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THE BROADER LOOK »A6-A7

MECHANIZATION MOVES AGRI SECTOR SLOW, BUT SURE, TO MODERN FARMING

By Jasper Emmanuel Y. Arcalas @jearcalas
Reporter

HE stood an arm's length outside his antebellum home in Gerona, Tarlac, as he did for the past two decades. But Samson Velaco's patience grew thicker today: a dream would become reality in a few ticks of the Casio wristwatch on his left hand.

A dream that arrived on a truck whose tires crushed the dandelions and weeds when it entered Velasco's front gate. His face lit up as workmen unlatched the truck's side doors and the word "Yanmar," embossed in white over red paint, embraced his vision.

The "sleigh" brought a gift that Velasco longed for for 20 years: a combine rice harvester.

"Panay po ang request namin, taon-taon po, ng mga machineries sa Office of Provincial Agriculturist pero hindi po kami pinalad noon, ngayong taon lang po na ito kami sinuwerte," Velasco, a second-generation rice farmer, told the BusinessMirror.

[We persistently requested machinery from the Office of the Provincial Agriculturist, every year, but to no avail. This year, we were fortunate.]

Tthe year 2019 was fortuitous for farmers like Velasco. It was last year when the Philippines decided to deregulate its rice industry and offered farmers a comprehensive farm support. In June in the middle of a pandemic—Velaso's hope became a reality: P5 million worth of farm machinery granted to their cooperative.

Beneficiary of RCEP

VELASCO's cooperative, the Climate Resilient Farmers of Sembrano, is one of the thousands of farmer cooperatives and associations (FCAs) that are benefitting from government's rice competitiveness enhancement program (RCEP).

Velasco, the co-op's current president, told the BusinessMirror their organization was endorsed by the municipal agriculturists office for being one of the most active groups in their area. Velasco's cooperative was the lone RCEP beneficiary in their municipality.

*"Sa wakas nagbunga rin po ang mga paghihirap nam*in," he said. [Finally, our hard work paid off.]

Qualified FCAs and local government units (LGUs) may be given free machinery by the government under its six-year P10-billion annual RCEP fund (RCEF).

The RCEP is funded by the rice competitiveness enhancement fund that was created by the rice trade liberalization (RTL) law, which was enacted in March 2019 and deregulated the country's rice industry.

Usual share

UNDER the law, half of the annual RCEF will be spent for free machinery while P3 billion would be used for provision of high-quality inbred rice seeds. The remaining P2 billion would be divided into extension services and easy access credit facilities.

The mechanization component of the RCEF is being spearheaded and implemented by the Philippine Center for Postharvest Development and Mechanization (PhilMech), an attached agency of the Department of Agriculture (DA).

The earmarking of an annual P5 billion fund for rice mechanization is a big leap from the usual "small" share of funds for farm distribution in the government's annual rice program, which is at least P7 billion.

The insignificant allocation for farm machinery distribution in the past has been identified among the culprits for the sector's low mechanization level and adoption of machinery by farmers.

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Sector modernization

INDUSTRY players and experts have noted the machinery distribution tack is perhaps one of if not the most aggressive and comprehensive rice mechanization program the government is pursuing.

And it is rightfully so, in order to modernize rice production in the country, if Agriculture Secretary William D. Dar were to be asked.

Upon assuming his post in August 2019, Dar emphasized that mechanization is key in paving the way for the agriculture sector's modernization and industrialization.

Modernization and industrialization are two of the eight paradigms of Dar's second term in office to "level up" Philippine agriculture. Dar first served as agriculture chief for a year in 1998 during the Estrada administration.

Based on latest government estimates, the country's average farm mechanization level is at 1.23 horsepower per hectare (hp/ha). This figure appears pitiful compared to Japan's 7 hp/ha, South Korea's 4.11 hp/ha and China's 4.10 hp/ha. For rice mechanization alone, the country's average is at 2.31 hp/ha.

"We will continue to boost farm mechanization to reduce production costs, enable our rice farmers produce more harvests, earn bigger incomes, and subsequently compete with their counterparts in Asean [Association of Southeast Asian Nations]," Dar said.

"We have to mechanize Philippine agriculture to at least four horsepower (hp) per hectare (ha), and be on a par with our Asean counterparts," he added.

Insignificant share

BASED on interviews with industry players and government officials, the government's nationwide farm mechanization drive started in early 2011.

However, the share of funds for farm distribution in the government's annual rice program, which is at least P7 billion, is not that significant.

The fund for free farm machinery did not increase so much as well over the years due to fragmented and small land-holding situation of rice farmers, which may defeat the purpose of the program to achieve economies of scale.

PhilMech Applied Communications Division Chief Aldrin E. Badua told the BusinessMirror that the cost of a four-wheel tractor is about P1 million, which is not advisable for small-scale farming.

"So they are better off with hand tractors, [the price of] which ranges from P60,000 to P120,000," Badua, an engineer, added.

Federation of Free Farmers (FFF) National Manager Raul Q. Montemayor explained to the BusinessMirror that budget constraints and programming were also culprits of slow mechanization in the country despite existing laws promoting modernization and industrialization of farms.

"The laws are all principles. It did not have the required implementation," Montemayor, a long-time farmer-leader, told this newspaper. "The profile of interventions of the DA did not change much in the past decade. It's one and the same with its annual Tier-1 and Tier-2 funds."

