

CLIPPINGS FOR WEDNESDAY, SEPTEMBER 06, 2023

A. SEC. PBBM QUOTED

MANILA BULLETIN

Marcos urges ASEAN: Spur developing countries' climate action commitment

MALAYA BUSINESS INSIGHT

Rice retailers' aid likely out next week

THE PHILIPPINE STAR

'Price cap effective only in short term'

PHILIPPINE DAILY INQUIRER

Editorial: False promise of price controls

B. DA FAMILY

MANILA BULLETIN

Gov't may temporarily cut rice tariffs

MALAYA BUSINESS INSIGHT

Tariff cuts on rice eyed as price caps take effect

THE PHILIPPINE STAR

With rice shortage will enter gov't-sponsored import cartel

Rice price ceiling underwent through study – DA

BUSINESS MIRROR

Rice retailers affected by rice cap may get P15K aid- DSWD chief

BUSINESS WORLD

Rice emergency bill stretches Palace powers

NEDA considers temporary cut in rice tariffs

PHILIPPINE DAILY INQUIRER

Compliance with rice price ceiling still low

PILIPINO STAR NGAYON

P15K ayuda sa rice retailers – DSWD

ABANTE TONITE

DSWD kinasa P15K ayuda sa mga rice retailers

PEOPLE'S JOURNAL

Bamboo can control floods – DA official

PH now among world's top tuna producers - BFAR

C. AGRI-RELATED STORY

THE PHILIPPINE STAR

Food prices drive up Phl monthly inflation

Capping prices

BUSINESS MIRROR

Editorial: How farmers benefit from renewable energy

Aug inflation swells to 5.3% on price spikes

NEDA eyes calibrated cuts in rice tariffs to ease prices

BUSINESS WORLD

Inflation accelerates to 5.3% in Aug.

Tobacco, coffee, coconut output rise in 2nd quarter

THE MANILA TIMES

Nonfood, industrial crop Q2 output results mixed

Inflation halts decline, rises to 5.3% in Aug.

PHILIPPINE DAILY INQUIRER

August inflation uptick blamed on rice price spike

MALAYA BUSINESS INSIGHT

Inflation quickens to 5.3% in August

ABANTE

BPI inutil sa hoarding

PEOPLE'S JOURNAL

Rice cartels beware

D. FOREIGN STORY**MALAYA BUSINESS INSIGHT**

Wheat, corn climb

THE MANILA TIMES

WTO: Trade can help ensure food security



LIBRARY
DEPT. OF AGRICULTURE

Marcos urges ASEAN: Spur developing countries' climate action commitment

By ARGYLL CYRUS GEDUCOS

JAKARTA, Indonesia – President Marcos has urged members of the Association of Southeast Asian Nations (ASEAN) to call on developing countries to strengthen their commitment to climate action, saying climate change continues to threaten a country's progress.

Marcos said this in his intervention

at the ongoing 43rd ASEAN Summit and Related Summits here on Tuesday, Sept. 5.

In his remarks, the President described climate change as a "most urgent" threat to progress.

"The most urgent threat to our progress is the impact of climate change. It is a looming reminder of the injustice of disproportionate impact on our people," he said.

According to the President, ASEAN

must call on developed countries to heighten the implementation of their commitments during the COP28 in Dubai in December.

"Their commitments include climate finance, technology development and transfer, and capacity building in order to drive ASEAN's capabilities to prevent, mitigate, manage, and adapt to the impacts of climate change," he said.

With the Philippines among the

most disaster-prone countries in the world, Marcos said the government will continue prioritizing international cooperation that will make ASEAN climate-smart and disaster-ready, including through the ASEAN Center for Biodiversity.

Food security

Regarding food security, President Marcos said the ASEAN must

build on cooperation that would transform the region's agriculture sector.

"In achieving food security, we must build on cooperation that will harness the transformative potential of our agricultural sector to ensure that food production is responsible and will be of benefit for future generations," he said. "The continued effectiveness of our community-building efforts rests on a clear assessment of our strengths. The Philippines will continue to champion change that will strengthen our institutions, improve our decision-making, and uphold ASEAN Centrality."



LIBRARY
DEPT. OF AGRICULTURE

Rice retailers' aid likely out next week

DSWD just awaiting list of beneficiaries

BY JOCELYN MONTEMAYOR
and WENDELL VIGILIA

ON the first day of implementation of rice price caps yesterday, Social Welfare Secretary Rex Gatchalian said he expects distribution of a one-time financial assistance for small rice retailers to start by next week, and urged the affected traders to follow the temporary price ceilings ordered by President Marcos Jr.

Gatchalian, in several interviews,

reiterated the President wants the distribution of cash aid as soon as possible. He said the Department of Social Welfare and Development is ready to implement the order as soon as the DSWD receives a verified list of retailer-beneficiaries vetted by the Department of Trade and Industry (DTI) and the Department of Agriculture (DA).

"We expect to start distribution by next week. But if it were up to us, we can do it by Friday," he said in Filipino.

At the House, Rep. Zaldy Co (PL, Ako Bicol), chair of the committee on appropriations, said the P2 billion aid to rice retailers that the House is eyeing may come from "unprogrammed funds" or excess revenues that the government collects once there are enough funds for the fiscal year.

Co told reporters on the sidelines of the panel's budget hearings that the DSWD's funds will also be tapped and the National Capital Region or Metro Manila will be

the priority because it is the most affected area.

