Sugar producers see imports for years on weak domestic output

SUGAR FARMERS said they expect imports of the commodity to continue for years due to weak domestic production and the persistence of high input costs.

Rafael L. Coscolluela, an adviser to the Confederation of Sugarcane Farmers said on *BusinessWorld Live* on One News channel on Tuesday that the industry is facing challenges like high fuel prices and the decline in land area planted to sugar.

"We do have a lot of work cut out for us. The reality is that over next several years, we are going to have to import sugar," Mr. Coscolluela said.

"We've lost 25,000 hectares that were planted to sugarcane before. These 25,000 hectares have been converted to commercial or residential purposes or other crops. That's a large percentage of sugar area that we've lost. We have seen a drop in productivity," he added.

Mr. Coscolluela said the weather has also had an impact.

"Last year, we averaged about 60 tons per hectare, in comparison to the industry's self-declared goal of 75 tons per hectare. There are many reasons for that drop in productivity. One is the weather. Weather has become very unpredictable. We've had to mill cane during the rainy season and that is bad for the crop," Mr. Coscolluela said.

According to Mr. Coscolluela, "If we want to drive sugar production up within the next few years, we will have to take drastic measures...We will need concerted effort between the private sector and government. So far, we have not heard too much in terms of details about what the government proposes to do to reduce cost of fertilizer and fuel," Mr. Coscolluela said.

Mr. Coscolluela said the inventory of sugar is sufficient for the next few months following the recent import orders issued by the Sugar Regulatory Administration (SRA).

"We've had two sugar orders that authorized sugar imports. The first was Sugar Order No. 3 last crop year (2021-2022) which authorized imports of 200,000 metric tons (MT)," he said, adding that this volume has not yet been filled by importers.

"The second order is Sugar Order No. 2 of the current crop year (2022-2023), which authorizes imports of 150,000 MT," Mr. Coscolluela said.

"Given the peaking of milling season at this time, the figures tell us that there will be adequate sugar for the next several months. Having said that, we do have to take a close look at the sugar supply-demand situation sometime in April up to end of milling season or August of next year because estimated production is about 1.9 million MT while estimated demand is 2.4 million MT. That's a shortfall that we'll have to fill," he added.

The SRA has announced an initiative to sell sugar at P70 per kilogram at its offices in Quezon City and Bacolod City, and in Kadiwa rolling stores.

The Agriculture department said refined sugar sold in Metro Manila wet markets on Tuesday fetches P100/kg, down from P105/kg a day earlier. — **Revin Mikhael D. Ochave**

Commission hears proposal to extend low tariff regime for pork, rice, corn, coal

THE Tariff Commission (TC) will conduct public hearings regarding proposals to extend the application of lower tariffs for pork, corn, rice, and coal to help minimize the impact of inflation.

In a notice posted to its website dated Oct. 24, the TC said it will conduct the hearing via videoconference on Nov. 9.

The hearing will evaluate a petition submitted by the Foundation for Economic Freedom, Inc. (FEF) seeking the extension of the effectivity of Executive Order (EO) No. 171.

The FEF has asked President Ferdinand R. Marcos, Jr. to renew EO 171 until 2023. The deadline for the submission of position papers is on Nov. 16, according to the TC.

"The Nov. 9 hearing will run between 9 a.m. and 12 noon," the TC said.

"Interested parties shall be afforded opportunity to be present and present evidence in support of their positions on the subject matter," it added.

According to the TC, EO 171 is set to expire on Dec. 31. The order modifies most favored nation tariff rates on pork, corn, rice, and coal.

According to EO 171, which was signed in May, the tariff on pork falling within the minimum access volume (MAV) quota was cut to 15% from 30%, while out-of-quota pork us charged tariffs of 25%, down from 40%. Rice tariffs within the quota were set at 35% for imports within the quota and 50% beyond the quota.

The EO also lowered the corn tariff to 5% for in-quota imports from 35% and 15% from 50% for out-of-quota imports. It also cut the duty at zero for coal imports from 7% previously.

Asked to comment, FEF President Calixto V. Chikiamco said in a Viber message that the extension of EO 171 is needed to keep consumers from having to pay higher food prices.

Mr. Chikiamco said food production has been affected by high fertilizer prices, the spread of African Swine Fever, and typhoons.

The FEF has said that the coverage of EO 171 for corn should be expanded, calling the current corn MAV quota of 216,940 metric tons (MT) insufficient for bringing down corn prices. The supply-demand balance for corn is estimated to be in deficit by 3-4 million MT.

The FEF also called for the equalization of the tariffs at 5% for both in-quota and out-of-quota imports.

