

Ukraine's grain sector losses could exceed \$3.2 billion in 2023

KYIV — Ukrainian grain and oil-seeds crop sector losses could exceed \$3.2 billion in 2023 due to the high cost of logistics as well as fuel and fertilizer price hikes, which threaten to reduce sown areas in the next and coming years, farmers unions said.

Ukraine is one of the leading global producers and exporters of food and its agrarian sector has been traditionally profitable.

Ukrainian authorities and farmers did not report financial results in 2022. Before the Russian invasion, Ukraine shipped the bulk of its exports through deep-water ports in the Black Sea, which have been fully or partially blocked since February 2022.

Limited export opportunities, now centered on the small ports of the Danube River and the railway to Eastern Europe, have multiplied the logistics component and consequently reduced the price traders can offer farmers.

The port closures have also led to a sharp rise in the price of imported fuel, seeds, fertilizers and spare parts for agricultural machinery.

The Agrarian Council, Ukraine's largest agribusiness group, said the cost of wheat production in 2023 was about \$146 a metric ton, with an average selling price of \$102.

Farmers spend \$149 to grow maize and they can sell it for \$94. The Council said that in 2023, even sunflower and rapeseed production would be unprofitable and only soybeans would give some profit to farmers.

Producers said the large losses have already led to reduced plantings for the 2024 crop.

"We planned to sow 2,000 hectares of winter wheat, but sowed only 1,000 hectares," said Ruslan Holub, director of the Tak farm, which has more than 10,000 hectares in central and southern Ukraine.

"Farmers will determine the area they can sow based primarily on their financial capacity," said Oleh Khomenko, the head of Ukrainian Agribusiness Club, a business association.

Farmers unions declined to forecast the area to be sown for the 2024 wheat harvest, while the Ukrainian agriculture ministry is still keeping its winter wheat sowing forecast at around 4.4 million hectares.

Not only financial difficulties, but also the unfavorable weather may significantly reduce the sowing area this autumn.

Ukraine is a traditional grower of winter wheat, barley and rapeseed. State weather forecasters said this week that prolonged absence of rain across most Ukrainian regions had created unfavorable conditions both for the ongoing sowing of winter crops and for the plants already sown.

They said the worst situation in terms of soil moisture was in the Odesa, Kherson, Mykolaiv, Kirovohrad, Vinnytsia, Cherkasy, Kharkiv regions where up to 20 cm of upper soil layers were completely dry.

Farmers have sown 3.02 million hectares of winter wheat as of Oct. 16 compared with 2.5 million hectares at the same date a year ago, agriculture ministry data showed. — **Reuters**

El Niño to continue into mid-2024 — FAO

SANTIAGO — The El Niño weather phenomenon will last at least through the first half of 2024, according to the latest United Nations forecasts, with abnormal rainfall due across Latin America raising fears for the agricultural sector.

Pacific sea surface temperatures soared in recent months, "with stronger warming along the South American coast," said the report from the Food and Agriculture Organization of the United Nations (FAO) accessed by Reuters.

Forecasts for the first quarter of 2024 show more rain than usual in southern cone countries such as Peru and Ecuador,

as well as Mexico, alongside ongoing dry conditions in Brazil, Guyana and Suriname.

The current dry spell in Central America, however, is set to last only until the end of this year. The report also stresses that agriculture, which includes crops, livestock, forests and fishing, is particularly vulnerable given the sector can absorb 26% of economic losses during extreme weather conditions and up to 82% during drought.

Key fish species like anchovies and tuna on the northern coast of Peru and southern Ecuador are particularly at risk, it said.

Ecuadorian fishermen reported a 30% decrease in tuna catching since February, it said. The El Niño and its opposing La Niña weather patterns have impacted the production of key crops such as wheat, rice and corn in Latin America, which are highly dependent on raw materials.

Extreme conditions brought by El Niño are hitting the region, which is also simultaneously facing climate change effects such as heat waves, the report said.

The FAO said it has launched a plan to mobilize financial resources for vulnerable communities in several countries affected by the extreme weather. — **Reuters**

DA sets best-case scenario for palay output at 20 million MT

OUTPUT of palay, or unmilled rice, could hit 20 million metric tons (MT) in the best-case scenario put forward by the Department of Agriculture (DA), which cited the increased land area planted to the grain.

"We expect it to be higher than last year...the highest we could reach is about 20 million MT," Undersecretary for Rice Industry Development Leocadio S. Sebastian told reporters on the sidelines of the International Rice Congress last week.

Mr. Sebastian added that during the first half, the harvest was ahead of the year-earlier pace by about 300,000 MT.

Last year, palay output fell to 19.76 million MT from 19.96 million MT a year earlier, according to the Philippine Statistics Authority (PSA).



pine Atmospheric, Geophysical and Astronomical Services Administration), has said that El Niño is likely to peak in late 2023 and early 2024.

Separately, International Potato Center Asia Regional Director Samarendu Mohanty said he does not consider rice self-sufficiency to be easy to achieve for the Philippines amid an increasing population.

"I don't think you'll be self-sufficient, with the population growth you have. You still have to address it through imports. And if you (resort to) imports, then you have this uncertainty (in the form of) exporting countries' restrictions," Mr. Mohanty said.

India's Director of Foreign Trade announced on last week the easing of its export ban on non-basmati white rice, allocating 250,000 MT to the Philippines.