Co assured the public that only small rice retailers would receive part of the P2-billion aid, noting the DTI will come up with a list of qualified retailers.

"Only the indigents will be covered because there are retailers who are also importers or who own condominiums," Co said in Filipino. "The rich rice traders

See DSWD ► Page B2

Malaya Business Insight

Date: SEPT. 06, 2023 Page: 81 d B2



LIBRARY
DEPT. OF AGRICULTURE

DSWD

who can absorb the losses are not covered because that's against our guidelines."

Gatchalian said the DTI and DA had to vet the list properly to ensure that only eligible beneficiaries will receive the assistance.

Gatchalian said the DTI is also finalizing the guidelines for the distribution of aid, which would determine how much the cash aid would be. He said DTI would have to decide if the amount of cash aid would be similar for all beneficiaries or if it would be based on the amount of rice that the retailers lost.

He said the maximum amount they give under the DSWD's one-time Sustainable Livelihood Program (SLP) is P15,000 which is similar to those distributed to small businesses affected by the COVID-19 lockdown, the Boracay island clean-up period, and those affected during the Marawi siege.

Gatchalian said that since the price cap is temporary, he expects the cash aid to be given only once.

He, however, said DSWD is prepared to release more and distribute more financial aid if ordered by the President.

The President said the price ceiling is temporary as he expects the supply of rice to increase by the second week to the second half of September once the local harvest is done and imported rice arrives.

Gatchalian said the SLP has a P5.5-billion budget this year and there are enough funds left to support the aid for rice retailers.

He welcomed the P2 billion additional fund that the House of Representatives plans to raise and allocate for financial assistance to the small retailers.

He said the more funds available means more people will benefit.

Asked if rice farmers would also be given subsidy, Gatchalian said the DA has programs assisting the farmers.

He said DSWD, however, is prepared to distribute aid to the rice farmers if ordered.

The President last week issued Executive Order 39 that mandated a temporary price ceiling for regular milled rice at P41 per kilo, and P45 per kilo for well-milled rice.

Marcos pointed anew to smugglers and hoarders as the cause of rising prices. He said efforts to stop the smugglers and hoarders will continue.

EMERGENCY

Marikina Rep. Stella Quimbo filed House Bill No. 9030 or the proposed Philippine Rice Emergency Response Act which seeks to empower the President to declare a "state of rice national emergency" and allow the DA's Rice Competitive Enhancement Fund (RCEF) to be spent on programs meant to address the crisis such as granting cash assistance to farmers.

The bill also seeks to allow the government to reduce or suspend tariffs on rice, subject to certain conditions; allow the National Food Authority to import for buffer stocking; and use unutilized funds of different government programs for subsidies for farmers, consumers, and retailers.

It also seeks stiffer penalties for hoarding and other acts of illegal price manipulation, as defined by the Price Act, such as imprisonment of a minimum of 10 years to a maximum of 30 years, from only five to 15 years under the Price Act.

There will also be a fine of P1 million to P100 million, from only P5,000 to P1 million, under the Price Act. Government officials found guilty of price manipulation

are given the maximum penalties under the bill.

Meanwhile, Reps. Luis Raymund Villafuerte (NUP, Camarines Sur) and Brian Yamsuan (PL, Bicol Saro) filed House Bill No. 7977 which proposes that liquefied petroleum gas (LPG), instant noodles, potable water in containers, and kerosene be included in the list of basic necessities as defined under the Price Act to protect consumers from unwarranted price increases of these goods, especially during times of calamities.

The bill seeks to amend Republic Act 7581 (Price Act) to include the four items in the list of basic necessities covered by the regular monitoring of the Price Coordinating Council (PCC) since Section 3 only includes the following basic necessities: rice; corn; bread; fresh, dried and canned fish and marine products; fresh pork, beef, and poultry meat; fresh eggs; fresh and processed milk; fresh vegetables; root crops; coffee; sugar; cooking oil; laundry soap; detergents; firewood; charcoal; candles; and drugs classified as essential by the DOH.

VIOLATORS

Justice Secretary Jesus Crispin Remulla said the government will run after violators of the rice price ceiling.

He said teams have been formed to check on markets

"We are in the process of creating teams that will do the rounds on the markets to check on the prices and we are also doing a study on the possible cases that will be filed against those who will not follow the price ceiling," he told reporters in Filipino.

Remulla said economic sabotage can be filed against violators, or "profiteering and other crimes that are against the interest of the

public."

Profiteering and hoarding are forms of economic sabotage.

Remulla said the DOJ is also studying the supply side of the issue on the recent spike in rice prices in the market to better understand the issue. He said the DOJ has a team looking at issues discussed in congressional inquiries on the prices of basic goods, especially rice, as part of the evidence gathering of the department.

Officials conducted an inspection at the Agora market in San Juan City as part of efforts to ensure compliance with the price cap.

Mayor Francis Zamora, who conducted the inspection together with Metropolitan Manila Development Authority Chairman Don Artes, Agriculture Undersecretary Domingo Panganiban, and other local government officials, said violators may be charged under the Price Act, or RA No. 10845 or Anti-Agricultural Smuggling Act.

RICE ALTERNATIVES

The Department of Health pushed for alternatives to rice, like sweet potato or corn.

"Aside from rice, sweet potato, and corn, there are also some vegetables that can not only make us full, but also provides the needed nutrients," said Health spokesperson Undersecretary Eric Tayag.

