

Bangus growers face cost squeeze, many feared to be exiting market

By Sheldeen Joy Talavera

THE aquaculture industry, particularly milkfish or bangus growers, is confronting the twin problems of falling demand and rising input costs, industry officials said. "Napaka-gloomy ng kinakaharap natin sa (The outlook is gloomy for) aquaculture which I think is supposed to (play a key role in) food self-sufficiency," David B. Villaluz, chairman of the Philippine Association of Fish Producers, Inc. told BusinessWorld via phone. "Weak demand and the increase in our production cost because of the increase in the prices of feed" have led to members of the industry reporting losses. He estimated that the production cost for milkfish producers has risen

to P145 per kilogram from P98 to P102 previously. Of the total cost, fish feed accounted for P135 per kilogram, based on a feed conversion ratio of 2.5 kilograms of feed to produce one kilogram of fish. The current price of fish feed is between P45 and P50 per kilogram, up from P35 to P37 per kilogram, according to Mr. Villaluz. Despite the increased production cost, Mr. Villaluz noted that 500 grams of fish sells for P150, down from around P180 to P200 previously. "We can really produce. Our problem is would you produce if you are incurring losses?," Mr. Villaluz said. After consulting members from Mindanao, he said the average size of fish has increased to 700 grams from the usual harvest of 400-500 grams,

indicating that growers are holding on to their fish "kasi hinihintay nila na tumaas-taas pa ang presyo pero pababa 'yung presyo — pabagsak e (they are waiting for prices to rise a bit, but it's actually falling)." "As of now, what we are afraid of here is... our fish producers, especially our small fishpond operators, close," he added. Asis G. Perez, former director of the Bureau of Fisheries and Aquatic Resources and co-convenor of advocacy group Tugon Kabuhayan, said weakened demand may be due to increased pork imports and the strong commercial fishing catch. "It would appear that the demand has slowed in aquaculture. As of now, farmgate price of bangus is down by about P10 while production cost has increased," he said in a text message.

Mr. Villaluz said climate change is affecting the industry in the form of tidal action causing rivers to overflow. "The dikes are breaking and the water overflows if the floodwaters are high, so our fish are lost. Nawalan 'yung farmer pero nahuhuli ng fishermen natin (What the farmer loses, the fishermen catch). Siguro 70-80% ng nawala sa fishpond, nahuhuli ng mga municipal fishermen natin (The municipal fishermen catch 70-80% of what the fishponds lose)," he said. "Ang mangyayari diyen, ang gusto ng gobyerno mag-import na lang kasi hindi nila masolusyunan ang problema ng farmers (The government is trying to solve the problem through fish imports because it can't solve the farmers' problems)," he added.



Cacao processing center set to rise in Davao's Paquibato district

THE Department of Science and Technology (DoST) will launch several projects in the upland Paquibato district in Davao City, including a cacao processing center that will benefit 20 farmers' cooperatives. Arnel M. Rodriguez, director of the DoST's Davao City office, said the processing center will allow cacao growers in the area to move up the value chain.

"We saw through evaluation that there are plenty of cacao trees grown in the area but the farmers primarily produce wet or unfermented beans, the most raw product, which on the value chain fetches the lowest price," he said during last week's Habi at Kape forum. Mr. Rodriguez said the DoST has acquired the processing equipment and finalized a partnership with a cooperative that will host the processing facility, whose production will be aligned with halal standards to service the Muslim market. The department will train community members in the operation of the plant's equipment. "The processing system that we are adopting is aligned with halal. There is a big market for halal... If Davao can supply cacao certified beans or chocolate products, the farmers there can tap a much bigger market and thereby have a much higher income," he said.

Another DoST project that will be launched in the district is a ramp pump potable water system, which does not require electricity. These projects are being conducted under the Community Empowerment through Science and Technology Program that focuses on geographically isolated and disadvantaged areas (GIDA). "In Davao City, GIDA areas are Paquibato and Marilog districts. In Paquibato, we also have a project in Barangay Lumiad, which was previously an insurgency hotspot," Mr. Rodriguez said.

