Import easing to curb inflation, NEDA says

THE National Economic and Development Authority (NEDA) expressed its support for removing nontariff barriers in food imports, saying domestic production is inadequate in curbing inflation, Secretary Arsenio M. Balisacan said Thursday.

In a statement, Mr. Balisacan, the government's chief economic planner, said Administrative Order (AO) No. 20 was issued "as a supply-side response to help curb inflation by addressing its fundamental causes: shortages of food commodities due to inadequate and untimely imports."

Last week, President Ferdinand R. Marcos, Jr. signed AO No. 20, tasking the Agriculture, Trade, and Finance departments to streamline administrative procedures in importing agricultural products.

Mr. Balisacan said that the order serves to stabilize prices and manage inflation amid weak local supply.

"We reassure the public that AO 20 is a strategic and necessary measure to ensure our people's food security, particularly in terms of availability and affordability of food, and improve the overall welfare of Filipinos," he said.

Mr. Balisacan said the AO is "a tool that considers the welfare of our farmers and fisherfolk and the vibrancy and potential of our agricultural sector as a growth driver of the economy."

However, Mr. Balisacan said "neither the NEDA nor the government is biased toward imports."

"Rather, the government bears the responsibility of utilizing various instruments in its arsenal of policy tools to stabilize prices while performing a delicate balancing act," he said.

The order also allows imports of certain agricultural commodities beyond the authorized minimum access volume.

It also tasks agencies with simplifying procedures and requirements when issuing Sanitary Phytosanitary Import Clearances (SPSICs), and improving logistics, transport, distribution, and storage of agricultural imports.

The continued uptick in prices and inflation indicates that "domestic production is insufficient to meet the demand for key food commodities," NEDA added.

"With the economy reopening, pent-up demand has spurred growth and contributed to faster inflation. At the same time, global supply chains and domestic production for key energy and food commodities and inputs were disrupted by several factors," it said.

These include the Russia-Ukraine war, the continued spread of African Swine Fever (ASF) and Avian Influenza, and climate change-related disasters.

Inflation accelerated from 3% in January 2022, peaking at 8.7% in January 2023. Food inflation rose from 1.6% in January 2022 to 11.2% a year later.

Rice has been a major driver of inflation since August 2023. Last month, the commodity accounted for 2.2 percentage points of headline inflation.

The landed cost of imported rice is also 27-29% higher compared to a yer earlier, it added.

NEDA said red onion prices surged to a record P465 per kilogram in January last year "amid the non- issuance of sanitary and phytosanitary import clearances (SPSIC)... since December 2021."

Despite an expected 4.7% increase in domestic production this year, onion output is still 10% short of demand, NEDA said.

Sugarcane production fell 10.7% in 2022 with area planted to cane declining 4.5%, NEDA said.

For pork, "Local production has since fallen short of meeting domestic requirements amid the ASF outbreak," NEDA said.

Despite domestic supply strains, the government will continue to develop domestic agriculture, NEDA said.

"However, even as the entire government works hard to implement and invest in measures that will raise the yield of our farmers and increase their incomes, we acknowledge that the impact of these interventions takes time to materialize," NEDA said.

Samahang Industriya ng Agrikultura (SINAG) Executive Director Jayson H. Cainglet said reduced tariffs and increased imports have not diminished food prices.

"Reduced tariffs for rice, pork, chicken and corn have been implemented for four years yet market prices aren't going down," he said in a Viber message.

"AO 20 might even open the floodgates for more undervalued and misdeclared agricultural imports," Mr. Cainglet said, citing the lack of a 100% border inspection regime.

Federation of Free Farmers National Manager Raul Q. Montemayor said increased imports do not guarantee a drop in prices.

"The problem of high prices mainly comes from inefficiencies in the domestic market (high transport costs, many layers, hoarding and price manipulation, profiteering, etcetera) and not from difficulties in importing food," he said via Viber. — **Beatriz Marie D. Cruz**

Meat imports up 3% in Q1 led by beef, pork

MEAT IMPORTS rose by 3.06% during the first quarter, with growth seen in shipments of beef, pork, and turkey, according to the Bureau of Animal Industry (BAI).