Not copacetic

A HIGHER mechanization level would mean that more farmers have adopted the use of machines that experts pointed out could lead to more efficient farming resulting in higher yield and reduced production cost.

The Philippines has a low-adoption rate for 4-wheel tractors, mechanical transplanters and combine harvesters. Government documents obtained by the BusinessMirror showed this means planting and harvesting remains manually performed.

The same is observed in terms of drying at the farmers' level since the majority of farmers still opt to dry rice on the roadside, baking over hand-woven mats under the sun.

However, the adoption rate in the use of axial threshers and 2-wheel tractors and/or hand tractors is high, indicating prevalence of small machineries nationwide.

Due to the low machine-adoption rate, Filipino farmers are spending P4.53 per kilogram (kg) for farm labor or about 36 percent of their total average cost of P12.41 per kg (2016 benchmark).

This is more than triple the P1.30 per kg and P1.02 per kg that farmers in Thailand and Vietnam spend for farm labor, respectively.

A 2016 analysis made by government experts showed that the Philippines is one of the most labor-intensive rice-producing countries at man-day per hectare basis, which refers to the amount of labor days spent.

Expenses rising

WITH the rising labor costs over the years brought about by better work opportunities for farm workers, it has become more necessary to use machines in farming practices.

Latest Philippine Statistics Authority (PSA) data showed that the average cost of Filipino farmers to produce a kilogram of palay in 2019 decreased to P11.63 per kg compared to the P12.32 per kg recorded in 2018.

Lowest overall costs were observed due to the reduction in the expenditure of farmers for seeds, which pundits attribute to the free seeds distributed under the RCEP last year.

However, the latest figures also showed that labor costs continue to increase. In hired labor cash costs alone, farmers spent an average of P10,289 per hectare last year compared to P9,826 per hectare in 2018.

The DA hopes the 6-year RCEP would reduce the country's average rice production cost to about P8 per kilogram, with each component contributing a peso reduction.

Government documents obtained by the BusinessMirror show RCEP's farm mechanization component program could reduce production cost of farmer-beneficiaries by P2/kg to P3/kg while cutting their post-harvest losses by 3 percent to 5 percent.

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The documents also showed the government eyes to increase the profit margin for rice farmer beneficiaries under RCEP by 5 percent starting 2021, with 85 percent of machinery/facility users having greater income at P2,000/ha. to P3,000/ha. compared to non-users.

Slips, errors

LIKE new laws enacted or programs implemented, the RCEP was not spared so-called birth pains.

Before the RTL law was passed, industry groups had expressed apprehensions over PhilMech's lack of capacity and manpower to absorb a P5-billion annual fund, conduct a series of procurements and distribute thousands of machines. Some critics point to PhilMech as only an extension and research agency.

The critics were proven right.

The PhilMech faced setbacks and challenges in conducting biddings for the machines, delaying interventions for qualified and identified beneficiaries.

Timing is crucial in distributing farm machinery since farmers follow a strict cropping calendar. If a transplanter or tractor arrives after farmers have planted their rice seeds, then they would only be able to use these machines after three months to six months.

Persons familiar with the process that PhilMech has undertaken told the BUSINESSMIRROR that government officials went back and forth in finalizing rules and guidelines over RCEP's mechanization component to prevent the mistakes of the past from happening again.

One of these is the inclusion of a global positioning system unit in machines to be procured and distributed to help the government to monitor and evaluate the status of the machinery.

Slow implementation

A 72-PAGE DA paper reviewing the RTL law 18 months after it was enacted explained that the RCEP mechanization component was delayed "due to the complicated and cumbersome procurement process as well as the need to address failures in the past on the provision of public funds for machinery."

Badua said the program was delayed since the fund was only given to them in the latter part of the third quarter in 2020. He explained that PhilMech cannot conduct any activities related to the RCEP mechanization component until the funds are with them.

Using budgets appropriated for other activities could get them flagged by government auditors.

Upon receiving the funds, PhilMech still had to identify and validate the initial beneficiaries of the program to ensure they comply with the guidelines set by the government -- a minimum 50 hectares of cumulative land, at least 100 hectares of nearby serviceable areas, shed or place to keep the machines properly and willingness to be trained.

The P5-billion fund for the RCEP mechanization component in 2019 was carried over to 2020 with initial distribution of machines only happening in June despite promises they would be completed as early as the first quarter.

Planned distribution

THE DA paper obtained by the BUSINESSMIRROR showed that from January to July, the PhilMech only utilized P1.6 billion of the P5-billion 2019 funds.

Separate data provided by the PhilMech to this newspaper showed that as of December 6, the agency has only been able to deliver only a fourth about 2,077 farm machinery of the 7,912 target units for the 2019 fund.

As for the 2020 funds, the agency only delivered 308 units, which is 3.85 percent of the 7,996 units it aimed to distribute for the second year of the program.

Based on documents provided by PhilMech, 1,694 FCAs and LGUs were included in the final list of beneficiaries for the 2019 fund; and 2,081 FCAs and LGUs beneficiaries for the 2020 fund. The FCAs and LGUs are from 947 municipalities in 57 rice-producing provinces.

Approved budget

PHILMECH told the BUSINESSMIRROR that P6.1 billion out of the P10 billion combined 2019 to 2020 funds have been awarded and obligated. The BUSINESSMIRROR was also told that P2 billion are ready for award and undergoing processes for notice of awards, contracts and notice to proceed to winning bidders.