The DoST is also developing a packaging system for vegetables and fruit brought to the Davao Food Terminal Complex (DFTC) in partnership with the City Agriculturist's Office. Mr. Rodriguez said the project is intended to extend the shelf life of produce and minimize losses, especially for high-value vegetables and fruit. "Hopefully, by next year we will start seeing these products as a result of that project," he said. The DFTC, a P70-million project funded by the Department of Agriculture's Davao Region office, serves as a wholesale trading facility for fruit and vegetables. It has a cold storage facility with eight refrigerated containers and operates 24 hours a day, seven days a week. — Maya M. Padillo

Coffee research group progresses on naturally decaffeinated varieties

SÃO PAULO — A Brazilian coffee research institute has started a decisive stage in a two-decade project to develop arabica coffee varieties that are naturally decaffeinated, a development the researchers think could have significant commercial potential. The program is being developed at the Instituto Agronomico de Campinas (IAC), a leading coffee research center that has provided many of the high-yield coffee plants that have helped Brazil become a powerhouse in the global coffee market, supplying more than a third of the trade. Researchers at the IAC said they are starting regional field trials of some of the varieties they have been developing for several years by crossing different coffee plants that naturally have very low caffeine content, using the germplasm bank at their facilities.

If successful, the resulting varieties could find a market niche in large consuming regions such as Europe and the US among consumers that would prefer them instead of current decaffeinated brands that are the result of chemical or industrial processes. Companies selling decaffeinated coffee as well could benefit with reduced costs, since they could skip the industrial processes to remove caffeine from regular coffee varieties. "The results we had so far look promising, we are upbeat," said Julio Cesar Mistro, a researcher overseeing the project at IAC. Some of the clones developed in the center are being planted in different regions in Brazil. — Reuters

Pursuant to the Department of Transportation approval of LRT-1 fare adjustment dated June 14, 2023, the following revised fare matrix is for implementation in LRT-1 effective AUGUST 2, 2023. Includes tables for LRT1 STORED VALUE Fare Matrix and LRT1 SINGLE JOURNEY Fare Matrix.

Republic of the Philippines DEPARTMENT OF TRANSPORTATION. 14 June 2023. MR. JUAN F. ALFONSO, President and CEO, Light Rail Manila Corporation. Dear Mr. Alfonso: This refers to the attached memorandum for the Secretary of this Department dated 24 March 2023 received from the undersigned on the Railway Regulatory Unit's Recommendation on the Fare Adjustment Petition of the Light Rail Manila Corporation (LRMC) and Light Rail Transit Authority (LRTA).

Republic of the Philippines DEPARTMENT OF TRANSPORTATION. MEMORANDUM FOR THE SECRETARY. FROM: The Chairperson, Rail Regulatory Unit (RRU). SUBJECT: RRU Recommendation on Fare Adjustment Petitions of Light Rail Manila Corporation (LRMC) and Light Rail Transit Authority (LRTA). DATE: 24 March 2023. 1.0 Introduction. This respectfully pertains to the Petitions for Fare Adjustment filed by LRMC and LRTA.

