Feed millers see supply of inputs dwindling

By Adrian H. Halili
Reporter

THE feed industry is seeking more government support to get through the expected decline in the domestic supply of feed inputs next year, according to the Philippine Association of Feed Millers, Inc. (PAFMI).

PAFMI President Edwin C. Mapanao said that the industry is growing but faces challenges like a lack of competitive inputs, animal disease management, and excessive imports of finished meats.

He added that feed millers are currently facing sourcing challenges.

"We expect local supply (of inputs) to go down due to El Niño, irrigation challenges, and a lack of post-harvest facilities," Mr. Mapanao told *BusinessWorld*.

The government weather service said a moderate to strong El Niño is expected until the second quarter of 2024.

He added that global supply is expected to be abundant but access will be subject to disruption by geopolitics.

Livestock feed depends on inputs like corn, wheat, and soy. About 40% to 60% of animal feed consists of yellow corn.

The Philippines has a deficit of about 3 to 5 million metric tons (MT) of corn annually.

According to the US Department of Agriculture, shipments of corn to the Philippines are estimated at 1 million MT during the marketing year 2023-2024.

He said that the government should also help corn producers achieve scale and improve their capacity to conduct direct trade.

"This also reduces the heavy reliance on middlemen, which adds to the cost and diminishes profitability, by enabling farmers to trade directly," he added.

Mr. Mapanao said that pushing for crop diversification and building more drying and storage facilities would increase yields.

"There is also a need to address challenges in scaling up production, particularly on land use and access to credit," he added.

He said that the government should improve its crop forecasting capacity and data gathering.

"Crop status reports, planting intentions, forecasts, etc. will go a long way in aiding corn-reliant industries in planning out their purchases," he added.

Agriculture Secretary Francisco Tiu Laurel, Jr., has said that he will support the revival of the Bureau of Agricultural Statistics to ensure accurate and complete data for the agriculture sector.

The gathering of agricultural data is currently being handled by the Philippine Statistics Authority, local government units, Department of Agriculture regional offices, and institutional stakeholders.

Halal slaughterhouse relaunched in Batangas

THE Department of Trade and Industry (DTI) said it has relaunched a halal-ready slaughterhouse in Tanauan City, Batangas.

"This relaunching marks a significant leap forward in our goal of reinforcing Halal infrastructure in Calabarzon," Trade Secretary Alfredo E. Pascual said in a statement.

"Through the Philippine Halal Export Development and Promotion Board and the Special Task Force created to grow the industry, we will ensure the development of the Halal industry and enhance the Halal economy within the country," he added.

The Tanauan slaughterhouse received joint funding from the DTI and the Tanauan Local Government Unit through the Shared Service Facility program.

The department, quoting Tanauan Mayor Nelson P. Collantes, said that the slaughterhouse is significant "in boosting the local government's business environment and its potential to create employment opportunities within the constituency."

The DTI also conducted a halal awareness seminar at Tanauan Institute which aims to equip participants with tools needed to champion the halal industry.

"This seminar is a part of the Halal Training and Stakeholders Consultation which seeks to empower micro, small, medium enterprises and cooperatives through workshops, information sessions, and collaborative discussion," the DTI said.

The DTI aims to prepare a comprehensive roadmap for the Halal industry in Calabarzon which includes the establishment of a Regional Halal Coordinating Council.

"We are eyeing a bigger share of the $7-trillion global halal market. The scope is vast, from halal food, pharmaceuticals, halal friendly tourism, and Islamic finance to modest fashion and halal cosmetics. Halal is for everyone, as halal food is healthy and hygienic," Mr. Pascual said. — **Justine Irish D. Tabile**

Palm oil watchdog adds new targets: climate emissions, small farms

JAKARTA — When the Roundtable on Sustainable Palm Oil (RSPO) was set up two decades ago, as the palm oil industry struggled in the wake of major Southeast Asian forest fires that provoked global outrage, reining in tropical forest losses was a top priority.

But today, critics question the palm oil watchdog's continued relevance as it struggles to manage other fast-rising concerns, from the industry's climate change impact to its limited benefits for small-scale farmers — and whether price-sensitive Asian buyers can be persuaded to buy greener oil.

Octogenarian MR Chandran — the head of Malaysia's palm oil growers' association when he helped create the global standard for sustainability — said reducing emissions and tackling climate change will be crucial in the coming decades.

"Addressing climate change (is something) we have to do," Mr. Chandran, now an advisor to the watchdog, said at the organization's 20th anniversary meeting last month. "Our carbon footprint has to be addressed."

Palm oil is the world's most widely used edible oil, found in everything from margarine to soap, but it has faced scrutiny from green activists and consumers, who say its production has provoked rainforest and peatland loss, fires and worker exploitation.

Since its start in 2004, the RSPO has grown to more than 5,500 member growers, traders, retailers and advocacy groups.

It has gradually tightened standards to include a ban on felling forests and converting peatlands for plantations, as well as greater protection for labor and land rights.

