Corn tariff lobbying intensifies as legislators prepare measure setting up competitiveness fund

TARIFFS have become a behind-the-scenes battleground for the corn industry, with farmers claiming they need protection from imports and the government seeking to use import tariffs to support an industry competitiveness fund.

"Prices should be more stable and predictable so farmers can be motivated in their planting intentions," said Roger V. Navarro, president of farmers organization Philippine Maize Federation, Inc. (PhilMaize).

"Farmers... do not know if they will make money because of unstable policy direction," he said in a Viber message.

Corn is a key commodity in the food value chain, supplying growers of livestock in the form of feed, which in turn affects the price paid by consumers for meat and eggs, showing up in inflation, which the government is currently struggling to control.

In July 2022, Senator Cynthia A. Villar filed the proposed Livestock, Poultry and Dairy Development and Competitiveness Act of 2022, as well as the proposed Yellow Corn Industry Development Act of 2022 (Senate Bill No. 120).

Senate Bill No. 120 also proposes the creation of a Corn Competitiveness Enhancement Fund, which will be funded from the tariff collections from corn and feed wheat imports.

"The bills are still in the technical working groups of the Senate Committee on Agriculture and Food. Looking forward to passing both bills before the end of the Congress this July," Ms. Villar's office said in a Viber message sent by her staff.

Weighing in on a Livestock Development Bill that reduces the tariff on corn imports is economist Calixto V. Chikiamco, a member of the board of the Institute for Development and Econometric Analysis.

"Our neighbor, Vietnam, imposes a 2% tariff on corn, while we insist on controlling imports of corn and a tariff of 15% for out-of-quota imports when our projected shortage is 2 million metric tons annually," he said in an April 11 opinion column for *BusinessWorld*. High corn prices result in high cost of livestock, he added.

Mr. Chikiamco said pork and chicken prices rise in line with feed costs, "making them unaffordable to poor families suffering from protein malnutrition."

The corn industry's position is that it needs price predictability to ensure that farmers are encouraged to plant.

Mr. Navarro called for more investment in post-harvest facilities to store corn for release onto the market when needed to stabilize prices and supply, making farmer incomes predictable.

"We support the Livestock Development Bills of Senator Villar and (Rep. Jose Ma. Clemente S.) Salceda because of the earmarking of the tariff collection for the sector," according to Elias Jose M. Inciong, president of the United Broiler Raisers Association, an industry that uses corn for feed. "We have also asked for the deletion of certain provisions to which the sponsors and the DA (Department of Agriculture) have acceded."

Mr. Inciong said that provision is Section 15, which sought to automatically review the most-favored-nation tariff rates of chicken, pork, and corn.

"Although it was not stated outright, we knew for a fact that NEDA (the National Economic and Development Authority) wanted to permanently reduce the rates to 5% based on their presentations before the Senate Agri Committee," he said in a Viber message.

"It would have decimated the poultry and livestock industries and rendered the above-mentioned bills inutile," he added.

Corn is 40-50% of the cost of production of the feed, Mr. Inciong said.

"Tariff reduction for corn will not necessarily lead to lower pork and chicken retail prices. Importers are profit maximizers," he added. "They will not pass on the savings as a matter of course."— **Patricia B. Mirasol**

UP school for agri/environment professionals to rise in Panabo

THE University of the Philippines Professional School for Agriculture and the Environment (PSAE) has broken ground on a campus at the Agriya township in Panabo City, Davao del Norte.

"This has been a big dream from the start because we have to consider the dynamics of Mindanao," UP Los Baños (UPLB) Chancellor Jose V. Camacho, Jr. said during the groundbreaking ceremony Friday.

Mindanao, the southernmost of the main Philippine islands, is a major source of agricultural products and fisheries, producing high-value export commodities.

PSAE, a unit of UPLB, was established in 2016, offering graduate courses on agriculture and environmental science through online and physical classes at the Damosa complex in Davao City.

The Damosa complex and Agriya township are owned by Anflo Management and Investment Corp., one of the country's biggest banana producers.

The PSAE's postgraduate programs include entomology, soil science, rural sociology, animal nutrition, food engineering, and environmental planning.

Mr. Camacho said the upcoming campus complements that of UP Mindanao in Davao City.

UPLB.EDU.PH

A DIGITAL RENDITION of the UP PSAE campus inside the Agriya township in Panabo City.

"Essentially (the objective is) to bring quality education, not just graduate-quality education but to make education more inclusive," he said.

UP has a network of 17 campuses.

UP President Angelo A. Jimenez, who was also at Friday's event for the deed of land donation signing with the Anflo group, said the university wants to bring the latest technology and practices for a sustainable agriculture industry.

"We are happy to be here and we are going to cooperate and are committed to making this a very successful partnership with Anflo and Damosa," he said.