SUFFICIENCY OF PETITION. 2.5. Based on the Report of the Hearing Officer and submissions made by LRMC and LRTA, both petitioners complied with the requirements as to the sufficiency of Petition, timely publication, and Notice of Hearing as required under the law and the RRU Rules. 2.6. Both Petitions are found to be sufficient in form and substance as they provided for the proposed fare rate, factual antecedents in arriving at said proposed fare rate, and the basis for such adjustment. AUTHORITY TO FILE PETITIONS/APPLICATION. 2.7. As to signatories' authority in filing the Petitions, both Petitioners submitted the necessary authorizations in compliance with the provisions of the Revised Corporation Code of the Philippines and Executive Order 603, as amended. PUBLICATION AND PUBLIC HEARING. 2.8. RRU conducted its first Public Hearing on 17 February 2023 at LRTA Administration Bldg., LRT Line 1 Passay Depot, Gate 1, Aurora Blvd., Pasay City. Petitioners and other organizations attended the said hearing and each were given adequate time to present their positions. 2.9. As manifested during the Public Hearing, Kilangang Mayo Uno (KMU), Kabataan Partylist (Kabataan), Alliance of Nationalist and Genuine Labor Organization (ANGLO), Anakbayan and Bagong Alyansang Makabayan submitted their Position Papers on 20 February 2023, interposing their comments and objections on the proposed fare increase. All position papers submitted are duly considered herein. 2.10. The foregoing twin requirements of publication and public hearing are in compliance with the 1987 Administrative Code and jurisprudence. In Manila International Airport Authority (MIAA) v. Blancasor, the Supreme Court expounded on necessity of a public hearing in rate fixing/increases scenario, ruling that MIAA, being an agency attached to the Department of Transportation and Communications (now DOTR), is governed by Administrative Code of 1987, which specifically mandates the conduct of a public hearing. Similarly, as held in Francisco, et al. v. Toll Regulatory Board (TRB), subsequent toll rate adjustments (in this case, Rail fare adjustments) are mandated by law to undergo both requirements of public hearing and publication. COORDINATION WITH COMMISSION ON AUDIT (COA) AND LAND TRANSPORTATION FRANCHISING REGULATORY BOARD (LTFRB). 2.11. LRTA, under its Charter, is required to consult with LTFRB in fixing LRT's fare rates. This consultative process is to determine the reasonableness and economic viability of the fare adjustment and does not arrogate unto LTFRB the authority to fix fares for rail transportation. 2.12. Accordingly, LRTA consulted LTFRB to provide comments for the proposed fare adjustments for LRT1 and LRT2. LTFRB in response interposed no objection to the proposed fare increase. 2.13. On the other hand, Section 22 of the 1987 Administrative Code and Francisco v TRB requires a special audit on the matter of fare adjustment. In compliance thereto, LRTA wrote COA, which replied that audit is not a procedural requirement nor a condition precedent to any adjustment and implementation of fare rates, and further stated that it is the sole duty of the regulatory body concerned who has the power to issue, modify and promulgate fare adjustment. 2.14. COA posited that they cannot participate on the ground that they can only be involved post-audit after the fare adjustment is approved. DOTR'S CONTRACTUAL OBLIGATION. 2.15. For LRMC, pursuant to Sections 20.3.b and 20.3.c of Concession Agreement dated 2 October 2014, whenever notional fare is adjusted, Concessionaire shall apply to the grantors, LRTA and DOTR, for an adjustment of the approved fare so that it is at least equal to the notional fare. 2.16. As raised in the Petition, the approved fare rates took effect on January 2015 and is approximately 36% lower than the notional fare. CHINAL, FINANCIAL AND OPERATIONAL ASPECT. 2.17. Foremost, it is respectfully recognized that LRTA Board's expertise, as co-grantor of DOTR, already passed upon policy determination on technical, financial and operational matters involving the petitions made as evidenced by LRTA Board Resolution No. 068-2022. 2.18. For LRMC, improvement has been established in terms of service as evidenced by the increase in trains deployed, faster train time, improved headway, progress of major projects, and the progress in Cavite Extension Project's construction. 2.19. For LRTA-operated Line 2, it is likewise acknowledged that LRT Line 2 has served more than 1 billion passengers since it started operating in 2003. With the current number of passengers, LRTA intends to allocate 97% (3% for common carrier's tax), or about P110.6 million, of the expected P114 million additional rail revenue per year, to augment funds for Maintenance and Other Operating Expenses (MOOE). Sufficient resources for repair and maintenance will help improve turn-around time of equipment repairs, as well as the timely conduct of preventive maintenance activities for optimal performance of critical rail systems and facilities.