"If the EO is not renewed and expanded because tariffs will revert to higher levels, (making imports) more expensive. Higher food prices will have a deleterious effect on consumer inflation, food manufacturing and processing, poverty reduction and inclusion," Mr. Chikiamco said.

"Retaining and expanding EO 171 is the first major concrete step that the administration must take to tackle the ongoing food crisis," he added.

The Philippine Statistics Authority said in a report that the national average farmgate price of palay, or unmilled rice, rose 2.3% year on year to P17.62 per kilogram in August, but was down 1.3% from the July price.

Samahang Industriya ng Agrikultura said in a statement that the farmgate price of palay will continue to decline due to the presence of imported rice in the domestic market.

"It is declining and will continue to decline simply because of the continuous flooding of imported rice into the market; now at an unprecedented volume of 3 million MT," the group said.

"As a response, the agriculture industry will continue to support our rice farmers, and encourage them to plant and produce our staples," it added. — **Revin Mikhael D. Ochave**


VAPECLUB.MY-UNSPLASH

Vape law draft IRR imposes obligation on online sellers to verify buyer age, identity

THE draft implementing rules and regulations (IRR) of Republic Act No. 11900 or the Vaporized Nicotine and Non-Nicotine Products Regulation Act (Vape Law) will impose age and identity verification requirements on customers ordering such products online.

According to a draft of the IRR posted on the Department of Trade and Industry (DTI) website, e-commerce platforms, online marketplaces, and e-retailers are required to implement an "access restriction mechanism" for the products that is approved by the DTI.

The draft also requires online sellers to deliver directly only to the buyer or an authorized representative, who must be at least 18 years old, as verified via a government-issued ID.

"Sellers may redeliver the product at the expense of the buyer in case the authorized representative is not of legal age," according to the draft.

"It shall not be a defense for the e-commerce platforms, online marketplaces, and e-retailers selling or distributing that the buyer self-declared his/her age or that she did not know or was not aware of the real age of the purchaser. Neither shall it be a defense that he or she did not know nor had any reason to believe that the product was for the consumption of a person below 18 years of age with both the buyer and the representative showing proof of age," it added.

The rules seek to ensure that minors have no access to vaporized nicotine and non-nicotine products, their delivery devices, and novel tobacco products.

The Vape Law lapsed into law on July 25. The version that passed Congress allows purchasers to be 18, down from 21 in previous drafts.

The draft IRR also requires online sellers to register their business name with the DTI, the Securities and Exchange Commission, or the Cooperative Development Authority.

The draft also bans the sale of vaping products via telephone or text message.

"The seller should refer buyers to visit onsite or online stores for proper age verification," according to the draft.

The draft will be subject to virtual public consultation on Oct. 27-28, the DTI said.

The draft will be implemented as a joint administrative order, as yet unnumbered, to be issued by the DTI, Department of Health (DoH), Food and Drug Administration (FDA), and Bureau of Internal Revenue (BIR).

According to the draft, the DoH has the authority to enforce Republic Act No. 10643 or the Graphic Health Warning Law, while the FDA oversees the registration of products containing tobacco, and exercises authority over products making therapeutic, medicinal, or reduced risk claims, except in cases of deceptive, unfair and unconscionable sales practices.

The draft empowers the BIR to register industry participants for taxes, while the DTI monitors compliance with product selling rules.

Various groups have opposed the law's passage, alleging that vaping products pose a health risk to young people.

The DTI contends that the risk can be mitigated via product testing.

The Federation of Philippine Industries said that the law will protect consumers from counterfeit products. — **Revin Mikhael D. Ochave**

Consumers eager to normalize seen boosting economy towards yearend

THE boost to the economy typically provided by the year-end holidays will be given added impetus by consumers seeking to return to normal after the pandemic, First Metro Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P) said in a report.

"With consumers and firms eager to normalize, the coming Christmas season should further boost employment for more jobs especially in the trade, transport, and storage sub-sectors," according to the two institutions' market call report on Tuesday.

"Hiring, especially in services which were particularly hit by the pandemic, should remain positive as businesses prepare for the Christmas season, given the itch of people, both young and old, to get out of their two-year incarceration," they added.

In August, unemployment was 5.3%, slightly higher than the 5.2% jobless rate posted in July but lower than the year-earlier level of 8.1%.

FMIC and UA&P economists said gross domestic product growth for 2022 will come in at 6.5%, in line with the government's target range of 6.5-7.5%.

Robust tax collections by the Bureau of Internal Revenue (BIR) also suggest lively economic activity in the second half despite the absence of election-related spending, the report added.

The BIR was able to collect P426.327 billion in July and August, surpassing the bureau's collection goal of P421.069 billion for the period by 1.25%.

However, the report noted that elevated inflation will persist.