Cutting down forests has major implications for global goals to curb climate change, as trees absorb about a third of the planet-warming emissions produced worldwide, but release carbon back into the air when they rot or are burned.

The Kuala Lumpur-based RSPO recently completed a five-year review of standards and expects to roll out changes by mid-2024. No-deforestation rules — which founding father Mr. Chandran called the RSPO's greatest achievement — will not be watered down, said chief executive officer Joseph D'Cruz, better known as JD.

But he also stressed that the industry should look to reduce emissions and tackle climate change. "We certainly have a lot of work being done to understand and minimize those GHG (greenhouse gas) emissions," Mr. JD told the Thomson Reuters Foundation.

"But there is a qualitative shift from there to really looking rigorously at carbon through our entire lifestyle and supply chain, and demonstrating that we are really optimizing that — there is a lot more that we can do as an industry," he added.

Mr. JD, who was appointed in March last year, said improving soil carbon and cutting methane releases from palm oil mills are some of what's needed.

Over the last two decades, pressure from environmentalists and consumers has pushed big companies that produce, trade or buy palm oil to tackle labor abuses on plantations and commit to ending deforestation — with some success.

Deforestation rates in both Malaysia and Indonesia — the world's top two palm oil producers — have fallen in recent years, according to nonprofit World Resources Institute.

But smallholders, who account for about 40% of palm oil plantation areas in Indonesia and Malaysia, have largely been left behind, say industry analysts.

Globally, there are more than 7 million small-scale palm oil growers and only about 170,000 are RSPO-certified.

"The greatest difficulty for RSPO is to be relevant to independent smallholder palm producers," said Matthew Spencer, global director for landscapes at sustainable trade foundation IDH.

"As the gold standard for palm, it struggles to be simple and cheap enough to attract big numbers of smallholders."

Joko Prasetyo is head of the Association of Independent Oil Palm Smallholders, a collective of RSPO-certified farmers on Sumatra island that is backed by Indonesian producer Musim Mas.

Mr. Prasetyo, who has a 10-hectare farm, has seen his yields rise 60% to 75% by adopting better farming practices through RSPO certification. But he does not receive a better income for the ethical oil he produces.

"I really want to have a premium price but, for now, with the benefits of increased yields we can offset it," the 49-year-old said on the sidelines of conference. — ***Thomson Reuters Foundation***

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/yq6sec56>

Foreign chambers express support for FDI-friendly charter amendments

By Justine Irish D. Tabile
Reporter

THREE foreign chambers have expressed their support for a proposal in Congress to amend economic provisions of the 1987 Constitution next year to attract more foreign direct investment (FDI).

American Chamber of Commerce of the Philippines (AmCham) Executive Director Ebb Hinchliffe said that the chamber has always recommended the removal of ownership restrictions in the Constitution.

Article 12 of the Constitution limits foreign ownership of land and businesses to 40%, while the remaining 60% set aside exclusively for Philippine citizens or corporations.

"If repeal is not possible, we have also supported proposals to insert the phrase 'unless otherwise provided by law' to allow Congresses to deliberate on and pass reforms," Mr. Hinchliffe told *BusinessWorld* in a Viber message.

He said that the removal of the restrictions will attract more investment to the Philippines.

"Certainly, there will be more investment (once the restrictions are) repealed or amended. Anything that can make it easier to invest here and fewer restrictions will attract FDI," he said.

During the second Aquino administration, the House failed to approve the Resolution of Both Houses (RBH) No. 1 on final reading.

Introduced by Speaker Feliciano Belmonte, RBH No. 1 aimed to include the phrase "unless provided by law" in Sections 2, 3, 7, 10, and 11 of Article 12 of the Constitution.

The resolution will also include the phrase in Section 4 of Article 14 and Section 11 of Article 16 of the Constitution.

In 2021, RBH No. 2 was passed on the third and final reading which also proposed to amend sections of Articles 12, 14 and 16.

Written by Speaker Lord Allan Q. Velasco, RBH No. 2 also proposed to add the phrase "unless otherwise provided by law" which Mr. Velasco said is meant to free up the economy to foreign investors as the needs of the time dictate.

British Chamber of Commerce of the Philippines Executive Director Chris Nelson said that the chamber believes the 60-40 ownership rule makes some foreign investors reluctant to invest.

"As you know, there are some businesses where you can only have 40% or minority ownership for foreign entities, and that obviously creates a reluctance in some investors," Mr. Nelson said in a phone interview.

He said that there is a need to look at certain industries with low foreign participation. He also expressed support for the government's decision to allow 100% foreign ownership in renewable energy (RE) projects.

"The public service sector should look at those industries and sectors which foreign investors still can't get into," he said.

"Clearly, removing those barriers will send a signal to foreign investors as the Philippines is moving even more forward," he added.