The agency added that about P1.9 billion of its accumulated savings from the completed biddings are scheduled for new procurements.

Badua explained that the deliveries for the 2019-funded and 2020-funded machines were extended due to logistical concerns and bottlenecks caused by the Covid-19 pandemic, such as lockdowns in countries like China where the

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equipment is being imported.

Failed biddings were also a factor since the timeline for the distribution was moved later due to rebidding, he said.

A bidding usually takes about 120 days to be completed, including the deliveries of the machines to the beneficiaries.

Badua, who is also part of PhilMech's bids and awards committee, said they divided the bidding into lots specific to provinces, regions or island regions as farmers in each area have varying machine specifications.

He cited some reasons for failed bidding: lower approved budget for contract than the market price being claimed by bidders and suppliers, as well as lack of distributors in certain regions like in Visayas and Mindanao.

Program requirement

SINCE the program requires specific types of machines to cater to the needs of the FCA and LGU beneficiaries, there are times that there are only one or two suppliers of the equipment and worse they have limited logistical capacity.

Due to this, suppliers are forced to enter into joint ventures e.g., Luzon suppliers partnering with Mindanao distributors, to be able to win contracts and for the program to move forward.

Nonetheless, Badua assured the beneficiaries of the program that the remaining units pending under the 2019 funds would be distributed before 2020 ended while delivery of the 2020-funded machines would be completed by the first quarter of 2021.

And if there would not be any more logistical concerns due to Covid-19, the implementation of the 2021 RCEP mechanization fund would be completed within the year, Badua added.

"We already have the recipients for 2021 and we have validated them," he told the BUSINESSMIRROR. "But we cannot start bidding for the machines since we do not have the fund yet."

Earlier programs

MONTEMAYOR said earlier farm mechanization programs of the government had a bad reputation because there was no sound monitoring and evaluation system to ensure that the machines are being used properly.

He explained that some of the machines that were distributed are now idle, with some being sold by farmers due to lack of proper policy-support for farmer-beneficiaries.

However, Montemayor said PhilMech's current farm distribution system of giving first the immediate machine requirement of a FCA is good to ensure that they will really utilize the equipment.

It also serves an incentive for the FCA-beneficiaries to perform well in order to be given the remaining set or necessary machines to fully mechanize their farming practice.

"It's good they are not providing the complete set of farm machinery from planting to drying in one distribution to be able to determine first the performance of the beneficiaries," he said.

Badua said they have put in place a monitoring and evaluation system to ensure that the mistakes of the past would not be repeated, and the goals of the programs would be achieved.

Badua said they conduct monthly assessment and mid-year review of the performances of all the FCA and LGU beneficiaries to determine how the machines improved their productivity, such as reduction in production cost, higher yield, and additional profit.

Reporting, reprimand

BADUA pointed out that they are strict in monitoring the management of the machines. He noted that the memorandum of agreement (MOA) between the beneficiaries and PhilMech gives the FCAs and LGUs the duty to take care of machines and see to it their members are benefitting from the equipment.

For one, under the MOA, farmers belonging to FCA and LGU beneficiaries should enjoy lower service fees with everyone having access to the services of the machines. Badua said they are also monitoring if there are unscrupulous beneficiaries who would just sell the machines.

He said they required the beneficiaries to submit reports every six months while PhilMech conducts on-the-spot inspection to see the status of the machines on the ground.

If the program beneficiaries cannot show satisfactory performance in the use of machines and compliance with the MOA, then the PhilMech has the right to reprimand them and eventually confiscate the machines.

The confiscated machines would then be redistributed to more deserving applicants/beneficiaries. The agency receives about 6,000 applications to be

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beneficiaries of the program.

On the other hand, beneficiaries with "exemplary performance" would be able to request new machinery again from the PhilMech to complete the set or package of equipment that they need to mechanize their whole production process from planting to milling, Badua added.

Opting for voucher

MONTEMAYOR proposed that PhilMech explore implementing a voucher system instead for its farm distribution program in order to ensure that the equipment is the "farmers' choice."

In his proposal, Montemayor explained that FCA and LGU beneficiaries will be given a voucher worth at least P1 million that they can exchange for farm equipment of their choice in government-accredited manufacturers or sellers.

Through this system, it is guaranteed that FCAs and LGUs would get the farm machinery that is compatible in their area and receive their preferred after-sales service.

He explained that farmers' preference for farm machinery varies from one area to another, especially with the aftersales service that is convenient to them.

He said this system could be done through a QR code to make it automated and easier to monitor the transactions.

This system, he added, may also curtail "palakasan" (currying favor) in government procurements and biddings and may even improve market competition among farm machinery sellers to be able to earn more profit from beneficiaries of the program.

"It's like Shoppee or Lazada. You have a P10,000 credit for example and you have your choice on which type of farm equipment you are going to use it," Montemayor said.

Feeding more

MECHANIZING the country's rice farmers would also mean lower wastage at the production level, hence, increasing domestic supply of rice.

At present, about 16.47 percent of total palay output are annually lost at the post-harvest level. This is composed of losses in harvesting at 2.03 percent; piling, 0.08 percent; threshing, 2.18 percent; drying, 5.86 percent; milling, 5.52 percent; and storage, 0.8 percent.

Based on BUSINESSMIRROR's computations, the country loses at least 3 million metric tons of palay annually due to post-harvest losses, which could feed about 19 million Filipinos already.