The BAI tallied imports of 273.64 million kilograms of meat during the first half, against 265.52 million kilos a year earlier.

"The total imported volumes for Q1 appear steady for the years 2022-24, although 2023 total imports were lower than 2022. This "frontloading" could be attributed to the importers' expectations of Christmas sales and the need to replenish supply," Meat Importers and Traders Association (MITA) President Emeritus Jesus C. Cham said via Viber.

Pork imports, which accounted for 46.96% of meat imports overall, totaled 128.51 million kilos, up 11.92%.

Spain was the primary source for pork, accounting for 33.77 million kilos, followed by Brazil (31.89 million kilos) and Canada (18.38 million kilos).

"Going forward, we are cautious on the supply side for pork as importers are facing headwinds. The Department of Agriculture (DA) suspended the pork quota and did not push through with its distribution which ought to have been in January," Mr. Cham added.

"DA has just announced May 3 as the date to conduct the distribution process. This is a three-month delay," he said.

He added that the presence of African Swine Fever in source countries has hindered hog production, constricted supply, and exerted upward price pressure on pork.

Mr. Cham said that the government should extend the lowered tariff regime on pork imports for at least two years or for the duration of President Ferdinand R. Marcos, Jr.'s administration.

Last year, Mr. Marcos approved Executive Order (EO) No. 50, extending the reduced tariff regime for pork, rice, and corn.

Pork tariffs were retained at 15% for shipments within the minimum access volume and 25% for those exceeding the quota.

He added that the President's economic managers should also consider expanding the MAV for pork and poultry.

Last week, Mr. Marcos approved Administrative Order No. 20 which instructed the DA, the Departments of Finance (DoF), and Trade and Industry (DTI) to remove nontariff barriers to imports of farm goods.

Nontariff barriers are policy measures that restrict trade such as quotas, import licenses, regulations, and red tape, among others.

"The added supply and window of certainty and predictability will allow more opportunity for meaningful interventions against 'sticky' inflation," Mr. Cham said.

Shipments of beef rose 6.55% during the three-month period to 35.32 million kilos. Beef accounted for 12.91% of the import total.

Brazil supplied 12.63 million kilos of beef, followed by Australia (10.75 million kilos), and Ireland (3.41 million kilos).

Turkey shipments also surged to 307,835 kilos from 87,739 kilos the same period in 2023.

Meanwhile, imports of chicken, buffalo, lamb, and duck all declined during the first quarter.

Chicken imports, which accounted for 35.46% of meat imports overall, totaled 128.51 million kilos, down 5.56% from a year earlier.

Brazil supplied 50.07 million kilos of chicken, followed by the US (36.05 million kilos) and Canada (3.65 million kilos).

Imports of buffalo dropped 14.92% to 12.32 million kilos, while duck and lamb fell 67.51% and 13.05% to 33,375 kilos and 122,483 kilos, respectively. — **Adrian H. Halili**

Fish imports during closed season to decline

IMPORTS during the closed fishing season are expected to decline starting next year, a agricultural organization said.

"From 2025 onwards, I am informed that the volume will be progressively reduced, " Leonardo Q. Montemayor, chairman of the Federation of Free Farmers, said in a statement.

In a memorandum signed by Agriculture Secretary Francisco P. Tiu-Laurel, Jr., the Department of Agriculture approved imports of 25,000 metric tons (MT) of fish during the closed fishing season, which runs between Oct.1 and Dec. 31.

The approved import allocation is a 28.6% drop from the 35,000 MT fish import quota approved last year.

"(Mr.) Laurel is doing a balancing act, ensuring enough supply for consumers during the closed fishing season in the last quarter of 2024," Mr. Montemayor added.