"Its negative effect on consumer spending should be muted by higher peso incomes of overseas Filipino workers, call center workers and exporters. We may expect an inflation rate of 6.9% in October," it added.

Headline inflation hit 6.9% in September amid higher food, fuel, and transport costs.

National Government spending, especially on infrastructure and agriculture and key projects is also expected to accelerate in the coming months.

"We expect manufacturing output to rise further in the fourth quarter even as the National Government ratchets up spending on infrastructure and agriculture," it added. — **Luisa Maria Jacinta C. Jocson**

Legislation to revive salt industry goes before TWG

THE House Committee on Agriculture and Food has tasked a technical working group (TWG) to work on the draft of House Bill 1976, which seeks to revive the salt industry.

"This bill is a product of numerous consultations with... salt producers and representatives from government agencies," Kabayan Party-list Representative Ron P. Salo, the author of the bill, said at the committee meeting.

The bill requires the government to provide technical, physical, and financial assistance to salt farmers, including artisanal salt farmers, to expand their output and to make the industry export-ready.

"(The bill) recognizes that the Philippines imports around 93% of its salt requirement, despite having 36,000 kilometers of shoreline, the fifth longest shoreline in the world, which can be utilized for massive salt production," Mr. Salo said.

"(The bill requires) the government to invest in the identification and construction of salt farms for lease to qualified salt farmers, whether individuals, cooperatives, or corporations," he added.

Annual salt imports between 2019 and 2020 averaged 628,500 metric tons, valued at P3.14 billion, Gerard C. Khonghun, president of the Philippine Association of Salt Industry Networks, told the committee.

Australia is the top exporter of salt to the Philippines, followed by China and Thailand, he said.

Mr. Khonghun said Philippine salt production declined over the decades due to urbanization, increasing salt demand due to a rising population, lack of upgrades to salt farms and the failure to develop new salt farms.

Philippine Chamber of Commerce and Industry Chairman Sergio R. Ortiz-Luis, Jr. said no opposition to the bill is expected.

"We would like to see that not only we are able to produce our salt requirement but that we are also able to export it," he said. "Maybe include the implementation of an export development council for representation (in the bill)."

Leyte Rep. Richard I. Gomez flagged a possible conflict with Republic Act 8172 or an Act for Salt Iodization Nationwide (ASIN) and raised the need to harmonize the two measures.

Mr. Salo said the bill complements the ASIN law, adding that the TWG will smooth out any points of conflict.

Separately, AGRI Party-list Representative Wilbert T. Lee, the committee's co-chairman, filed House Bill 5676 or the proposed Philippine Salt Industry Development Act.

The measure seeks to establish a Philippine Salt Industry Development Task Force which will draft a salt industry roadmap.

"This bill seeks to reduce our reliance on imports by providing salt stakeholders ample support and protection so they can develop," Mr. Lee said in a statement. — **Kyanna Angela Bulan**

Canneries urged to pay fair prices to municipal fisherfolk


BW FILE PHOTO

THE canning industry needs to pay fair prices to the municipal fisherfolk keeping their factories supplied during the closed fishing season, an association of small fishermen said.

The Pambansang Lakas ng Kilusang Mamamalakaya ng Pilipinas (PAMALAKAYA said the price paid to fisherfolk for herring (*tamban*) used by the canneries should be about 70% of the retail price.

"This is one of the supports that our small fishers have always sought — for the government to intervene in the (pricing) system and remove the many layers of middlemen that manipulate farmgate and retail prices to unreasonable rates," PAMALAKAYA Chairman Fernando L. Hicap said in a statement on Tuesday.

On Oct. 24, the Bureau of Fisheries and Aquatic Resources (BFAR) signed a memorandum of agreement with the Canned Sardines Association of the Philippines (CSAP), which is seeking to secure its supply of fish during the closed fishing season imposed on the waters of the Zamboanga Peninsula between Dec. 1 and March 1. The supply deal also covers Sorsogon.

The agreement allows selected registered municipal fisherfolk to supply the canneries.

"The retail price of *tamban* in Sorsogon ranges from P120-P130 per kilogram, thus the farmgate price should be not less than 70% of the retail price, which is favorable to producers," PAMALAKAYA said.

The group is also seeking a significant rollback in fuel prices.

"The price of diesel in the past two weeks increased by P6-P8 per liter to an all-time high. Now oil companies are giving us a mere P1/liter decrease," PAMALAKAYA Spokesman Ronnel S. Arambulo said.

"The Marcos administration can pursue doable measures to stabilize oil prices through the suspension of the excise tax on fuel products, reversing the deregulation of the oil industry through the repeal of Oil Deregulation Law, and the immediate rollout of production subsidies to the marginalized," it said. — **Revin Mikhael D. Ochave**