The country's post-harvest losses have been declining since the 1970s as more Filipinos gained access to farm equipment, especially in the advent of the Green Revolution where small-scale machinery was distributed to farmers.

"If the RCEP program would be implemented properly and would succeed, there would be huge reduction in the post-harvest losses of farmers," Carlito B. Balingbing of the International Rice Research Institute (IRRI) told the BUSINESSMIRROR.

The government's target of reducing post-harvest losses by 2 percent to 3 percent would mean an additional output for farmers of about 80 kilograms to 120 kilograms from the current average of 4,000 kilograms per hectare. This could easily translate to an additional income of P1,280 per hectare to P1,920 per hectare at a P16 per kilogram average palay price.

Ten years

PHILMECH Executive Director Baldwin G. Jallorina Jr. said one of the goals of their agency at the end of the RCEP program is to be able to locally fabricate all imported rice farm machinery.

Under the RTL law, procurement of the required machinery should give priority to local manufacturers to help the domestic industry over imported ones.

Jallorina said there are certain farm equipment and machinery, such as 4-wheel tractors and some combined rice harvesters, that remain unavailable locally. This, hence, requires importation.

However, Jallorina pointed out that only 28 percent of all the farm machineries being distributed by PhilMech are imported with the bulk of the volume being manufactured locally.

PhilMech, which has a core mandate of research and development of the country's agriculture postharvest system, has been successful in fabricating farm machinery from abroad.

"In our mechanization program, one of our objectives at the end of six years is to be able to localize all imported machinery This is the research and development that we are doing," he said in a news briefing in late October.

"We are capable of localizing these farm machineries," he added. "We are hoping to fabricate them all."

Badua said locally fabricating the imported machinery would help boost the local manufacturing sector, provide employment to Filipinos, and generate additional income for the government due to taxes paid for imported materials.

However, Balingbing, IRRI Senior Associate Scientist for Mechanization and Postharvest, said fabricating locally the imported farm machinery may take more than five years since the country lacks major parts needed to manufacture them. Furthermore, these equipment, like the four-wheel tractors, have complicated parts.

"In the experience of IRRI, it took a minimum of 10 years in fabricating small machinery from research to farmers' adoption," he said.

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Hatching plans

THE DA analysis paper recommended that the government undertake a farm clustering program parallel with the ongoing implementation of the RCEP program to be able to maximize its potential and benefits.

The paper added that consolidating farms would also make them more viable for the adoption and use of modern and climate-resilient technologies like precision agriculture techniques, laser-leveling, drone applications, among others.

"This is reasonable considering that the share of labor costs is a third of total palay production and this share of labor expenses continues to rise," the paper read.

"To ensure the efficient use of agriculture machinery, farmers in productive rice areas will need to be organized in clusters or blocks that are optimal for employment of agriculture machinery and other modern (i.e., precision agricultural techniques) and climate-resilient techniques like laser leveling, drone applications and customized water saving," it added.

The government could also explore "contractual schemes" (e.g., labor pooling contract arrangements) in farm labor, such as the one employed in Vietnam.

Establishing facilities

THE DA analysis paper added that "integral to the clustering approach will be the use of collective labor contractual arrangements."

It read: "Within these rice farming clusters or blocks, key collection centers, drying facilities and warehouses should be established or identified, where these exist; these should help farmers schedule the sale of their produce and prevent drastic drop in their farm gate prices."

This type of program should be "complemented with financing arrangements like warehouse receipts and forward marketing contracts. At least 10 clusters (start with those adjacent to major urban centers in Metro Manila, Metro Cebu, and Metro Davao) should be up and running before the end of the Duterte administration," according to the paper.

Balingbing also proposed that the government consider providing hermetic storages to farmers so they can properly store and maintain their seeds and rice's quality.

He noted that there currently available hermetic storage in the market that is not costly and uses green technology. He explained these products are available for small-scale and commercial uses.

The use of these types of storages would also help farmers to combat climate change and save their seeds or produce during typhoons, Balingbing added.

Yielding more

THE distribution of large-scale farm machinery to FCAs would also help them transform into entrepreneurs since they can now become service providers to farmers who need access to farm machinery.

Take the case of Velasco's cooperative. Velasco and his members used to tap a private service provider for tractors and combined harvesters.

They used to pay P3,500/ha. to private service providers but now they only pay P2,800/ha. to their cooperative for the service of four-wheel tractor.

Furthermore, co-op members can pay the service fee after harvest or when they have money already to pay. They only need to provide diesel or shoulder the cost of the diesel to avail the services and pay the remainder of the fee afterwards, Velasco said.

And since they got machinery of their own now, they now offer services to nearby barangays at the same market price of P3,500/ha.

Removing traders

VELASCO said they have earned an additional P50,000 at least from the service fees they earn from their four-wheel tractor services. They use this to cover the costs to maintain and operate the combine harvester.

In turn, the fees collected from the service charges of using the combine harvester have provided their cooperative with an additional profit of P150,000.

Velasco said the machinery also increased their yield by about 15 cavans per hectare, which spells additional profit of about P12,750 per hectare.

Velasco hopes to get another set of farm machinery this year. This time, dryers and millers to mechanize their whole production process.

If they are given the said machines, they will now be able to sell directly rice to consumers within their vicinity. This, Velasco said, would provide them higher income as it would remove the presence of traders in the value chain.

He said if these "gifts" would come on another "sleigh," the lives of farmers in this town more than a hundred miles of the capital, would be better.