Damosa Land, Inc. President Ricardo F. Lagdameo said the campus, which is part of the Agriya township masterplan, will benefit the agriculture industry and add to the dynamism of the city and the province.

"It creates an ecosystem whenever a school is put up," he said, citing the "vibrant lively community" in and around UPLB.

The 88-hectare Agriya complex is a mixed-use development with residential, commercial, and tourism clusters, including an agri-tourism area. — **Maya M. Padillo**

EU plans farmer support, import curbs on Ukraine grain

BRUSSELS — The European Union (EU) is preparing 100 million euros in compensation for farmers in five countries bordering Ukraine and plans to introduce restrictions on imports of Ukrainian grain.

Pressure has mounted on Brussels to work out a European Union-wide solution after Poland and Hungary banned some imports from Ukraine last weekend and other eastern European countries said they were considering similar action.

The countries became transit routes for Ukrainian grain that could not be exported through Ukraine's Black Sea ports because of Russia's invasion in February 2022. Bottlenecks then trapped millions of tons of grain in countries bordering Ukraine, forcing farmers to compete with an influx of cheap Ukrainian imports which they said distorted prices and demand.

The European Commission said Wednesday it will take emergency "preventive measures" for wheat, maize, sunflower seeds, and rape seed after a joint complaint from Bulgaria, Hungary, Poland, Romania, and Slovakia at the end of March.

An EU official said this would only allow the grains to enter the five countries from Ukraine if they were set for export to other EU members or to the rest of the world. This measure would last until the end of June.

Separately, the European Commission, which oversees trade policy for the 27-nation EU, plans an investigation into whether measures are required for other sensitive products.

While the emergency measures can come into force within days, an EU investigation typically lasts six months.

European Trade Commissioner Valdis Dombrovskis discussed the plans this week with ministers from Bulgaria, Hungary, Poland, Romania, and Slovakia, as well as with Ukrainian counterparts. — ***Reuters***

Banks,
from S1/1

"Philippine banks' assets are conventional with lending across commercial and retail segments. Investment portfolios form about 28% of total assets, with 70% of the exposure in safe government securities. Significant household deposits add stability to Philippine banks' funding profile," she said.

Data from the BSP showed Philippine banks' total loan portfolio, net of allowance for credit losses, made up the largest share of the banking system's total assets at 53% or at P11.9 trillion as of end-January.

KEISHA B. TA-ASAN

THE International Monetary Fund (IMF) headquarters is seen in Washington, D.C.

This was followed by investments (29.2% or at P6.57 trillion) and by cash and due from banks (12.2% or at P2.74 trillion). For the same period, only 27.5% or around P6.32 trillion of Philippine banks' total assets were in portfolio investments.

Ms. Anand also said secondary effects from the global banking turmoil may increase investor risk aversion and would lead to higher funding costs for banks.

"Furthermore, additional Tier-1 (AT1) issuance in coming months is likely to be more costly, and for some will be outright difficult. Given the Philippine banking sector has limited reliance on AT1 capital, we don't expect significant disruption to banks' fund-raising plans," she said.

Ms. Anand said that a strong deposit base and robust capitalization will help banks manage tough operating conditions.

However, banks and regulators in the country should continue to be vigilant against risks, as it could spread quickly and affect financial stability, IMF's Mr. Panth said.

"[Banks and regulators should] continue to strengthen the efforts in assessing financial stability risks, wherever they come from, [and should have] the capacity to dissolve proper financial institutions, when institutions get into trouble," he said.

Mr. Panth also said the central bank should efficiently share information with other banking regulators and ensure they have the right authority to intervene if trouble emerges.

VAT,
from S1/1

Under the CREATE Act, business enterprises are required to prove that the local purchases of goods and services are directly and exclusively used in their registered activities in order to avail themselves of the VAT zero-rating.

Prior to the CREATE Act, local purchases by enterprises registered with and located in economic and freeport zones were entitled to VAT zero-rating.

The CREATE Act also rendered the cross-border doctrine ineffectual and inoperative. The cross-border doctrine mandates that no VAT shall be imposed to form part of the cost of goods destined for consumption outside the territorial border of the taxing authority. Under the doctrine, the actual export of goods and services from the Philippines to a foreign country is VAT-free.

To address the conflicting provisions, the government had to amend the CREATE Act's implementing rules and regulations and issue circulars.

CONWEP Executive Director Maritess J. Agoncillo said exporters want the cross-border doctrine restored.

"We're hopeful that our recommendation will be taken with great consideration by the FIRB to enable us to sustain our current investments in the country," she said in a phone call. "Any major deviation from our requests can have adverse impacts and consequences on our current investment portfolio."

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message that the VAT zero-rating resolution will provide "greater certainty" for exporters.

"Clarity on this would be important to be consistent with other incentives such as the CREATE law and other tax reform measures to help attract more investments into the country to be more competitive and catch up with other countries in Asia," he added. — **Luisa Maria Jacinta C. Jocson**