Under Republic Act No. 8550 or the Fisheries Code, closed fishing seasons are declared over certain fishing grounds to help stocks regenerate.

"Presumably, this year's imports were recommended, as required by law, by the National Fisheries and Aquatic Resources Management Council (NFARMC), before Secretary Laurel issued the certificate of necessity to import," he said.

The DA said that at least 80%, or 20,000 MT, of the import allocation will go to commercial fishing companies, while the remaining 20%, or 5,000 MT, will be awarded to fisheries associations or cooperatives.

Mr. Montemayor said that the DA and the other agencies mentioned in Administrative Order No. 20 (AO 20) should check why cheaper local alternatives like tilapia are sold at retail at double or more the farmgate price.

AO 20 ordered the DA and the Departments of Finance (DoF), and Trade and Industry (DTI) to ease import requirements for agricultural products and remove non-tariff barriers.

It tasked the DA to review and revise current rules and regulations on importing frozen fish and fishery products during the closed fishing season.

In 2023, fisheries production dropped 6.5%, accelerating the 5% decline recorded in the prior year, according to the Philippine Statistics Authority. — **Adrian H. Halili**

Marcos extends contracts of gov't job order workers

PRESIDENT Ferdinand R. Marcos, Jr. has extended the contracts of government job order employees due to expire by year's end to Dec. 31, 2025, according to the Palace.

In a statement on Thursday, the Presidential Communications Office (PCO) said the President made the decision at a meeting with officials from the Departments of Budget and Management and Interior and Local Government, as well as the Civil Service Commission and the Commission on Audit Wednesday.

Mr. Marcos also ordered the agencies to come up with programs to upskill contract-of-service and job-order workers in collaboration with higher learning institutions to prepare them to pass the civil service examination.

"The goal is to build a pool of government workers than can perform and qualify for government plantilla positions," he said.

The agencies were also ordered to conduct a study on the state of the government workforce, including contract-based workers.

Contract-of-service work is the engagement of services with a specific job description for a specific period, the PCO said.

Job order services are usually emergency or intermittent short-term jobs.

As of June 30, 2023, 29.68% (832,812) of government workers were job order employees, up nearly 30% from 2022, the PCO said.

The Palace said the Department of Public Works and Highways had the most job order workers last year at 29,275, followed by the Department of Health with 18,264, and the Department of Education at 15,143. — **John Victor D. Ordoñez**

Cavite terminal seen enhancing trade, supply chain innovation

THE newly inaugurated container terminal at the MetroCas Industrial Estates-Special Economic Zone (MIE-SEZ) is being counted on to enhance trade in the province and supply chain innovation in the Philippines overall.

In a statement, the Philippine Economic Zone Authority (PEZA) said Asian Terminals, Inc. (ATI) inaugurated the Tanza Container Terminal, Inc. Thursday.

The partnership calls for ATI and DP World to serve as the barge terminal operator. They will explore collaboration with MetroCas Properties, Inc. to transform MIE-SEZ "into a smart and world-class mixed-use economic zone."

MIE-SEZ was proclaimed by President Ferdinand R. Marcos Jr. through Proclamation No. 513 on April 1. The proclamation identified six parcels of land (401,141 square meters) in Tanza, Cavite, as the site of MIE-SEZ.

MIE-SEZ is expected to bring in P500 million in investments and the employment of 200 skilled workers.

The terminal has a 100,000 twenty-foot equivalent unit (TEU) annual capacity, and a 2,500 TEU static capacity.

Some 60% of the special economic zone is earmarked for industrial use, while the remaining 40% will serve as utility areas, buffer zones, and open spaces.

Tanza Container Terminal, whose license was granted by the Bureau of Customs on March 25, aims to operate a barge terminal for PEZA locator companies.

Encompassing four hectares, the facilities of the terminal include a container yard, docking facilities with harbor cranes, loaders, and internal transfer vehicles.