THE DAILY tribune
Without fear or favor

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QC launches urban vegetable garden

BY FRANCIS T. WAKEFIELD
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Following the project's success in Manila, the Quezon City local government is set to launch its own urban vegetable garden as part of efforts by the government, led by the Department of Agrarian Reform (DAR), not only to combat the negative effects of the coronavirus disease 2019 (COVID-19) in the county, but also to help bring back Filipinos to farming activities.

The Quezon City government has donated a seven-hectare lot to be used for the 'Buhay sa Gulay' project that will benefit families in Barangay Bagong Silangan.

Cleon Lester Chavez, DAR Public Assistance and Media Relation Service chief, said the launch of Quezon City's "Buhay sa Gulay" urban vegetable garden will be held at the New Greenland Farm in Barangay Bagong Silangan on Friday, 8 January.

Chavez said the program will be conducted in partnership with the Department of Agriculture (DA), BREAD Society International and Barangay Silangan.

The Quezon City government has donated a seven-hectare lot to be used for the "Buhay sa Gulay" project that will benefit families around the neighboring barangays.

On 3 January, the first urban vegetable garden located in St. John Bosco, Tondo, Manila, was harvested of crops. Residents were able to generate sales totaling P50,000 from the harvest of more than 1,000 kilos of vegetables.

Chavez said to immediately follow suit and establish its own urban vegetable garden is the Caloocan City government.

Following the success of its "Buhay sa Gulay" project, DAR Secretary John Castriciones emphasized the need for Filipinos to unite and help one another as the country continues to deal with the Covid-19 pandemic this 2021.

Castriciones said the "Buhay sa Gulay" Harvest Festival demonstrated the concerted effort of local and national government agencies in bringing about farm products in the city through the dedication, commitment and hard work provided by farmer-scientists from Cavite and the Tondo urban farmers.

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TRUTH SHALL PREVAIL

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ACROSS THE COUNTRY

Agri damage due to Negros floods hits P15.8 M

BACOLOD CITY – Initial damage to crops and fisheries due to floods that inundated parts of Negros Occidental on Jan. 1 hit P15.8 million.

Provincial agriculturist Japhet Masculino said 669 hectares of rice fields and 1,263 farmers were affected in the cities of Victorias, EB Magalona, Silay, Sagay and Cadiz.

Damage to fisheries in EB Magalona and Silay was estimated at P4.12 million.

The flashfloods in the cities of Victorias, Silay and Talisay and EB Magalona town displaced more than 15,000 families.

Talisay and Victorias are set to declare a state of calamity.

– **Gilbert Bayoran**

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TRUTH SHALL PREVAIL
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Q1 agri output seen contracting 1.2%

By LOUISE MAUREEN SIMEON

The local agriculture sector will see the effect of the consecutive typhoons at the end of 2020 as the farm industry is expected to contract 1.2 percent in the first quarter of the year.

The Southeast Asian Regional Center for Graduate Study and Research in Agriculture (Searca) has projected that agriculture performance for January to March 2021 will be in the negative, declining by as much as 1.21 percent.

"This contraction could be expected as the agriculture sector bounces back after a series of typhoons and floods on top of the disruptions brought about by the COVID-19 lockdown restrictions," Searca director Glenn Gregorio said.

The growth momentum of the sector was stalled following the consecutive typhoons that hit the country in the last quarter of 2020 which damaged nearly P12 billion in farm produce.

Around 322,041 metric tons of palay were lost due to the typhoons, equivalent to eight days of rice consumption.

Of the sub-sectors, Searca noted that only fisheries will likely post a positive growth at 3.05 percent.

Crops, livestock and poultry will all post declines of 1.17 percent, 6.33 percent and 3.99 percent, respectively.

"We are positive, however, that the rest of the quarters of 2021 will show a positive growth as the sector becomes more adapted and innovative," Gregorio said.

Noting the positive growth to be expected from fisheries, Searca is calling for an improved logistics and transport system to increase the competitiveness of the sector.

Gregorio emphasized that the Philippines needs to invest in an integrated infrastructure system that lowers production and transportation costs across the different supply chains.

ASEAN's farm research center said it is crucial to transform the sector as resilient systems amid the significant impact of typhoons and floods as experienced in 2020 and even in the years before that.

"This clearly requires an increased percentage of Filipino farmers having internalized a decision-support system that would make them more agile and effective in responding to natural hazards and other potential external disruptions like the COVID-19 pandemic," Gregorio said.

These include improved access to climatic and weather data, stress-tolerant crop varieties, good agricultural practices, crop insurance system, extension system and modern technological support and innovative financial capital.

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TRANSFORMATION PUSHED

FARM SECTOR SEEN SHRINKING BY 1.21% IN Q1

By Karl R. Ocampo
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An international research organization has projected the country's agriculture output to contract by 1.21 percent in the first quarter of this year. However, the rest of the succeeding quarters is expected to show positive growth as the sector becomes more adapted and innovative.

In a report, Southeast Asian Regional Center for Graduate Study and Research in Agriculture (Searca) director and CEO Glenn Gregorio said the contraction was expected following the series of typhoons that devastated farmlands in November, worsened by the restrictions caused by the coronavirus pandemic.

Among the industry's subsectors, only the fisheries industry was projected to grow by 3.05 percent. The production of crops, livestock and poultry was forecast to shrink by 1.17 percent, 6.33 percent and 3.99 percent, respectively.