Tayag said the public may alternately eat rice, sweet potatoes, corn, and other alternatives in their meals.

"We can have this rotation of our basic food requirements," he said.

He said the high prices should not prevent people from eating less or consuming less nutritious food. — *With Ashzel Hachero, Christian Oineza and Gerard Naval*

SEPT. 06, 2023
PAGE: B1 2 B4

'Price cap effective only in short term'

By **LOUISE MAUREEN SIMEON**

The head of the Marcos administration's economic team has maintained that the price cap on rice should serve as a short-term measure only, with some experts warning of more problems should the regulation be prolonged.

Finance Secretary Benjamin Diokno said the price cap serves as a short-term measure against non-competitive practices by some market players.

"Price control has a pretty good chance of success only in the near term," Diokno told **The STAR** in a Viber message.

"If allowed to linger for longer it leads to some unwanted consequences," he said.

These consequences, he said, may include the continued disappearance of rice supply.

"Output will also fall as farmers are discouraged to plant, and importers will refuse to import because the suggested domestic retail price is lower than the implied landed costs of imports," Diokno said.

As rice prices continue to pick up, **President Marcos** issued an executive order last week, capping the price of regular milled rice at P41 per kilogram and P45 a kilo for well-milled rice.

Asked what the exact timeline of "near term" is, Diokno said: "It is reasonable to assume, however, that the right time to lift the price control is when the conditions for its imposition

no longer exist."

For instance, the rice harvest season is just around the corner and some rice imports are expected soon, he said.

Diokno also noted that the government recognizes the price cap's adverse impact on rice retailers and farmers.

"It is crucial that the government ensures sufficient rice supply at reduced prices, avoids non-competitive behavior in the rice industry, and pursues targeted programs to protect vulnerable sectors," Diokno said.

Economists have warned that prolonging the price ceilings could have repercussions in the long term.

ING Bank senior economist Nicholas Mapa said price caps may result in the emergence of inefficiencies with regard to supply and demand, which could eventually lead to shadow or black market trading.

"Non-market practices can lead to inefficiencies, with economic agents likely to adjust to the price caps possibly by holding on to supply longer than they would had pure market competition taken place," Mapa said in a Viber message.

"Problems may also arise for temporary price caps as this may actually encourage hoarding, as those with supply hold on to stocks and wait until the price cap is lifted," he said.

For Leonardo Lanzona,

Turn to B4

Price cap From B1

economist and professor at the Ateneo de Manila University, the only way to sustain the price cap is for the government to subsidize the shortage artificially produced by the policy.

In effect, the government needs to shift the supply either by increasing the farm output or rice imports, and doing

so would just result in either more debts or taxes.

"Given that we are already in a debt crisis and we are already scraping the bottom in terms of our taxes, this price regulation needs to end as soon as possible," Lanzona said in another exchange.

"Prices can stay at the cap, but unless more government funds are provided to support these programs, the long lines of

people buying rice, which were last seen in the first Marcos administration, will begin to sprout again," he said.

Mapa, on the other hand, emphasized that it may still be too early to tell how the price cap will pan out.

But he said the government must continue to work to ensure supply can reach consumers to help prices clear at market determined levels.



EDITORIAL

False promise of price controls

Thus it is said in one of the newer editions of the canonical textbook "Economics" authored by Paul Samuelson and William Nordhaus, first published in 1948:

"Consider the supply and demand for gasoline. Because of a war or revolution, a drastic cut in oil supply occurs. Suppose that the oil prices rise sharply and the price of gasoline rises. Populists rise to denounce the situation. They claim that consumers are being 'gouged' by profiteering oil companies. Further, the rising prices threaten to ignite an inflationary spiral in the cost of living. Such are the arguments of price-control advocates everywhere.

"Suppose that the government passes a law setting the maximum price for gasoline at the old level. At the legal ceiling price, supply and demand do not match. Consumers want much more gasoline than producers are willing to supply at the [lower] going price. This gap is so large that before long the pumps run dry. Somebody will have to go without the desired gasoline. If, on the other hand, the free market were allowed to operate, the market would clear with a [higher] price; consumers would grumble but would willingly pay the higher price rather than go without fuel. But the market cannot clear because it is against the law for producers to charge a higher price.

"There follows a period of frustration and shortage—a game of musical chairs in which somebody is left without gasoline when the pump runs dry. The inadequate supply of gasoline must somehow be rationed. At first, this may be done by 'first come, first served,' with or without limiting sales to each customer. Lines form, and much time has to be spent foraging for fuel."

The authors may have well been talking about the rice situation in the Philippines today in the wake of President Marcos' executive order capping the prices of rice at P41 per kilo for regular-milled rice and P45 per kilo for its well-milled rice—well below their market prices before the government-mandated ceilings came into effect yesterday.

The President's desire to ensure affordable rice for the Filipino people—especially in an environment where inflation remains stubbornly high despite the progress made in recent months—is laudable. But, by imposing a price cap on the staple food of the country, he is going about it the wrong way.

Price controls cap official prices but tend to constrict supply, as no one wants to sell at a loss, and usually ends up creating a black market for the commodity at even more inflated prices.

The worst part of it is that Executive Order No. 39 which mandates the price cap does not prescribe a limited period during which it will be effective, and instead says that it shall "remain in full force and effect" until the President lifts it.

Other voices in government, notably the National Economic and Development Authority and the finance secretary have expressed hopes that this is but a temporary measure, but their words sound feeble at this point in the face of a President determined to push ahead with this populist move.

