# Fear of culling, imports dampen hog production

By Kyle Aristophere T. Atienza
*Reporter*

THE testing requirements attached to receiving the African Swine Fever (ASF) vaccine and increased pork imports likely stalled hog farmers' repopulation efforts, according to an industry representative.

"I think this is still a result of the ASF episode last year. A lot of backyard farmers and commercial farmers are still hesitant to repopulate," National Federation of Hog Farmers, Inc. vice-chairman Alfred Ng told *BusinessWorld*.

"The news on record pork imports during the first quarter of the year further added to their anxiety," he added.

Mr. Ng noted that many hog farmers were reluctant to participate in the pilot test of an ASF vaccine "due to numerous testing procedures" that the Bureau of Animal Industry (BAI) is requiring them.

"If tested positive, their animals will once again be culled," he said.

Hog production in the first quarter fell 3.7% year on year to 403.79 thousand metric tons on a liveweight basis.

The Philippines imported 70.45 million kilograms of pork in the January-March period, up 42.5% from year earlier. This total accounted for 53.2% of all meat that entered the country in the quarter.

The Philippine Statistics Authority reported that the contraction in hog production in the first quarter narrowed from the 4.3% decline posted a year earlier.

As of March 31, the swine inventory fell 11.3% year on year to 8.84 million head.

About 71.1% of the swine was grown by smallholder farms, while 26.1% and 2.8% were grown by commercial and semi-commercial farms, respectively.

"The government's repopulation program grants were temporarily stopped," Mr. Ng added.

Asked to comment on the declining hog production, Meat Importers and Traders Association President Jess C. Cham said: "The Department of Agriculture (DA) apparently has not been able to get ASF under control, which is quite understandable given the ferocity of the disease."

"After declining by 900,000 tons since 2019, it is disheartening to see a further decline."

The DA on Saturday expressed optimism for a possible commercial rollout of ASF vaccine before the end of 2025, citing a May 19 meeting between the BAI and Food and Drug Administration officials.

Mr. Cham said the drop in hog production was likely the reason behind the failure of a maximum suggested retail price (MSRP) for pork.

The MSRP, which was halted on May 13 after over two months following low compliance by pork dealers, was set at P300 per kilo for the whole slaughtered pig, P350 for pork shoulder and hind leg and P380 for pork belly.

"The MSRP was implemented with a requested cap on farm liveweight prices at P230 even when many affected farmers needed to sell at a higher price to recover their losses," Mr. Ng said.

"Only big farms are on expansion mode, but it will still take some time to increase their population as it takes one year to produce a fattener pig," he added.

Agriculture Secretary Francisco Tiu Laurel, Jr. said industry participants had sought to discontinue the MSRP to allow for a recovery period.

To bring pork prices down, the DA should expand the (MAV) quota "to accommodate more pork importation at in quota rates."

Mr. Laurel said in mid-May that the DA had allocated this year's 54,210-metric ton minimum access volume (MAV) for pork.

"The MAV will have the same breakdown as last year," he said. "We had to do it because of the tariff negotiations with the US."

He said any changes to be made in the MAV allocation "will be for 2026."

Pork imports under the MAV arrangement are charged a tariff of 15% for shipments within the quota allocation. Outside the quota, shipments pay a 25% tariff.

The DA said in April that it plans to overhaul the MAV system since the rules were formulated almost three decades ago, noting that the system has been "exploited by a small number of accredited importers."

## India's monsoon rains arrive 8 days ahead of forecast, earliest in 16 years

MUMBAI — Monsoon rains hit the coast of India's southernmost state of Kerala on Saturday, eight days earlier than usual, marking the earliest arrival in 16 years and providing the promise of a bumper harvest and relief from a grueling heatwave.

The monsoon, the lifeblood of the country's $4-trillion economy, delivers nearly 70% of the rain that India needs to water farms and replenish aquifers and reservoirs. Nearly half of India's farmland, without any irrigation cover, depends on the annual June-September rains to grow a number of crops.

Summer rains usually begin to lash Kerala around June 1 before spreading nationwide by mid-July, allowing farmers to plant crops such as rice, corn, cotton, soybeans and sugarcane.

The onset of the southwest monsoon over Kerala on May 24 is its earliest onset since May 23, 2009, the India Meteorological Department (IMD) said on Saturday.

The monsoon has covered Kerala and parts of neighboring Tamil Nadu and Karnataka, as well as parts of the northeastern state of Mizoram, the IMD said.

Conditions are favorable for the monsoon's further spread into Goa, parts of Maharashtra, Andhra Pradesh, the northeastern states, West Bengal, and the remaining parts of Karnataka and Tamil Nadu over the next 2 to 3 days.

Surplus pre-monsoon rainfall and an early monsoon onset will help farmers, especially in the southern and central states, to sow summer crops earlier than usual, said Ashwini Bansod, vice-president for commodities research at Phillip Capital India, a Mumbai-based brokerage.