Despite the positive momentum of the fisheries industry, Gregorio called on the government to improve the industry's logistics and transport system to make it more competitive.

With residents of fishing communities remaining one of the impoverished sectors in the country, Searca stressed the need to invest in integrated infrastructure systems to lower production and transportation costs to make fishers more profitable.

For livestock and poultry, Searca called on more stringent biosecurity measures to combat viral animal diseases like avian influenza and African swine fever. This would include the use of tunnel-vent technologies and surveillance systems.

Consumers, in turn, were enjoined to be "more aware and supportive of livestock and poultry products that manifest higher quality standards."

All told, the frequency of natural hazards and other disruptions must prompt the government to transform agriculture systems to be more resilient.

Searca recommended several interventions such as access to climatic and weather data, the use of stress-tolerant crop varieties, provision of insurance and technological support as well as the extension of financial capital. INQ

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UPLB looks at prospects of medicinal fruits

BY PAUL ICAMINA

FROM as-is to kolong-kolong, local fruits may hold the key to harnessing antioxidants to prevent damage to cells.

Antioxidants fight the free radicals that damage cells, and chemists at the University of the Philippines Los Baños (UPLB) are looking at local fruits that include the batuan, bignay, kamansi, niyog-niyogan, paho, pili and sampinit.

Among the nine fruits, UPLB researchers said as-is, batuan and paho have the highest amount of phenolics, a collective term for phenols, flavonoids, lignin and tannins that are antioxidants.

Antioxidants have strong anti-cancer, anti-diabetic and anti-inflammatory benefits, among others.

The leaves and young shoots of as-is are favorite ingredients in Bicol. They come from a small tree growing in thickets and second-growth forests at low and medium altitudes throughout the Philippines.

Batuan is a souring agent in some dishes in the Visayas. The fruit comes from a tree that grows up to 12 meters tall.

The paho looks like a miniature mango. It comes from a large tree, widely cultivated for its sour fruit.

Bignay is a berry, eaten raw or made into jam, wine and vinegar. It comes from a tree and is rich in terpenes which have pain-relieving and lipid-lowering properties.

The kamansi fruit resembles the langka or jackfruit or rima, also known as breadfruit. The kamansi tree is grown for its edible seeds within its fruit. Kamansi is sliced thinly and mixed with coconut milk to make a vegetable dish.

Niyog-niyogan is an erect shrub. In Bicol, the leaves are cooked in coconut milk.

Sampinit is the local wild raspberry that grows mostly in Quezon and Laguna.

Kolong-kolong is a sour fruit. It grows from a small, slender tree. The many seeded fruit has a white flesh that is sour.

Pili is the most popular among the nine fruits whose nuts fetch attractive prices.

Except for pili, the other fruits are underutilized or are not as widely cultivated as the more popular mango, banana and pineapple.

Considering the diverse fruit species in the country, there are many more fruits that can be potential sources of medicines, said Prof. Mariam Recuenco of UPLB's Institute of Chemistry, writing in the Department of Science and Technology's Philippine Journal of Science.

The Manila Times

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SEARCA SEES BETTER AGRI PROSPECTS FOR 2021

BY LEANDER C. DOMINGO

THE agriculture sector of the Philippines and Southeast Asia is seen having better prospects for 2021 despite the disruption of agricultural production by several catastrophes and the pandemic that slowed down the pace by which the sector plays as an engine for economic development in Southeast Asia.

In his 2020 year-end message, Southeast Asian Regional Center for Graduate Study and Research in Agriculture (Searca) Director Glenn Gregorio noted that while the coronavirus disease 2019 (Covid-19) pandemic crippled most of the key economic sectors in the Philippines, the agriculture sector was able to maintain positive growth in 2020.

"It must be acknowledged that there were earlier production growth targets that may not have been achieved. But being able to maintain positive growth is an enduring story of resilience at a time when it is needed the most," he said.

Gregorio added it is from this perspective that the overall outlook for the agriculture sector of the Philippines for 2021 is generally positive and that "we are banking on a more aggressive integrated intervention from the government sector bolstered by heightened private sector engagement."

Gregorio said the year 2021 must be a year where previous justifications are to be rendered as no longer acceptable and instead, the touted "new normal" clearly means and translates to concrete actions that are wiser, effective, efficient and sustainable.

"These actions and solution, while being locked down and boxed in, have been brewing to enable us to step up and step out as they are implemented this 2021," he added.

Gregorio said Searca remains hopeful that 2021 is a year when the agriculture sector will significantly grow and truly become an instrument for socioeconomic transformation that centers on the well-being of farmers and their families.

Learning lessons

Dealing with Covid-19, the Searca director said, provided key a lesson that must be learned from 2020, which is the appreciation of risks and uncertainty management.

He said the back-to-back hazards experienced in 2020 need to be seen as paradigm-shifting, and a call for the rethinking, recalibrating, redesigning and rebranding of farming systems as sustainable agricultural food systems. Also, integrated approaches that mainstream resilience in every node of the value chains of the agricultural food systems need to be made operational and sustained in 2021 and beyond.

"Hence, technological interventions and supported by innovations in policy, institutional, conceptual, and social aspects should be on the top of our priority so that we would be more able to comprehend these risks and uncertainties. Using science-based management, we will be ready to step up and step out in response," Gregorio said.