What is the textbook solution to this textbook problem?

It's not the proposed P2-billion subsidy for retailers which is a nightmare to implement and may create more problems than it solves.

The correct policy is a counterintuitive one, but it is no secret to anyone familiar with the laws of supply and demand: The solution is to mandate a large but temporary reduction in tariffs so that rice could be imported from overseas to stabilize local supply (whether the shortage is real or contrived). As for countries that have imposed export restrictions, history has shown that these populist moves on their part have always been short-lived as their rice farmers always push their governments to lift the bans in order for them to earn more.

The expectations of an influx of cheap imports will then make local hoarders release their supplies into the market in anticipation of the added supply, thus lowering prices further.

"The government must foresee that angry farmers and hoarders are a minor problem compared to the mess that the price ceilings will bring about," said economist and former central bank chief Felipe Medalla on social media.

Mr. Marcos and his advisers should heed the wisdom of 1948 which is clearly still applicable in 2023. Almost seven decades ago, Samuelson and Nordhaus described price controls as "a very blunt instrument" that "lead to numerous distortions and subterfuges that undermine the economy's efficiency."

In what is now considered the bible economics, the duo warned: "Placing the entire economy under price controls to curtail a few monopolists is like poisoning the entire garden to kill a few chinch bugs."



Gov't may temporarily cut rice tariffs

By CHINO S. LEYCO

The National Economic and Development Authority (NEDA) said the government is considering the reduction of import tariffs for rice as a measure to address the significant increase in the price of the staple food.

NEDA Secretary Arsenio M. Balisacan said he called for a review of the 35 percent tariff on rice in order to reduce consumer

costs while considering the impact on local producers.

"To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs," Balisacan said in a statement on Tuesday, Sept. 5.

In August, the inflation rate for rice increased to 8.7 percent from 4.2

► 8

Gov't may temporarily cut rice tariffs 1◀

percent in July due to lower grain output caused by El Niño and the export bans imposed by major rice exporters like India and Myanmar.

NEDA also noted that alleged hoarding incidents, artificial shortages, and speculative business decisions by market players may have further contributed to the rise in domestic retail rice prices.

To address the rising prices of rice, Malacañang issued Executive Order No. 39, which sets price ceilings of ₱41 per kilogram for regular-

milled rice and ₱45 per kilogram for well-milled rice.

Risk of price control

The Department of Finance (DOF) warned that keeping rice prices artificially low for a long time could have negative effects.

Finance Secretary Benjamin E. Diokno said implementing price ceilings on rice could help control rising prices in the short term, but such intervention should only be temporary.

"Price control works only in the

near-term," Diokno told Manila Bulletin on Tuesday, Sept. 5. "If allowed to linger for longer it leads to some unwanted consequences."

Diokno cautioned that prolonged price controls would lead to a decrease in the supply of staple food, discourage farmers from planting, and cause importers to refuse rice imports.

"[This is] because the suggested domestic retail price is lower than the implied landed costs of imports," he said.

In business terms, the phrase



VIGILANT — Metro Manila Council President and San Juan City Mayor Francis Zamora (second from left), Metropolitan Manila Development Authority (MMDA) Chairman Don Artes (second from right), and Department of Agriculture Senior Undersecretary Domingo Panganiban (third from right) are shown in front of a stall that has started selling rice at the mandated price of ₱41 per kilo for regular-milled rice, and ₱45 per kilo for well-milled rice at the Agora Market in San Juan City on Tuesday, Sept. 5, 2023.

Date: SEPT. 06, 2023 Page: 148



LIBRARY
DEPT. OF AGRICULTURE

"near-term" typically refers to a period of a few weeks, possibly months, or even less.

Diokno, however, defended President Marcos' order, stating that EO 39 is intended to manage the upward pressures on rice prices.

"Price controls on rice through EO No. 39 serve as a short-term measure against non-competitive practices by some market players," Diokno said.

"Price controls, when carefully calibrated and closely implemented, are effective in the near-term," he assured.

A consumer group has also expressed support for President Marcos' decision to put a cap on the price of rice.

Bantay Palengke convenor Lester Codog said the EO 39 is timely amid the effects of inflation on ordinary Filipino families.

"This is a timely recommendation from the Department of Agriculture and the Department of Trade and Industry as many Filipino family budgets are currently strained due to the surge in the price of rice," said Codog. "We are hoping this will be effectively implemented while we wait for the local harvest season to commence. We expect that once local rice farmers reap their produce, the price of rice will stabilize."

Price cap worries farmers

Meanwhile, farmers are worried about the price ceiling, as they fear lower prices will result in traders buying their fresh harvest at reduced prices, making it difficult for them to repay their loans.

But Diokno said the government recognizes the price control's adverse impact on rice retailers and farmers.

"It is crucial that the government ensures sufficient rice supply at reduced prices, avoids non-competitive behavior in the rice industry, and pursues targeted programs to protect vulnerable sectors," the DOF chief said.

Furthermore, Diokno said the Inter-Agency Committee on Inflation and Market Outlook (IAC-IMO) is monitoring the trends in both food and non-food inflation.

He said the IAC-IMO's monitoring will enable the national government to identify and execute appropriate measures to alleviate inflationary pressures in a timely and appropriate manner.

Economists, traders seek lower tariffs

The Foundation for Economic Freedom (FEF), meanwhile, urged the government to remove or lower import tariffs on rice from 35 percent to 10 percent.