"Abundant soil moisture and early sowing could potentially boost crop yields," Bansod said. — ***Reuters***

## Indonesia avoids 'high-risk' tag for deforestation

BRUSSELS — Commodities from just four countries will face the strictest checks under the European Union's (EU) anti-deforestation law, with major forest nations including Brazil and Indonesia spared the toughest rules.

The European Commission said in an act published on Thursday that the law would categorize goods imported from Belarus, Myanmar, North Korea and Russia as having a "high risk" of fueling deforestation.

Countries including Brazil and Indonesia, which have historically had among the world's highest rates of deforestation, will be labeled as "standard risk" — which means they will face lighter compliance checks on goods exported to Europe.

The world-first law will impose due diligence requirements on companies placing products including soy, beef, palm oil, timber, cocoa, coffee and chocolate onto the EU market. It has been staunchly opposed by countries including Brazil and Indonesia, who say it is burdensome and costly.

A key difference between the groups is that EU countries will be required to carry out compliance checks covering 9% of companies exporting from high-risk countries, 3% from standard-risk countries and 1% for low-risk countries.

The US was among the countries classified as "low risk," meaning its companies must still collect information on their supply chains, but not assess and address deforestation risks.

Companies in high risk and standard risk countries will need to show when and where the commodities were produced and provide "verifiable" information that they were not grown on land deforested after 2020.

Indonesia Palm Oil Association, GAPKI, said the EU should have branded the world's largest palm oil exporter Indonesia as a low-risk country, along with the US, China, Thailand and Australia.

"The EU did not see Indonesia's achievement in significantly reducing the deforestation rate in recent years," GAPKI secretary general Hadi Sugeng Wahyudiono said, adding that due diligence on shipments would increase cost and reduce palm oil's competitiveness.

Campaigners criticized the EU decision to impose the strictest checks on only four nations, but said even lower-risk countries would face some, albeit simpler, due diligence obligations.

"In practice, this shouldn't undermine the power of this law to save forests," said Giulia Bondi, campaigner at non-profit group Global Witness.

Rainforest Foundation Norway (RFN) was less optimistic and urged the EU to strengthen controls.

"It is simply unbelievable that Brazil, responsible for 42% of tropical forest loss in 2024, more than a doubling since the previous year, is not rated as high risk," according to RFN director Toerris Jaeger, citing a recent report from Global Forest Watch.

The Commission said it had labeled countries based on scientific evidence and data.

The EU law will apply from the end of 2025 for large companies, and from June 2026 for small firms. Failure to comply could result in fines of up to 4% of a company's turnover in an EU country. — ***Reuters***

## Local governments deemed weakest link in ease-of-doing-business campaign

BDO CAPITAL & Investment Corp. President Eduardo V. Francisco said that he hopes the government will continue to improve the ease of doing business, especially at the local government unit (LGU) level.

"Most of my clients usually encounter problems at the LGU level. Despite getting support from the Board of Investments and the Department of Energy, when the projects are being implemented, suddenly my clients are being required to submit a lot of permits," he said at the BusinessWorld Economic Forum in Taguig City on Thursday.

"I think that is the weakness of our government; we have too much democracy," he added.

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He said that the hope is for the government to be able to simplify the process by requiring fewer permits.

"Those who want to launch a startup go to Singapore because they will be given funding and tax incentives, which we do not provide in our country, and then it is even hard to get business permits (here)," he added.

Separately, Management Association of the Philippines (MAP) President Alfredo S. Panlilio said at the same forum that competitiveness will hinge on how much the Philippines pursues innovation, human capital development, and innovation.

Mr. Panlilio said the three pillars for raising competitiveness are "innovation-driven growth, human capital development, and a robust digital infrastructure."

"Innovation is key to global competitiveness. By empowering businesses and startups through incentives, supportive regulatory frameworks, and investments in research and development, we position the country at the forefront of emerging industries," he added.

"To ensure inclusive growth, we need to equip Filipinos with future-ready skills through improved educational systems, lifelong learning opportunities, and continuous workforce reskilling," he said.

"By enabling equitable access to these resources, we can bridge socio-economic gaps and develop a resilient and adaptive workforce," he added.

He said digital transformation improves efficiency, transparency, and accessibility of services across all sectors.

"Accelerating nationwide connectivity, ensuring cybersecurity, and promoting digital literacy will be fundamental in preparing the Philippines for global competitiveness," he added.

Philippine Chamber of Commerce and Industry (PCCI) Secretary General Ruben J. Pascual said at the forum that previous and current administrations have failed to address property, infrastructure deficits, and the underdevelopment of agriculture, and human capital.

"We have not addressed poverty, and there is income inequality across (society)... Next will be infrastructure deficits; actually, it is more a slogan in every administration rather than actual performance because we face the same things like bureaucratic delays and financing gaps," he said.

He said that another factor that contributes to the infrastructure deficit is fiscal irresponsibility, which can be seen in defunded infrastructure projects.

He also said that the government continues to fail in addressing the decline in export orientation.