Vietnam, the Philippines' top source for rice, announced plans to reduce rice exports to four million tons a year by 2033.

In a report the PSA said that Philippine's rice self-sufficiency ratio declined to 77% in 2022 from 81.5% a year earlier.

Asked to comment, Mr. Sebastian said rice self-sufficiency can be attained via the government's Masagana Rice Industry Development Program.

The program aims to stabilize the supply of the staple grain at between 24.99 million MT and 26.86 million MT, in the process keeping the annual growth of rice prices at less than 1%.

"We have to exert a lot of effort, we need to focus on initially irrigating about 1.5 million hectares, maximize the productivity in that area... (and) we could get higher yields, he said. — **Adrian H. Halili**

Brazil's Lula vetoes bill favored by farm lobby restricting Indigenous land claims

BRASILIA — Brazilian President Luiz Inacio Lula da Silva has vetoed the core parts of a bill backed by the country's powerful farm lobby that would have limited claims to ancestral lands where Indigenous people have lived by 1988.

"The president vetoed everything that was unconstitutional and not consistent with our Indigenous peoples policy," his Institutional Relations Minister Alexandre Padilha announced.

The government will retain some parts of the bill in keeping with its Indigenous policy and sign it into law, he said.

Brazil's first Indigenous People Minister Sonia Guajajara, appointed by Mr. Lula, said the veto was a big victory for the country's 1.6 million Indigenous people, who have strived to protect their land rights threatened by the advance of the agricultural frontier into the Amazon region.

"The important thing is that Indigenous rights are guaranteed by the veto," she said at a news conference with Mr. Padilha after a meeting with Mr. Lula to decide the matter.

The number of land conflicts has increased with Brazil's rapidly expanding agriculture. Indigenous communities across the country claim land that farmers have settled and developed, in some cases for decades.

The core of the bill sought to establish in law a cut-off for new reservations on lands Indigenous people did not live on by Oct. 5, 1988 when Brazil's Constitution was enacted.

The caucus representing agribusiness in Brazil's Congress said they would seek to vote to overturn Mr. Lula's veto, adding that lawmakers' decisions must be respected by the other branches of government.

The Supreme Court ruled last month that the deadline proposed was unconstitutional. Farmers have said the bill would ensure greater legal security of their land ownership, curtailing land conflicts.

Minister Guajajara responded in an interview with Reuters that it would undermine the ancestral land rights of Indigenous people and threaten their way of life, and she urged Mr. Lula to veto it completely. — **Reuters**

Online withholding policy final draft released by BIR

THE Bureau of Internal Revenue (BIR) said it has released the final draft of its proposed creditable withholding tax policy for gross remittances of electronic marketplace operators to online sellers.

In the final draft, a withholding tax of 1% will be imposed on one-half of the gross remittances by domestic e-marketplace operators to the online merchants for the goods or services sold through their facility.

In April, the BIR released an advisory announcing its proposal to impose a withholding tax on online sellers. The initial draft rule also proposed a creditable withholding tax of 1% on one-half of the gross remittances of online platform providers to their partner sellers or merchants.

The proposal would amend Revenue Regulations No. 2-98, which does not address income payments by online platforms.

The BIR defines an electronic marketplace as a "digital platform whose business is to connect online consumers with online merchants, facilitate and conclude the sales, process the payment of the products, goods or services through platform, or facilitate the shipment of goods or provide logistics services and post-

purchase support within such platforms, and otherwise retains oversight over the consummation of the transaction."

These would include marketplaces for online shopping; food delivery platforms; platforms for booking of resort, hotel, motel, inn, bed space, and other related accommodations; and other service or product marketplaces.

The final draft also defined gross remittances as the total amount of the value of the goods or services, net of the following: sales returns; separately billed delivery or shipping fees; and value-added tax, collected by the e-marketplace operator from the online consumer and subsequently remitted to the online seller; and consideration for the use of the e-marketplace.

The final draft states that the withholding tax will not apply if annual total gross remittances to an online merchant for the past taxable year do not exceed P250,000; if the cumulative gross remittances to an online merchant in a taxable year has not yet exceeded P250,000; or if the online merchant is a cooperative duly registered with the BIR with a valid Certificate of Tax Exemption. — **Luisa Maria Jacinta C. Joeson**

BSP Aug. forex deposits \$7.85 billion

FOREIGN CURRENCY and deposits of the Bangko Sentral ng Pilipinas (BSP) totaled \$7.85 billion as of August, the central bank said.

This is more than double (106.5%) the \$3.8 billion recorded a year earlier. Foreign currency reserves are convertible assets of the central bank.

The BSP's reserve assets include foreign investments, gold, foreign exchange, its reserve position in the International Monetary Fund (IMF), and special drawing rights.

These reserve assets are included in the BSP's monthly reporting of gross international reserves (GIR). However, the GIR report

does not disclose some of the BSP's reserve assets such as currency and deposits overseas.

The BSP estimates that currency and deposits with financial institutions overseas was \$6.5 billion at the end of August, up 166% from a year earlier.

Meanwhile, reserve assets held in other central banks, such as the Bank for International Settlements and the IMF, fell 0.7% to \$1.35 billion during the period.

In the first eight months, other reserve assets also slipped 2.4% to \$8.08 billion.

These assets include financial derivatives and loans to nonbank nonresidents, among others. — **Keisha B. Ta-asan**

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