"Tanza Container Terminal will be directly linked to the Manila South Harbor through barges, which increases the efficiency of container transfers and reduces land traffic in the region," PEZA said. — **Justine Irish D. Tabile**

Lithuanian firms seek aerospace, pharma tie-ups

A LITHUANIAN business delegation has expressed interest in collaboration with Philippine companies in aerospace and pharmaceuticals, the Department of Trade and Industry (DTI) said.

In a statement on Thursday, the DTI said the delegation was led by Foreign Affairs Minister Gabrielius Landsbergis.

"The dialogue focused on exploring avenues for bilateral cooperation and investment in promising sectors such as aerospace and pharmaceuticals, leveraging the robust relationship between the Philippines and Lithuania," the DTI said.

The meeting, organized by the Management Association of the Philippines, was held at Shangri-La The Fort on Thursday and was also attended by Philippine business leaders as well as Lithuanian Ambassador to the Philippines Ričardas Šlepavičius.

Trade Secretary Alfredo E. Pascual said the interest in aerospace and pharmaceuticals stems from the growth in Philippine imports from Lithuania.

"Our imports from Lithuania, driven by sectors such as aerospace and pharmaceuticals, grew substantially — a testament to Lithuania's advanced technological capabilities and alignment with the needs of the Philippine market," Mr. Pascual said.

The DTI has reported that trade between Lithuania and the Philippines grew to $223.78 million in 2023 from $20 million in 2022. Last year, imports from Lithuania amounted to $214.12 million, against Philippine exports of $9.67 million.

Philippines exports to Lithuania include electronics and agricultural products.

The DTI added that there was also an increased demand for Philippine marine products.

The DTI said the Lithuanian delegation is also exploring investment opportunities in the information and communications technology and renewable energy. — **Justine Irish D. Tabile**

Natural resource valuation system seen aiding investment decisions

A SYSTEM of accounting to determine the value of natural resources helps countries arrive at sound investment decisions and aids in determining liability in the event of environmental damage, a natural resource economics professor said at an Asian Development Bank forum.

"The measurement of ecosystem services values will support investment decisions, improve decision-making, and enhance well-being," Vic Adamowicz, Vice-Dean of Agricultural, Life and Environmental Science at the University of Alberta, told the forum.

Natural capital accounting refers to a system of measuring the stocks and flows of environmental assets and natural resources.

Mr. Adamowicz noted that people often make labor decisions based on health or air quality conditions. "In a lot of cases, it informs regulatory analysis. If we have a particular regulation that we're trying to put in place for pollution control or for some other transportation decision, maybe the environment needs to play a role."

He also said that natural capital accounting could serve as a basis for penalizing individuals or groups liable for environmental damage.

"It's actually a signal to entities of various kinds that if you do harm to the environment, there could be a penalty... fines and penalties can be determined through environmental valuation if there's damage to the environment," he said.

Philippine Statistics Authority (PSA) Chief Statistical Specialist Virginia M. Bathan cited the need to pass a law that would establish a natural capital accounting framework.

The proposed Philippine Ecosystem and Natural Capital Accounting System Act is currently awaiting President Ferdinand R. Marcos, Jr.'s signature.

Rory Jay S. Dacumos, assistant director of the National Economic and Development Authority's agriculture, natural resources, and environment division, said the Philippines has "undervalued ecosystem services and natural capital."

"A case in point is in the way we compute for the economic cost-benefit analysis of big-ticket projects like infrastructure projects. Typically, the environment aspect is treated just as an externality," he told the forum.

He cited last year's oil spill in Oriental Mindoro, where the company responsible only paid for the cleanup and livelihood assistance, but not for the damage done to the ecosystem.

Natural capital accounting could also help vulnerable countries like the Philippines in the adaption and mitigation of climate shocks, Mr. Adamowicz said on the sidelines of the forum.

"Some of that will be designing new projects that protect from storms, coastal tidal impacts... natural capital accounting can help there." — **Beatriz Marie D. Cruz**