The group, consisting of economists and businessmen, argued that EO 39 would have negative consequences on Filipino consumers, farmers, and the overall economy.

"The price cap will harm consumers because it will drive supply away from the market, fuel a black market for rice, cause traders to cheat consumers by mixing inferior broken rice with regular and well-milled rice, and incentivize traders to hoard as the price ceiling is below their procurement and selling prices," it said.

FEF said lower-income consumers, in particular, will bear the brunt of the reduced availability of regular milled rice in the market at controlled prices, as traders might instead offer well-milled rice at higher prices.

Based on the price monitoring data released by the Department of Agriculture, the current selling prices of local regular milled rice as of Sept. 4 range from ₱52 to ₱55 per kilo, while imported regular milled rice is at ₱41 to ₱43.

Likewise, well-milled rice is priced between ₱48 and ₱56 for local varieties, while imported well-milled rice is at ₱45 to ₱52.

The Philippines is one of the world's biggest rice importers. (With a report from Aaron Recuenço)



Tariff cuts on rice eyed as price caps take effect

THE country's chief economic planner has called for a review of the existing tariff levels on rice to help lower the cost of this staple for consumers while considering the impact of this intervention on local producers.

Secretary Arsenio Balisacan, director-general of the National Economic and Development Authority, made this proposal as Executive Order (EO) No. 39 which pegs the price of regular milled rice at P41 per kilogram (kg) and of well-milled rice at P45 per kg, took effect yesterday.

"To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs," Balisacan said in a statement.

The Department of Trade and Industry (DTI) a monitoring team led by Interior Secretary Benjamin Abalos, Senior Undersecretary Domingo Panganiban of the Department of Agriculture (DA), DTI assistant secretary Agaton Uvero and other officials checked on the compliance by retailers

to the imposed price ceilings in two public markets, Agora in San Juan and Nepa Q-Mart in Quezon City.

The DTI did not say if the compliance was low or high but noted the strong market visibility established through the presence of the inter-agency price monitoring team encourages rice retailers to support the implementation of EO No. 39.

The DTI said the team was also able to explain the objectives of the EO -- that the price cap is only a temporary measure and that the price of rice is likely to go down as harvest season approaches and rice imports come. Uvero said the DTI and the DA have started collating the list of retailers entitled to the assistance to be given by the Department of Social Welfare and Development.

In the coming days, monitoring teams will continue visiting wet markets and supermarkets on a day-to-day basis to ensure compliance with the price ceilings of regular- and well-milled rice.

See TARIFF > Page A2



A rice retailer fixes a price tag of regular milled rice in her stall in Quezon City during the monitoring activities of government officials yesterday. (DTI Photo)

Malaya Business Insight

Date: SEPT. 06, 2023 Page: A1 & A2



LIBRARY
DEPT. OF AGRICULTURE

TARIFF

Based on monitoring by the DA on public markets in the National Capital Region yesterday, the price of local well-milled rice ranged from P45 to P53 per kg; and regular milled at P41 to P52 per kg.

The price of imported well milled rice was P45 and regular milled was P43, slightly higher than the cap.

Imported rice ranged from P53 to P65 for special variety and P52 to P56 for premium;

For local rice, special variety was at P54 to P62 per kg; premium at P49 to P60 per kg;

Weekly monitoring

Glenn Panganiban, director of the Bureau of Plant Industry

(BPI), told the Laging Handa public briefing yesterday rice prices will be monitored weekly by the Agribusiness and Marketing Assistance Service and once stable will become the basis for the lifting of the price caps.

Panganiban said the BPI will continue monitoring storages or rice warehouses as previous reports showed there is enough supply.

He added this will also ensure there will be no re-branding or re-packing of to avoid the price caps.

Beyond the ceiling

Beyond the price caps, the government has other measures that will help tame inflation moving forward.

Finance Secretary Diokno said in a statement the government will implement measures to mitigate the concerns of rice retailers and farmers and at the same time adopt a comprehensive approach to ensure that the rice supply remains sufficient at lower prices and greater competition is promoted in the rice industry.

Diokno said the government has been undertaking measures to mitigate non-food inflation by tackling energy and water demand management measures; supply management measures; managing cost of electricity; careful review of hike petitions; monitoring of the imposition of pass-through fees for delivery trucks; and timely and continued

monitoring of non-food inflation indicators.

To help protect the vulnerable sectors, the government will focus on the completion of its targeted cash transfer (TCT) program, as well as its fuel subsidy program for qualified public utility vehicle (PUV) drivers and operators. Meanwhile, the government shall also expedite the roll-out of the fuel discount program for the agriculture and fisheries sector, wherein more than 312,000 farmers and fisherfolk shall benefit.

According to Diokno, the Inter-agency Committee on Inflation and Market Outlook remains on top of monitoring the developments in food and non-food infla-

tion. It will also closely monitor the implementation of EO 39 to help ensure that the short-term measure will be effective.

Aid to farmers, consumers

Balisacan stressed the importance of providing comprehensive assistance to rice and vegetable farmers to help them increase their production in response to the adverse effects of continuous rains last month and the anticipated impact of El Niño on domestic rice and vegetable production in the first quarter of 2024.

Balisacan said the DA and the National Food Authority augment support to farmers in the drying and milling palay in the upcoming

harvest season.

NEDA recommends hastening the implementation of programs to facilitate the swift recovery of production in typhoon-affected areas.