Noting that the demand for major agricultural commodities remains under the pretext of highly evolving developmental challenges, Gregorio said there is an urgent call for a sustained investment in the agriculture sector that usher in technological leapfrogging in areas of production, logistics and transportation, value-adding activities, and a science-based system of incentivizing consumers towards sustainable behavior.

"For crops production and post-production, we need more expanded systematic weather stations and precision agriculture systems that efficiently provide real-time information and aid for both immediate and long-term decision making," Gregorio said adding this is in addition to the continued and expanded support to Filipino farmers for improved access to better agricultural inputs.

He said these inputs are quality seeds and stress tolerant varieties, better animal and fish genetic breeds, mechanization, technical advice, good agricultural practices, and modern technological tools (i.e., best mobile apps for agriculture, drone technology), among others.

Gregorio said what is needed for animal production is an integrated farming system that is based on the One Health/EcoHealth approach that calls for the operationalization of the triple bottom line approach: profit, people and planet.

He explained that as impending threats like African swine fever and other zoonotic diseases remain, support is needed for improved access to better surveillance system, integrated biosecurity measures, and technology-based operation system (tunnel-vent technology), among others.

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Breeder shortage drives broiler farm-gate price hike after holidays

By Jasper Emmanuel Y. Arcalas
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THE probable shortage of breeders could be driving farm-gate prices of broilers to increase further by as much as P124 per kilogram even after the Christmas season, which the United Broiler Raisers Association (UBRA) noted as an unusual trend to start a brand new year.

UBRA President Elias Jose Inciong said farm-gate prices of live broilers in key producing provinces continue to increase at the start of the New Year, an unusual trend since prices historically collapse after Christmas.

Inciong explained that farm-gate prices of broilers normally go down after the Christmas season due to lower demand and higher stocking by raisers.

Latest UBRA price survey as of January 4 showed that the average price of off-sized broilers was at P112 per kilogram, while regular-sized broilers and prime-sized broilers were quoted at P115.67 per kg and P118 per kg, respectively.

The UBRA price survey showed that the farm-gate price of broilers in the week of December 28 was ranging from P108 to P109.5 per kg and was P99.5 to P100 per kg in the week of December 18.

Historical UBRA data showed that farm-gate prices in January 2020 fell to P77.56 per kg from P98.53 per kg in December 2019; January 2019 prices declined to P66.54 per kg from P78.24 per kg in December 2018; January 2018 average prices was at P79.28 per kg compared to December 2017's P96.56 per kg.

Inciong said the recent price uptick could be attributed to the reduction at the breeder side, which produces day old chicks (DOC) of broilers, due to drop in demand last year.

"We think the breeders have culled significantly, including the big players themselves," he told the BusinessMirror.

Inciong said the price of DOC right now is at P38 per piece, which he noted could still go up to P40 per piece, which is double the usual pre-pandemic price of DOCs.

"It's more expensive and yet you do not have the quality assurance of the chick that you are getting. Some raisers might go on a 'set all' buying spree just to have the stocks they need regardless of quality of DOCs," he said.

"Usually raisers would opt for the quality chicks with uniform age to ensure ideal growth and production. Even the hatching eggs that usually are considered as rejects are being bought right now," he added.

Inciong said they are now receiving reports from the field that some raisers are experiencing "runting" among their flocks, which means broilers are smaller than ideal size.

UBRA have estimated earlier that chicken meat demand is down by 30 percent due to loss of hotel, restaurants, and institutions (HRI) segments and they do not see any signs of immediate recovery from these buyers.

A Global Agricultural Information Network (GAIN) report estimated that chicken meat output last year fell by almost 14 percent to 1.25 million metric tons (MMT) from 1.45 MMT recorded in 2019.

The GAIN report projected that production would rebound this year to 1.375 MMT on the back of higher farm-gate prices.

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Chinese firm buying $200M worth of aggie goods

A Chinese company is importing $200 million worth of agricultural products from the Philippines in the next five years, the Chinese Ambassador to the Philippines revealed on Tuesday night.

Chinese Ambassador to Manila Huang Xilian posted in his official Facebook account that a Chinese company signed a letter of intent on the procurement of tropical fruits with its Philippine counterpart during the recent 3rd China International Import Expo (CIIE).

"The Chinese company will import $200 million worth of young coconut and snacks such as dried fruits from the Philippines in the next five years," Huang said.

Huang, citing data released by the Philippine Statistics Authority (PSA) said while remaining to be the Philippines' top import supplier as well as the top trading partner, China became the cuntry's second largest export market in the first 10 months of 2020, with more than 15 percent of the Philippines' total exports being shipped to the Chinese mainland.

According to the PSA, electrical machine and equipment still accounted for the largest share in the Philippines' exports to China. Likewise, tropical fruits were among the Philippines' most welcomed goods on the Chinese market.

Last year witnessed the arrival of the first batch of Philippine avocados in Shanghai, making the Philippines the first Asian country to export the fruit to China.

Cristina Lee-Pisco

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Inflation to stay within-target – Diokno

The rate of price increases in the country posted a further uptick to 3.5 percent in December, but Bangko Sentral Gov. Benjamin Diokno said this remains transitory given the recent weather disturbances.

Last month's inflation print is higher than the previous month's 3.3 percent.

Diokno said average inflation in 2020 stood at 2.6 percent, within the government's 2 to 4 percent target band until 2024.

"The BSP continues to expect inflation to settle within the target range over the policy horizon," he said.

