Hybrid seed supplier backs five years of farm subsidies

By Luisa Maria Jacinta C. Jocson *Reporter*

SUBSIDIES to farmers will be critical in the first few years of the new administration, which has set a goal of expanding agricultural output, until farmers achieve a measure of self-sufficiency, according to an official from a company that produces high-yielding hybrid rice.

"Government subsidies are critical to growth in agriculture. Not forever, (but) maybe the first five years. At the moment, we need to subsidize them," SL Agritech Corp. Chairman and Chief Executive Henry Lim Bon Liong said in a Zoom interview.

"President Rodrigo R. Duterte (also provided subsidies) but the budget isn't enough so there have been lots of issues," he added. "Subsidies are not bad, every country does it. Even the United States in the early 19th century provided millions for agriculture (including) cotton. Subsidies have always been a way for farmers to become progressive. It is what China is doing now, focusing on agriculture... I think we should follow that."

SL Agritech develops hybrid rice seed varieties that are suitable for the Philippines and provides technical support to farmers that use its seed.

"Rice is a pollinating flower and plant. In order for this rice to be hybrid then in nature there must be a flower that is self-sterile. If the rice flower is sterile then it cannot self-pollinate. If you cannot self-pollinate, then other male flowers will fertilize the plant thus leading to a hybrid," Mr. Lim Bon Liong added.

SL Agritech products include SL-8H Super Hybrid Rice Seed and SL-12H Super Hybrid Rice Seed. These hybrid rice varieties can thrive in both wet and dry seasons. For consumers, it offers premium milled rice brands such as Doña Maria Premium Quality Rice and Willy Farms Rice.

"The prices of our variety have not increased, about P5,000 to cover one hectare. We made a lot of farmers millionaires. If you look at Nueva Ecija farmers, they are mostly returning overseas Filipino workers (OFWs). The returning OFWs are really the best farmers because they are educated and know the different techniques," he added.

The company is developing more varieties to help people with the rice crisis, according to Mr. Lim Bon Liong.

"The Doña Maria program is exporting to many countries like the Middle East. We are putting back Filipino rice to countries around the world," he said.

During the company's earlier years, Mr. Lim Bon Liong said he went to China in order to further study and research hybrid rice.

"When I went to China, they were able to feed their entire population and still have some to export... More than 40 million people died of hunger in China in the sixties. From there I spoke with experts and I learned that agriculture will help the population, but with limited land what do you do? You turn to high yielding rice," he said.

"When I came back to the Philippines. I met with the International Rice Research Institute. Unfortunately, hybrid rice can only be planted 70 degrees above the equator. The Philippines is a tropical country so it is very difficult to plant it here and I was disappointed," he said.

Mr. Lim Bon Liong then began experimenting with 75 varieties of hybrid rice from China.

"I started in Laguna, but after one season it was a total failure. It is so hot in the Philippines that it kills the flowering, making it too early so the grains are empty. I was about to give up but my mother told me to make my own variety of hybrid rice," he said.

In 1998, he started looking for land to establish a research facility. By 2001, he was able to eventually develop hybrid rice that was compatible with the Philippine climate.

Moving forward, SL Agritech will continue its initiatives to attain rice self-sufficiency and increase rice yields with the help of the government.

"We hope to talk to the current President to allow us (to supply) seed for the Masagana programs," he added.

PHL gross borrowing declines 40.59% at end of June

GROSS BORROWING dropped 40.59% from a year earlier to P1.022 trillion in the first half as the government tapped less debt as the economy reopened.

The Bureau of the Treasury (BTr) said that in June, it raised P138.64 billion, down 13.3% from a year earlier.

The government borrows from domestic and foreign creditors to finance the budget deficit, which widened after the pandemic stalled the economy and depressed tax collection.

New domestic debt in June fell 28.71% year on year to P96.45 billion, including P7.51 billion in Treasury bills (T-bills) and P88.94 billion in Treasury bonds (T-bonds).

In June, the Treasury made no redemptions using the government's Bond Sinking Fund.

External gross borrowing rose 55.83% to P49.72 billion in June. This consisted of P47.53 billion in new program loans and P2.19 billion in project loans.

The government settled P7.17 billion in outstanding foreign debt that month, reducing net external borrowings to P42.55 billion.

The P1.022 trillion in first-half debt included P741.26 billion in domestic debt, down 55.02% from a year earlier.

Domestic debt consisted of P535.38 billion in T-bonds, P457.8 billion in retail T-bonds, and P73.6 billion in T-bills.

During the period, the government paid down P251.92 billion worth of T-bills.

Excluding the P1.09-billion debt that was repaid and obligations settled via the Bond Sinking Fund, the government's net domestic borrowing was P740.18 billion.

Gross borrowing from foreign creditors rose 15.58% to P329.34 billion in the first half, including P136.6 billion in program loans, P117.33 in global bonds, P46.85 in project loans, and P28.55 in Samurai bonds.

The BTr paid down P47.76 billion in foreign loans during the period, bringing net foreign borrowing to P281.57 billion.