To aid consumers, particularly the poor, Balisacan said that the government needs to accelerate the Food Stamp Program (FSP) roll-out. The FSP is one of the priority programs of the DSWD, which will provide P3,000 worth of food credits to target beneficiaries each month for six months.

Other government support to consumers includes the continued implementation of Kadiwa stores, targeted cash transfers, and the DTI Diskwento Caravan. - *Irma Isip, Jed Macapagal*

GOTCHA

JARIUS BONDOC



With rice shortage will enter gov't-sponsored import cartel



LIBRARY

DEPT. OF AGRICULTURE

Rice officials are inept. Everyone but they knew that price control would trigger shortage. Forcible enforcement like jailing will only make poorer both ends of the supply chain, farmers and retailers.

Still they capped rates: P41 per kilo for regular milled, 25-percent broken; P45 for well milled, five-percent broken. At once palay farmgate prices collapsed and polished grains vanished from public markets.

Early harvesters were dismayed. In Isulan, Sultan Kudarat, traders bought their palay for only P20 a kilo instead of the agreed P25. That's P250 suddenly lost per 50-kilo sack, or P5,000 per ton.

Retailers cowered. An assistant secretary had ordered: "Government asks you to sacrifice. You should help. From our computations, you can sell not at a loss, but no profit."

Officials don't know the numbers. Retailers get regular milled for at least P42 and well milled for P45 a kilo. They mark-up P8-P10 a kilo for overhead - helper, stall rental, utilities, plastic bags - and some profit. At government's price, they'll lose P8-P10 a kilo, or P400-P500 a sack.

Consumers lose too. There's no P41 a kilo regular milled for sale. Perhaps there's some P45 well milled, but mixed with 25-percent broken. For the rich there's P62 a kilo special rice, but adulterated with five-percent broken.

Traders also are victimized. Their legitimate warehouses raided, they're pictured as hoarders and price manipulators.

In government, the incompetent and corrupt are twins. After this price control folly will follow the racket - government-sponsored rice import cartel.

They did it with onion and sugar, from which they raked in billions of pesos. They'll do it in rice, for billions more.

The country is short of four million tons of rice per year. A \$10 kickback per imported ton spells \$40-million loot, or P2.28 billion.

Plus, 10-cent kickback from the supplier per jute sack. That's \$8 million, or P456 million from 80 million empty sacks alone.

They're setting the stage. The National Food Authority is shrieking that it has only one day's buffer stock left. But that's because it didn't do its job of stockpiling local rice good for nine days. Now Malacañang claims that government must import for emergency.

NFA already did that last year, when it wanted to import in breach of the Rice Tariffication Law (RTL). Despite its P7 billion for 300,000 tons nine days' buffer, it bought only 140,354 tons good for four days, state auditors noted. Critics foiled its illegal import scheme through government-owned Philippine Interna-

tional Trading Corp.

Government crooks are ready this time. They'll replicate NFA's import modus prior to RTL prohibition. To make it look clean, they'll again feign to negotiate government-to-government. But Vietnamese, Thai and Cambodian counterparts know the "kalakaran" (kickbacks).

Timing is perfect. Congress will adjourn Sept. 30-Nov. 5 for All Saints'-All Souls' Day. During that break the Executive can slash rice import duties from 35 percent to zero.

Designated cartel importers will look like heroes bringing in affordable rice. Imported Vietnamese 25-percent broken costs \$628 per ton, or P35.80 per kilo; Thai is \$607 per ton, or P34.60 per kilo (Food and Agriculture Organization update, August 2023). They'll profiteer the difference between those rates and Malacañang's P41 per kilo cap.

Same with Vietnamese five-percent broken at \$643 per ton, or P36.65 per kilo; and Thai at \$646 per ton, or P36.82 per kilo. Multiply their loot by four billion kilos (four million tons).

Rice officials make this plunder possible by ignoring warnings. In July-October 2022, Marcos Jr.'s first 100 days in office, world and local news reported the makings of a perfect storm:

Ukraine War, North China floods and Europe heatwave wiped out wheat and other cereal harvests, turning the world to rice. Drought scorched India, the biggest rice exporter. Those recurred this 2023.

China continued to divert Mekong River into 13 dams, choking Vietnam, Thailand and Cambodia rice paddies. Russian aggression disrupted natural gas supply, main source of nitrogen fertilizer whose prices tripled. El Niño drought was forecast this 2023-2024.

Smart officials would've done the obvious. Strict collection of 35-percent rice import duty; no room for Customs "tara" (bribery) for under-declaring volume, price or type.

The multibillion-peso collection could've been used for farmers in the form of suitable seedlings, irrigation, cold warehousing and mechanized drying. Fertilizer import duties could've been slashed, while subsidizing local makers.

Yet what happened, farmers were left to buy the cheapest although inapt seedlings. With no drainage, irrigation flooded rice lands. With fertilizer thrice the cost, farmers planted only a third of rice plots. Costly electricity made cold storage and mechanized driers unworkable.

* * *

Follow me on Facebook: <https://tinyurl.com/jarius-Bondoc>

★

of



LIBRARY
DEPT. OF AGRICULTURE

Rice price ceiling underwent thorough study - DA

By **DANESSA RIVERA**

The mandated price ceiling on rice was not rushed and went through rigorous studies before implementation, **Department of Agriculture (DA)**-Bureau of Plant Industry (BPI) director Gerald Glenn Panganiban said yesterday after some retailers complained of losses.

