry by instituting biosecurity measures and stopping smuggling of agriculture products to (protect) our producers. While hogs are being decimated by African Swine Fever (ASF), we also have to protect and provide solutions to our poultry and fisheries sector, (which provide sources of) protein for people shifting from the consumption of pork," he added.

His also backed the use of tariff collections to support commodity producers.

"Just like in the Rice Tariffication Law, all revenue derived from tariffs from imported commodities must be utilized to (develop the corresponding domestic industry that is competing with the imports). Most important is support for the corn industry. On a macro level, if we want to solve our problems in hog and poultry, we have to increase the productivity and efficiency of our corn industry," he said.

"We are now on our own. With the private sector providing 95% of the total investment vis-a-vis the total Philippine agriculture output, we need to further expand and increase our production to feed our people. But how on earth can we do this if our own government is preventing us from doing so?" he added.

DoF signals possible coco trust fund asset disposals

FINANCE Secretary Carlos G. Dominguez III is seeking a review of the assets obtained using the coconut levy funds in order to identify possible candidates for disposal, the Department of Finance (DoF) said in a statement.

The review will use as its basis a Commission on Audit (CoA) report on assets acquired using the coconut levy funds collected from farmers in the 1970s. It will be conducted by the Coconut Farmers and Industry Trust Fund (CFITF) Manager, Finance Undersecretary Antonnete C. Tionko, and the Trust Fund Management Committee (TFMC) Secretariat, headed by National Treasurer Rosalia V. de Leon.

"Please go over this report and parse it, and to go through this with a fine-tooth comb, and report to the Committee as soon as possible of what is the real status of the assets, what can be disposed, what cannot be disposed, what's tied up in court, and other related matters," Mr. Dominguez was quoted as saying during the meeting of the committee, which he chairs.

The CoA report was presented at the 7th TFMC meeting on May 4.

Ms. Tionko said that the CoA audit report was a "good starting point" for a trust fund investment strategy to benefit coconut farmers.

Republic Act (RA) No. 11524 created the CFITF, which aims to raise coconut output, bring farmers out of poverty, and modernize the industry.

The CoA audit sought "to determine the completeness of the inventory (of assets), establish reasonableness of the asset valuation, trace the flow of the Coconut Levy Funds and to determine compliance with pertinent laws, rules and regulations on the reconveyance of the Coconut Levy Assets and/or Fund to the Republic."

Assets of the coconut levy amounted to P113.88 billion as of 2020. The CoA audit knocked that total down to P111.25 billion.

"The TFMC also resumed discussions on the legal options available to speed up the disposal of several coco levy assets so that their proceeds can be used for the benefit of the country's coconut farmers," the DoF said. — **Tobias Jared Tomas**

GOCC subsidies decline 78% in April

SUBSIDIES provided to government-owned and -controlled corporations (GOCCs) declined 78% year on year to P5.117 billion in April, the Bureau of the Treasury (BTr) reported.

Budgetary support to GOCCs also fell 52% compared to the March total, while they amounted to P24.391 billion in the year to date, according to the BTr.

Subsidies are granted to GOCCs to cover operational expenses not supported by their revenue.

The top beneficiaries were the National Food Authority (NFA), receiving P2.055 billion, and the National Irrigation Authority (NIA), receiving P1.303 billion. Both accounted for over half of the total for the month. The NFA received no subsidies in March, while subsidies to the NIA this month were half their previous total.

The Light Rail Transit Authority received P250 million, triple the amount it got the preceding month.

Other top recipients for the period were the Civil Aviation Authority of the Philippines and the Small Business Corp., receiving P204 million and P200 million respectively. The Philippine Children's Medical Center also received P184 million, while the Philippine Rubber Research Institute got P193 million.

Other GOCCs that received more than P50 million were the Cultural Center of the Philippines, the Lung Center of the Philippines, the National Kidney and Transplant Institute, the Philippine Coconut Authority, and the Philippine Heart Center.

GOCCs that received no subsidies during the month were the National Housing Authority, the National Privacy Commission, the Bases Conversion and Development Authority (BCDA), the Philippine Crop Insurance Corp., the Subic Bay Metropolitan Authority, the Social Housing Finance Corp., and the Sugar Regulatory Administration. The BCDA was a top beneficiary in March, when it received P2 billion.

The NHA received nearly P3 billion in March, topping the GOCC subsidy list for that month.

The year-to-date total subsidies extended to GOCCs was P24.391 billion, down 30%from a year earlier. In the four months to April, the NIA received P9.001 billion, the most of any GOCC, followed by the NFA and NHA at P3.243 billion and P3.194 billion.

Government subsidies to GOCCs totaled P184.8 billion in 2021, a nearly 20% decline from the previous year. The Philippine Health Insurance Corp. received P80.9 billion, nearly 44% of the total. — **Tobias Jared Tomas**