2.20. Based on tentative data presented during the public hearing, LRTA's deficit for CY2023 is projected to be -P8,500 billion. It has been actually operating at a loss and relying on government subsidies for its operations and maintenance, as reflected in its financial performance in CY2022 when it incurred a deficit of about -P7,000 billion. 2.21. On the part of LRMC, its fare deficit vis-a-vis the notional fare prescribed in its Concession Agreement with government is P146 billion. As of January 2023, LRMC's actual fare is 80% below the notional fare. This gap will exponentially increase in 2026, without an increase, actual fare will be 81% below the notional fare. 2.22. As such, although LRMC and LRTA claims that they continue to operate and maintain the Railway Systems with the highest performance and safety standards despite the apparent financial challenge, it is our view that the sought fare adjustments is of extreme urgency, and LRMC, LRTA and/or public interest will suffer great damage or inconvenience if the same is not imposed as it may cause delay or stoppage of urgently needed improvements, expansions and/or repairs. 2.23. Thus, in order to ensure the viability and sustainability of the services rendered, LRMC's petition as applied to Stored Value Card (SVC) shall range from a minimum fare of P14.00 and a maximum of P35.00; while fares for Single Journey Ticket (SJT) shall range from P 15.00 to P35.00. 2.24. For LRTA, the resulting fares as applied to SVC shall range from a minimum fare of P14.00 and a maximum of P35.00; while fares for SJT shall range from P15.00 to P35.00. 2.25. The foregoing fare rates were derived using inflation rebasing formula¹ (2018 as base year), an option available in the LRT Line 1 Concession Agreement in determining the fares, and considers prevailing consumer price indexes (CPI) in the country within the last four (4) years. 2.26. In fact, as commented by LTFRB, inflation rebasing method is a more comprehensive method as it considers computed average growth rate of inflation which is a significant economic parameter that is practical and reliable. Further, the timing consideration (4 years) is generally adequate, which suggests that the period (to adjust fares) is not too short nor too long. 2.27. Hence, both petitions for fare adjustment appears to be reasonable even as compared with other modes of road transportation. Sample Comparison: Petitioned Fare (SJT) vs. Other Road Transportation Fares. Recommendation. 3.0. Recommendation. 3.1. In view of the foregoing, RRU finds merit in LRMC and LRTA's Petitions for fare increase. 3.2. The fare rates herein approved are subject to the continuing authority to review rates and validate the reasonableness of such rates and entitlement of grantee/operator by RRU to determine the reasonableness of its imposition, and the post-auditing authority of COA. 3.3. Further, approved fare rates shall be published, at the expense of petitioners, once a week for three (3) consecutive weeks in a newspaper of general circulation. Collection Date shall be implemented thirty (30) days after the last day of publication. Said publication must include the following: 3.3.1. Approved adjusted fare rates; and 3.3.2. Collection Date when approved fare rates shall take effect. Respectfully submitted. (SIGNED) CESAR B. CHAVEZ. [APPROVED FOR FURTHER STUDY] (SIGNED) JAIME J. BAUTISTA, Secretary. MAR 27 2023. 1 Executive Order No. 292 or the Administrative Code, and Executive Order No. 125-A. 2 Executive Order No. 292, Section 1 and 2; Executive Order No. 125-A, Section 5. 3 Executive Order No. 125-A, Section 5. 4 Memorandum for RRU Chairperson dated 28 February 2023. 5 For LRMC Annexes A-LRMC Petition, B- 27 January 2023 publication, C- 1 February 2023 Publication, D- 4 February 2023, E- Notice of Public Hearing and Publication of Petition. For LRTA Annexes G-LRTA Petition, H- 27 January 2023 publication, I- 1 February 2023 Publication, J- 4 February 2023, K- Notice of Public Hearing and Publication of Petition. 6 Annex M-LRMC Secretary's Certificate authorizing the President/CEO/Annex N-LRTA Board Resolution Number 068-2022 dated 19 December 2022. 7 Section 22, Republic Act No. 11222, Revised Corporation Code of the Philippines, 20 February 2018. 8 Section 17 of Executive Order No. 292, as amended, Creating a Light Rail Transit Authority, Vesting the same with Authority to Construct and Operate the Light Rail Transit (LRT) Project and Providing Funds Therefor, 12 July 1980. 9 Hereto attached an Annexes O-KMU, P-Kabataan, Q-ANGLO, R- Anakbayan and S- Bagong Alyansang Makabayan. 10 (C.R. No. 15781, 11 November 2006). 11 (C.R. No. 16690, October 19, 2016). 12 Section 4 (2) Article 2, E.O. No. 603, 12 July 1980. 13 Annex T- LTFRB letter dated 23 November 2022. 14 Section 22, Chapter 4, Subtitle B, Title 1, Book V of Administrative Code of 1987. 15 Authority to Examine Accounts of Public Utilities. (1) The Commission shall examine and audit the books, records and accounts of public utilities in connection with the fixing of rates of every nature, or in relation to the proceedings of the proper regulatory agency. 16 Annex U- Letter dated 3 August 2021; Annex V- 2 September 2021 for LRTA (LRT Line 2) and Annex W- 11 October 2022 for LRMC (LRT Line 1). 17 Annex X- Letter dated 10 August 2021; Annex Y- 18 August 2021 for LRMC and Annex Z- 25 October 2022 for LRTA. 18 Section D "Inflation Rebasing of the Notional Fare," Schedule 9 of the LRT Line 1 Concession Agreement.