"This was analyzed and was based on the nationwide survey and monitoring of our rice program and of the regional field offices of the DA," Panganiban said in Filipino. "We saw, based on the study of the value chain, what the appropriate price should be in the market."

Prior to the implementation, the DA official said storage warehouses were inspected, which showed there was adequate rice supply.

Executive Order (EO) 39, signed for President Marcos by Executive Secretary Lucas Bersamin on Aug. 31, set the price ceiling for regular milled rice at P41 per kilo and P45 a kilo for well-milled rice nationwide, effective yesterday.

The price cap will be imposed indefinitely or until prices stabilize, Panganiban said.

"We will monitor prices weekly to see if there will be changes or if prices will stabilize, after

Turn to Page 4



Rice price From Page 1

which the DA and the Department of Trade and Industry (DTI) can recommend to lift the EO," he said.

To drive rice prices down, the DA will ensure continuous dialogue with retailers, traders and importers.

To boost production, the DA is also strengthening its credit facilities through the Agricultural Credit Policy Council.

Market inspection

On the first day of implementation, DA's monitoring in Metro Manila markets showed retail prices of local well-milled rice ranged between P45-53 per kilo and P41-52 per kilo for regular milled.

On the other hand, prices of imported commercial rice were at P45 per kilo for well-milled while imported regular milled rice were at P43 a kilo.

A composite team from the DA and DTI also conducted simultaneous inspections in 18 Metro Manila markets.

Interior Secretary Benjamin Abalos said they did not apprehend and penalize retailers who have not yet complied with the EO No. 39 on the first day, as they are currently conducting information drive. However, the DILG will be stricter in enforcing the price cap in the next few days.

The DILG chief likewise added that this is only a temporary measure to control rice prices amid the alleged hoarding and manipulation of cartels.

Abalos inspected public markets yesterday alongside Quezon City Mayor Joy Belmonte and San Juan Mayor Francis Zamora. They said local government units are giving assistance, such as waiving or discounting rental fees in public markets, to the affected rice retailers in their localities to help enforce and cushion the effects of the rice price ceiling.

Police units are ready to assist concerned government agencies in the inspection of retailers after the government imposed price caps on rice, according to Col. Jean Fajardo, chief publicist of the Philippine National Police (PNP).

These include law enforcement operations by government agencies such as the Bureau of Customs. "If there will be operations by the BOC and other agencies, the PNP will provide assistance," she said.

Cash assistance

The Department of Social Welfare and Development (DSWD) is ready to provide cash assistance to small rice retailers who will be gravely affected by the price ceiling on rice.

DSWD Secretary Rex Gatchalian noted he was directed by the President to use the department's Sustainable Livelihood Program (SLP) to help small rice retailers who may incur losses due to the "temporary price cap."

"We discussed with the President that we will use the DSWD's SLP once again so that our small retailers affected by this temporary

price cap on rice can be assisted," he added.

Gatchalian said the SLP currently has a P5.5-billion budget, which can be immediately used to help cushion the impact of the price cap on rice, particularly among small rice retailers who have very small inventory.

According to the secretary, he was just waiting for the list of qualified small rice retailers, which will be provided by the DTI and the DA.

"Hopefully, by next week, we can conduct a payout for the sustainable livelihood grant to our affected rice retailers," he added.

The DTI and the DA are currently coming up with a list of the affected rice traders and rice retailers who will receive the government's assistance.

Subsidy

The P2-billion subsidy the government will provide rice retailers will most likely come from the unprogrammed fund of the 2023 national budget, Ako Bicol party-list Rep. Zaldy Co said yesterday.

"We are looking at the unprogrammed and hopefully we were able to check that there's an available funds and at the same time DSWD Secretary Rex Gatchalian also said he also has funds. President Marcos' priority at this point is the National Capital Region," said Co, chairman of the House committee on appropriations.

"So far, there's a fund available and we already talked to Secretary Rex last week," Co explained.

For her part, Rep. Stella Luz Quimbo, senior vice chair of the House appropriations committee, filed House Bill 9030 (The Philippine Rice Emergency Response Act) that lays out a "three-pronged" approach to the alleged shortage of rice supply in the market.

The Marikina congresswoman said the first strategy is to ensure sufficient supply of the staple, followed by subsidizing businesses that will be affected by price controls and lastly, pressing charges and increasing the penalty against the manipulators creating a supply shortage.

Realign CIF

The government should realign P10.1 billion in confidential and intelligence funds (CIF) in the proposed 2024 national budget to support farmers and other local food producers, Kilusang Magbubukid ng Pilipinas (KMP) chairman emeritus Rafael Mariano said.

Under the proposed budget, Mariano said the Office of the President would have a CIF of P4.5 billion, Office of the Vice President, P500 million and Department of National Defense, P1.7 billion.

The Department of Education, headed by Vice President Sara Duterte, has P150 million CIF.

- With Delon Porcalla, Romina Cabrera, Sheila Crisostomo, Emmanuel Tupas, Ramon Efren Lazaro, Catherine Talavera



Rice retailers affected by rice cap may get P15K aid—DSWD chief

THE Department of Social Welfare and Development (DSWD) is ready to provide P15,000 in cash assistance to small rice retailers who may incur losses due to the Malacañang-mandated price ceiling on rice, which became effective on Tuesday, even as the House Committee on Appropriations searches for unprogrammed funds in the 2023 General Appropriations Act to augment this funding.