Diokno said risks to the domestic inflation rate in the coming months "continue to lean toward the downside owing mainly to the continued uncertainty caused by the pandemic on domestic and global economic activity".

"Nevertheless, upside risks emanate from the possibility of an early rollout of Covid-19 (coronavirus disease 2019) vaccines in the Philippines, which is expected to ease the existing lockdown measures and expand further operating capacity of the economy," the BSP chief said.

He said the rollout of vaccines in other countries is also expected to result in a stronger-than-expected global economic recovery, and this "could present upward price pressures on global oil and food prices."

"The BSP stands ready to deploy its full arsenal of instruments as needed in fulfillment of its mandate to maintain price and financial stability conducive to sustainable economic growth," he added.

The December inflation rate brought the full-year figure to 2.6 percent, as food prices rose amid the seasonal spike in demand due to the holiday season and possibly the spillover effects of typhoons.

Philippine Statistics Authority chief and National Statistician Dennis Mapa said last month's inflation rate picked up to its highest level since March 2019 mainly brought about by an increase in prices of food and non-alcoholic beverages, particularly meat like pork, vegetables, and fish.

"So on meat, we know this is partly on (high) demand and the ASF (African swine fever) where we have a problem on the supply so that one caused the increase… (Price of) corn in the NCR (National Capital Region) also rose partly because of the holidays. Hopefully, that would start to go down in January," he said.

Mapa said the spike last month in the prices of vegetables, particularly garlic, onions, and tomatoes, was possibly due to the spillover effects of typhoons that hit the country in the previous months.

"The celebrations particularly last Christmas and the New Year pushed the demand (for these vegetables) to increase and also we have concerns related to the supply... Because of the typhoon, most probably we had supply problems," he added.

He said the index of vegetables accelerated to 19.7 percent in December 2020 from the previous month's 14.6 percent.

The PSA chief attributed the higher inflation of food and non-alcoholic beverages to the slight increase in rice prices at 0.1 percent in December 2020 after 19 months of negative inflation.

"This is because of the varieties of rice na pumapasok (entering the country) and the prices, of course, would vary and that caused actually the slight increase in the rice inflation for the NCR," he said.

Mapa said rice inflation outside the NCR, however, remained negative last month.

"I cannot tell right now if this is the start of an upward trend. We will see in the next month or two if it is really going to be positive," he added.

The PSA reported that food and non-alcoholic beverages, with inflation of 4.8 percent last month, have a 54-percent share in the overall inflation.

"We are seeing this (rise in inflation) since the (coronavirus) lockdown that fares are really high particularly on tricycles in areas outside the NCR and even here in the NCR," he said.

Malaya
Business Insight

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Corn hits 6-year high; wheat falls

CANBERRA- US corn futures rose more than 1 percent on Wednesday to hit their highest in more than six years, as concerns about global supplies were fuelled by production issues in South America, a major exporting region.

Wheat retreated from its highest since December 2014, while soybeans jumped 1 percent as investors were concerned about low supplies due to dry weather conditions in South America at a time of brisk Chinese demand.

The most active corn futures on the Chicago Board Of Trade were up 1.5 percent at $4.99 a bushel, near the session high of $4.99-1/4 a bushel - the highest since May 2014. Corn closed 1.7 percent firmer in the previous session.

"The market is solely focused on South America and expectations of lower supply," a Melbourne-based grains trader told Reuters. He declined to be named as he is not authorized to speak with the media. - ***Reuters***

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Temasek fund backs agricultural AI start-up

CROPIN, an artificial intelligence and data-based agritech startup, has raised $20 million in a funding round led by Temasek Holdings Pte-backed ABC World Asia, as the coronavirus pandemic accelerates the adoption of digital technologies in farming.

The Bangalore-headquartered agricultural AI startup provides software-as-a-service, or SAAS, products to farms and development organizations globally to improve predictability, efficiency and sustainability of crops. Additional new investors in the Series C funding include Infosys Ltd. billionaire co-founder Kris Gopalakrishnan's family office and a fund of the United Kingdom government, CDC Group. CropIn has raised $33.1 million so far.

The company was set up in 2010 by Krishna Kumar, who hails from a family of farmers in central India and quit a career at General Electric Co. to found the startup after being deeply affected by widespread rural suicides in his country. It analyzes data such as aerial imagery, ground scouting, hyper-local weather and market price fluctuations from 13 million acres across 4 million farms worldwide to predict productivity and monitor risks for thousands of variants of crops. That allows the company to provide warnings to small farms on what disease will hit a particular crop or when to expect an adverse climate event such as morning frost.

"Covid has brought home for countries the risks of disrupted food supply chains, food safety and food security," Kumar, also the startup's chief executive officer, said in a phone interview. "Every country and every agri-business wants to remotely monitor and safeguard the supply chain."

Backed by early investors including the Bill & Melinda Gates Foundation and Singapore-based VC BeeNext, CropIn has customers and partners in 52 countries including Basel-headquartered Syngenta Corp., the World Bank, Canada-based McCain Foods Ltd. and Germany's BASF SE. The new funding will fuel further global expansion and help strengthen its technology.

India's agritech space is abloom, with dozens of startups sprouting up in the last few years to disrupt dated farming practices and bring more efficiency into a massive industry dominated by small land holdings. One in nine agritech startups globally are from the South Asian nation, which had 450 such businesses in 2019, according to a report by the Indian trade body Nasscom. ***Bloomberg News***