In July, Finance Secretary Benjamin E. Diokno said that the government intends to increase the share of domestic borrowing in the borrowing mix to 80% to reduce its foreign exchange risk.

Gross borrowing in the first half accounted for 41.32% of the P2.47 trillion the government is planning to raise this year from both domestic and foreign lenders. The budget deficit is expected to hit 7.6% of gross domestic product.

In the first six months of 2022, revenue collection increased 15.91% to P1.73 trillion, while expenditure rose 8.85% to P2.4 trillion.

The Philippines' debt stock hit P12.495 trillion at the end of May. — **Diego Gabriel C. Robles**

DICT calls for new building code with norms for telco integration

THE Department of Information and Communications Technology (DICT) said it will support legislation that will require telecommunications companies to guarantee minimum internet speeds for consumers and set standards for telco integration in residential property design.

"*Yan ang madalas na reklamo ng ating publiko, na binibigyan sila ng* 'up to' *sa* offering *nila* (This is the most common complaint of our consumers, that they are only guaranteed a maximum speed)," Information and Communications Secretary Ivan John E. Uy told reporters on the sidelines of PLDT, Inc.'s Jupiter Cable System launch on Friday.

"*Kung* up to 50 (megabits per second) Mbps, *puwede kang bigyan ng* 50 kilobits per second (Kbps)," he added. (If they promise an internet speed of up to 50 Mbps, they can give you 50 Kbps.)

Senator Mary Grace S. Poe-Llamanzares recently refiled Senate Bill No. 329, or the proposed Better Internet Act, which requires service providers to adhere to minimum standards for connection, reception, pricing, and billing practices.

"The internet has become a necessity as indispensable as electricity and water. We rely on it for health, education, business, governance and more," Ms. Poe said.

Mr. Uy said the department also supports a house bill that seeks to provide telco space for network infrastructure in housing developments.

"Actually, I have been pushing for that, not only in subdivisions, but in the construction of high-rise buildings," he said.

"I fully support it. In fact, in one of my talks before in the Chamber of Commerce, I pushed for the revision of National Building Code. The building code requires the provision of electricity, water and sewerage, but not telecommunications," he noted.

He said allocating space for network infrastructure in housing and high-rise building projects will help ensure equitable and expansive internet access across the Philippines.

"You won't have instances where when you go inside the building, you go inside the elevator and you have no signal. You go to the parking underground, you have no signal. Those buildings were never designed for telco. I think that should be included from the very onset. When you design the building, it should be integrated there," he said.

Isabela Rep. Faustino A. Dy V has said he would refile the House bill that seeks to require developers to properly provision ICT facilities for telcos.

PLDT'S JUPITER CABLE SYSTEM

The PLDT group announced on Friday that the Jupiter Cable System, the latest addition to its 16 international cables routing critical data traffic in and out of the country, is now servicing the Philippines.

The new cable system traverses the Pacific Ocean from North America connecting directly to Maruyama and Shima in Japan and to Daet, Camarines Norte.

PLDT officials said it is now the fastest cable system between the Philippines and the US.

"It will increase PLDT's international capacity of 20 Terabit/s to about 60 Terabit/s," the company said in a statement.

"Jupiter is the first international submarine cable system in the Philippines to use an Open Cable Model that allows PLDT to power up and deliver hyperscale bandwidth more quickly to enterprises across the world," it added.

This development strengthens the company's strategy in helping position the Philippines as the next hyperscaler hub of Asia-Pacific, PLDT, Inc. and Smart Communications, Inc. President and Chief Executive Officer Alfredo S. Panlilio said during a briefing.

The new cable system is also expected to support the hyperscale ecosystem, which includes data centers, subsea cables, the domestic fiber network, 5G, cloud, and the Internet of Things, PLDT officials said.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Arjay L. Balinbin**

Former Trade Secretary touts RCEP as 'enabling' economic recovery

RATIFYING the Regional Comprehensive Economic Partnership (RCEP) trade deal should be a priority because it will help accelerate the economic recovery and ensure food security, former Trade Secretary Ramon M. Lopez said.

Mr. Lopez said RCEP will help the Marcos administration achieve goals laid down in the President's State of the Nation Address (SONA).

Regarding President Ferdinand R. Marcos, Jr.'s food security goals and promoting agriculture — "The RCEP is an enabler of those objectives... the risks of not getting RCEP ratification would be immense," Mr. Lopez said on the sidelines of a media briefing in Pasay City last week.

"I am confident that the thinking, even in the legislative (branch), would be supportive this time of RCEP," he added.

The RCEP, which started taking effect in various jurisdictions on Jan. 1, is a free trade agreement (FTA) involving Australia, China, Japan, South Korea, New Zealand and the 10 members of the Association of Southeast Asian Nations.

The Philippines has yet to finalize its participation after the Senate did not give its concurrence as the previous Congress stepped down. Some senators expressed concern over the lack of safeguards for the agriculture sector.

Mr. Lopez said that the RCEP provides more opportunities for the agriculture sector than risks.