Last year, the implementing rules and regulations of the Renewable Energy Act of 2008 were amended to allow 100% foreign capital in RE projects. Previously, foreign ownership in RE projects was limited to 40%.

German-Philippine Chamber of Commerce and Industry (GPCCI) President Stefan Schmitz said amendments easing restrictions for foreign investment will be positive for FDI.

"We believe that easing these restrictions will significantly enhance investment flexibility, crucial in attracting substantial FDI," Mr. Schmitz said in a Viber message.

"This influx of FDI is not only expected to generate numerous job opportunities for Filipinos but also essential for the Philippines to maintain its competitive edge in the rapidly evolving ASEAN market," he added.

He said that the chamber's support for these reforms reflects the findings of the Fall 2023 AHK (German Chamber of Commerce) Business Outlook Survey in which economic policy conditions in the Philippines were named as a primary concern among German companies.

"The relaxation of these economic restrictions on foreign investors is thus seen as a significant change that can substantially benefit our business community," Mr. Schmitz said.

He said that the GPCCI realizes that reforms will be complex process and thus commits to supporting initiatives that will lead to a more dynamic, inclusive, and robust Philippine economy.

"We recognize that reforming constitutional economic provisions is a lengthy process. However, the GPCCI is steadfast in advocating for a thoughtful, inclusive, and efficient amendment process," he added.

Net inflows of FDI slumped to $422 million in September, the lowest level in over three years. This was 42.2% lower than the $731-million FDI inflow seen a year earlier and 46.5% lower than the $790 million a month prior.

This brought the nine-month FDI net inflow to $5.9 billion, representing a 15.9% decline from the $7 billion a year earlier.

IPOPHL expects piracy complaints to surge

THE Intellectual Property Office of the Philippines (IPOPHL) said that the number of piracy complaints and reports could further grow next year after the launch of the agency's site blocking initiative.

"Since we have (will start) site blocking... in January, we are now preparing our team," Director General Rowel S. Barba told reporters last week.

"This is to make sure that the people who investigate the reports and complaints are ready to inspect because we are really expecting a surge in complaints," he added.

Mr. Barba said IPOPHL is expecting a higher number of piracy and counterfeiting reports and complaints this year from only at 200-level last year.

"I think we can attribute (the increase) to people being more aware now that they can report counterfeiting and piracy," he said.

Last month, IPOPHL introduced the Intellectual Property (IP) Enforcement Tracking System which aims to aid the National Committee on Intellectual Property Rights (NCIPR) in cracking down on counterfeiting and piracy.

The system will also help NCIPR in identifying modus operandi patterns, potential leads and emerging hot spots for IP infringement activities and profile IP rights violators.

It was developed by Multisys Technologies Corp. which committed to deliver the project by this month, in time to be operational in January.

In September, IPOPHL launched new rules on site blocking through Memorandum Circular 23-025 which aims to improve the Philippine position from third in piracy rates in East and Southeast Asia.

To support its site blocking initiatives, IPOPHL is hoping to hire more people to handle the increasing work.

"We will be adding more people. We have an existing core team, so I think we will hire five additional members," Mr. Barba said.

"Right now, the core team is composed of ten people. For site blocking, we are allocating at least five members as a core team so we really have to hire more people, because the existing people will not be enough," he added. — **Justine Irish D. Tabile**

DoF hoping MCC engagement opens more doors for accessing financing

THE Department of Finance (DoF) said Philippine involvement with the US government's Millennium Challenge Corp. (MCC) threshold programs will be a channel for further access to financing agreements.

"We welcome the eligibility of the Philippines under the Millennium Challenge Corp. threshold program which we hope will allow us to further access the bigger compact program. We appreciate the MCC Board's approval of the selection of the Philippines' eligibility to the grant-based resources of the MCC," Finance Secretary Benjamin E. Diokno said in a statement.

On Dec. 13, the MCC Board selected the Philippines as eligible to develop a threshold program. The programs aim to "support policy and institutional reforms towards economic growth."

The DoF said this was in recognition of its "renewed commitment to advancing reforms in good governance, human rights, and anti-corruption."

According to the MCC website, the corporation partners with the world's poorest countries that are committed to just and democratic governance, economic freedom and investing in their populations.

The Philippines' engagement falls under a threshold program, which is a smaller grant focused on policy and institutional reforms.

"A threshold program is a contract between the MCC and a country that provides financial assistance to assist countries meet requirements to access large scale grants resources by becoming 'compact eligible' through support for policy and institutional reforms by addressing a country's constraints to economic growth," the DoF added.

A compact program is a longer-term agreement for countries that meet the MCC's eligibility criteria.

The Philippines' last compact grant concluded in 2016 and was worth $434 million. It also had a threshold grant worth $20.7 million that ran from 2006 to 2009.

"The Philippine government stands ready to work hand in hand with the US government towards developing and implementing important programs that will unlock growth in the Philippines and redound to economic and social transformation," Mr. Diokno added. — **Luisa Maria Jacinta C. Jocson**