"This is a strategy that we have to embrace immediately, especially because of the opportunities coming even from the Trump administration. We have lost many industries to Cambodia, to South America, and others," he said.

"But I think for PCCI, at the heart of everything will be digital transformation. Because digital transformation will address agriculture, education, infrastructure, and governance for the country," he added. — **Justine Irish D. Tabile**

## Farm infra investment considered 'more efficient' than rice subsidy

THE GOVERNMENT needs to focus on investing in farm infrastructure such as drying, storage, and irrigation facilities to bring rice prices down to P20 per kilo, the Makati Business Club (MBC) said.

Infrastructure investment is more sustainable and efficient than subsidizing rice prices, MBC Chairman Edgar O. Chua told reporters, adding that the key is to reduce farmer reliance on middlemen, many of whom have been providing farmers with storage and inputs.

"Consumers pay a very high price (for rice). We pay almost double what other countries pay, and yet our farmers are getting a very low price for their produce," Mr. Chua said.

"In between, there are so many middlemen that make a margin. And some of them are lending money, some of them are providing storage facilities, some of them are providing fertilizer, etc. (to farmers)," he added.

"So, what's needed is to address the inefficiencies in the ecosystem."

The P20-per-kilo rice program of the Department of Agriculture (DA) has recently been expanded to parts of Luzon and Mindanao, after its initial rollout in selected Visayan provinces on May 1.

The DA hopes to provide subsidized rice to 14 million individuals by September and to keep the program running until the end of the President's term in 2028.

The subsidy is shared by local government units (LGUs) and Food Terminal, Inc. (FTI).

Before the P20-per-kilo program, the National Food Authority (NFA) was selling rice to LGUs at P33 per kilo under a food security emergency declared in late January. Under this arrangement, it lost about P12 per kilo.

With the price of NFA rice at P33 per kilo, FTI and the LGU will need to pay P6.50 each to close the P13 gap. For government-backed Kadiwa markets, the subsidy is fully paid by the FTI.

Agriculture Secretary Francisco Tiu Laurel, Jr. has said that the FTI will spend P4.5 billion on rice procurement and a further P500 million on logistics and packaging.

To be able to sell rice at P20 per kilo, the government could incur losses worth P10 billion - P12 billion, according to Mr. Laurel.

The DA said earlier this month it's seeking a P10-billion budget for the FTI to sustain the P20-per-kilo rice program in 2026.

If realized, that would be more than the current P5-billion allocation from the Office of the President's contingency fund.

Citing previous meetings with Mr. Laurel, Mr. Chua said the MBC is confident that the DA could address systemic issues that keep rice prices high.

"We were pleasantly surprised that he has identified all these issues that are actually hounding our agricultural sector," he said.

"What would be important would be the political will to address those issues and support from various sectors of society."

The MBC said it is seeking to promote good governance among farming cooperatives, which it said have been "politicized" as the people running them have been chosen due to their "connections."

MBC trustee Manolito Tayag said agriculture has not grown significantly over the years, with its members being among the poorest of the population.

"The industry deserves focus from the government. And I think that should come in the form of better budget allocation in order to support growth," he said.

He said the cure issue is the failed land reform program, which led to the dwindling size of farms, a problem that he said can be addressed by farm consolidation.

The average Philippine farm declined in size by 77% to 0.83 hectares in 2022 from 3.61 hectares in 1970, according to data from the Philippine Statistics Authority. — **Kyle Aristophere T. Atienza**

## US BPO Techlog building fifth site in the Philippines

THE Philippine Economic Zone Authority (PEZA) said Techlog Center, a US company, is building its fifth site in the country, which will be operational early next year.

In a statement over the weekend, PEZA said that it signed a supplemental agreement (SA) with Techlog for its P877-million site in Bonifacio Business Park.

"The SA is for the new project of Techlog, particularly, to engage in business process outsourcing activities, which involve setting up voice operations and non-voice functions," PEZA said.

The services it will offer include data analyses, timekeeping, document and payment processing, coding, and workforce management.

Expected to begin operations in January 2026, the new project marks the company's fifth information technology operation, which will result in the hiring of over 900 workers.

At the end of 2024, Techlog has invested over P2.7 billion and generated more than 6,800 jobs.

"With the President's order to embrace and promote digitalization of the economy, PEZA is committed to explore more partnerships of this nature to strengthen technology and Sustainable Development Goal (SDG)-driven investments in the Philippines," PEZA said.

It said that Techlog's expansion aligns with SDG 8, which is promoting inclusive and sustainable economic growth, employment, and decent work for all.

"By integrating circular economy principles into its operation, such as refurbishing and sustainable re-manufacturing of used mobile phones and PCs, Techlog contributes to responsible consumption and production (SDG 12) and industry innovation and infrastructure (SDG 9)," it added.

According to PEZA, its investment approvals have been on an upward trajectory since President Ferdinand R. Marcos, Jr. took office. — **Justine Irish D. Tabile**