"The RCEP's too specific to be mentioned in the SONA. But that doesn't mean there is no support. What is important is that the policy direction is very clear and that it is supportive of economic recovery," Mr. Lopez said.

"The policy pronouncements and direction-setting mentioned by the President in his SONA are good enough to ensure that RCEP will be a part of the agenda," he added.

Trade Secretary Alfredo E. Pascual has said that the Department of Trade and Industry will push for the RCEP's ratification and that of other FTAs to encourage more foreign investment that will aid the economic recovery.

"Without these FTAs and RCEP, the Philippines would not be an attractive location for such types of export-oriented enterprises," Mr. Pascual said. — **Revin Mikhael D. Ochave**

OPINION

Consumer values in a world in crisis

SUITS THE C-SUITE
MARIA KATHRINA S. MACAISA-PEÑA

(First of three parts)

The past three years have been an unwelcome rollercoaster ride for consumers everywhere. People prioritized their health when the pandemic initially broke out and drastically changed their actions and attitudes towards purchasing goods and services. As the pandemic's effects on the economy became more pronounced, consumers began to focus more on accessibility and living expenses. As the crisis slowed, people began to give more importance to a new set of "post-crisis" ideals, particularly those related to sustainability.

However, the post-crisis period has not yet begun. Inflation has returned on a scale not seen in decades, interest rates are rising, the global economy is slowing down, geopolitics is being played out on a grand scale, and new COVID-19 variants keep appearing. It's unclear if this confluence of events is ushering in a new crisis or merely escalating what we currently have, but the distinction will not likely matter in the eyes of customers.

The most recent edition of the EY Future Consumer Index demonstrates how accustomed people are to living in a constant state of crisis and uncertainty. Consumers globally are concerned about the future; as much as 63% do not see economic recovery within the next 12 months, and 62% anticipate an increase in living expenses during the following six months.

The EY Future Consumer Index examines shifting consumer attitudes and behaviors over a range of time horizons and across international markets, revealing the emergence of new consumer segments.

The Index has been tracking five main consumer segments since the pandemic began. These five segments describe the consumers that organizations will have to engage with beyond the pandemic. They reflect the different ways that people make their choices, how they will live their lives, and what truly matters to them.

Of these segments, two highlight the way consumers focus on living within their means and looking after the health of their families and themselves ("Affordability first" and "Health first"). Two other segments refer to the way some consumers prioritize environmental and social concerns ("Planet first" and "Society first"). The final segment identifies those who focus on living within the moment and maximizing their experiences ("Experience first").

As people react to a chaotic world, the proportion of customers who fit into each sector has fluctuated over the past year. They are actively responding to — or at least attempting to respond to — the never-ending waves of change and uncertainty rather than merely reacting passively. Even while the world keeps presenting them with new obstacles, people are becoming more and more motivated to take charge of and mold their lives around their own wants and objectives. In fact, 58% of people say they feel more in charge of their lives, a situation they wish to maintain and sustain.

FUNDAMENTAL CHANGES IN THE CONSUMER LANDSCAPE

Consumers now have greater control over how they organize their time due to the rise in remote working, but they also want more control over other aspects of their lives including how they spend their money and disclose their personal information. While they are growing more frugal with their money, they are also feeling more confident about acting to defend their lifestyles and values. There are three key shifts in play that can be identified compared to previous financial crises:

1. Customers are more adaptable due to the pandemic experience.

People are becoming accustomed to instability and uncertainty. Nowadays, many people have what is known as the "always on emergency mindset." They are more willing to give up long-held habits and adopt new ones because they are accustomed to making significant changes to how they live, from daily decisions to long-term objectives. They have discovered levels of resilience they were unaware they possessed.

2. They have more options thanks to the digital world.

The online world was a startlingly undeveloped place in 2008 and 2009, during the previous major financial crisis. The smartphone was a basic device and broadband connections moved slowly. Today, consumers can obtain information, discover alternatives, share their experiences, collaborate, and learn from one another much more easily. However, the digital age can simultaneously increase anxiety, intensify uncertainty, and overwhelm people with too much knowledge, ideas and new concepts, especially given the speed of digital transformation.

3. Consumer values have fundamentally changed.

Previous versions of the Index demonstrated how drastically consumer values have shifted as a result of the pandemic. Particularly, people's interest in material possessions has diminished as they became more committed to leading ecological lifestyles. The most recent data demonstrate that despite the impact on their household budgets, people are unwilling to simply give up on their new beliefs. Instead, they want to find new ways to convey them.

What ramifications do these shifts pose for corporate executives? When a company's ideals and activities are in line with the customers it hopes to serve, it succeeds; when they are not, it fails. Customers want to see their concerns and priorities mirrored back at them when deciding which brands to purchase. They increasingly focus on the company behind the brand rather than just the product, asking questions such as: what influence is it having on the globe, and is that impact consistent with its values?

In the second part of this three-part article, we discuss the key trends in consumer behavior identified by the Index: cost-cutting, where consumers substitute instead of sacrifice; sustainability, where consumers prioritize their values in living affordably and sustainably; and digital, where consumers are increasingly turning to emerging technology to take control of their finances.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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