DSWD Secretary Rex Gatchalian said he was directed by President Ferdinand R. Marcos Jr. to use the department's Sustainable Livelihood Program (SLP) to help small rice retailers recover their would-be losses from the temporary price cap.

Under Executive Order No. 39 signed by Executive Secretary Lucas Bersamin on August 31, the mandated price ceiling for regular milled rice is P41 per kilo, while the mandated price cap for well-milled rice is P45 per kilo.

The DSWD chief said the SLP currently has a P5.5 billion budget, which can be immediately used to help cushion the impact of the price cap on rice, particularly among small rice retailers who have very small inventories.

The SLP is a capacity-building program that provides start-up capital for those who wish to start a small business; capital building

for cases similar to the effects of EO 39 on small businesses; and employment grants.

The DSWD chief said the department is just waiting for the list of qualified small rice retailers, which will be provided by the Department of Trade and Industry (DTI) and the **Department of Agriculture (DA).**

"Hopefully, by next week, we can conduct a payout for the sustainable livelihood grant to our affected rice retailers," he said.

Gatchalian pointed out that the DSWD is ready to begin the nationwide payout to the qualified recipients of the financial aid amounting to a maximum amount of P15,000.

The DSWD chief held meetings with Speaker Martin Romualdez and House Committee on Appropriations chairman Rep. Zaldy Co of Ako-Bicol party list, who both vowed to raise P2 billion to help augment the SLP budget for the benefit of more small rice traders and retailers.

Unprogrammed funds

CO, meanwhile, said his committee is looking at unprogrammed funds in the 2023 national budget as a possible source of the P2-billion budget to earmark as cash assistance for rice retailers affected by the rice price ceiling.

"We are looking at the unprogrammed

fund, and hopefully, it has been checked that there are available funds, and at the same time, Secretary Rex still has funds," Co said.

The unprogrammed appropriations are standby appropriations and are not backed up by revenues. Any expenditure from this fund may only be authorized when supported by: (a) excess revenue collections in any one of the identified non-tax revenue sources from its corresponding revenue collection targets, as reflected in the Budget of Expenditures and Sources of Financing (BESF); (b) new revenue collections or those arising from new tax or non-tax sources that are not part of, nor included in, the original revenue sources reflected in the BESF; or (c) approved loans for foreign-assisted projects.

"Our President's priority is 'the NCR [National Capital Region] because that is the most affected. Another instruction of our President and Sec. Rex in DTI is to provide assistance to only indigent retailers because we have retailers and at the same time importers," he said.

"[We should help] the really small retailers, in the sari-sari stores in the barangays or in the market, who are really not the big time [retailers]. Only those who are really affected, those who are rich enough to absorb it, are no longer covered because that is not allowed in our guidelines," he added.

Jovee Marie N. Dela Cruz



LIBRARY
DEPT. OF AGRICULTURE



DTI-FAIR TRADE ENFORCEMENT BUREAU

Rice inspection team

QUEZON CITY Mayor Maria Josefina "Joy" G. Belmonte and San Juan City Mayor Francis M. Zamora inspected rice prices in the market on Tuesday. Joining them were Interior and Local Government Secretary Benjamin "Benhur" C. Abalos, Jr., Agriculture Senior Undersecretary Domingo F. Panganiban, Trade Assistant Secretary Agaton T. Uvero and DTI-Fair Trade Enforcement Bureau Director Phillip D. Sawali.

Rice emergency bill stretches Palace powers

By Beatriz Marie D. Cruz
Reporter

A CONGRESSMAN has filed a bill seeking to empower the President to declare a "state of national rice emergency" amid increasing prices of the nation's staple food.

"The proposed Philippine Rice Emergency Response Act is not just a reaction to these challenges. Rather, it is a strategic set of solutions — a comprehensive tool kit — that seeks to shield consumers and our local farmers, as well as traders, during tight conditions in the rice market," Marikina Rep. Stella Luz A. Quimbo said in a statement.

Under House Bill No. 9030, the President, in consultation with the Agriculture Secretary, has the authority to declare a national rice emergency due to extreme rice shortage, or

either from the sustained or spike increase in rice prices.

In the event of a rice emergency, the President may also propose to Congress to subject rice imports to reduced or zero tariffs, and must also provide subsidy with the help of concerned agencies.

The bill also seeks to use the Rice Competitive Enhancement Fund (RCEF) for programs that will respond to the rice emergency, including cash assistance to farmers and other affected sectors, regardless of whether the tariff revenues from rice importation exceeded P10 billion.

During a rice emergency, the National Food Authority (NFA) may also import to maintain buffer stock, subject to the President's approval.

Meanwhile, Speaker Ferdinand Martin G. Romualdez urged Congress to earmark P2 billion to assist retailers affected by the rice price ceil-

ing ordered by the President last week.

House Appropriations Committee Chairman and Party-list Rep. Elizaldy S. Co said the budget will come from the government's unprogrammed funds and existing funds from the Department of Agriculture.

On Tuesday, the Department of Trade and Industry (DTI) led an inter-agency joint monitoring team to check on compliance with the imposed rice price ceiling in markets in San Juan and Quezon Cities.

Interior and Local Government Secretary Benjamin C. Abalos, Jr., who joined the monitoring team, said he was enlisting the cooperation of Metro Manila mayors and market administrators to enforcing the mandatory price ceiling on rice.

Likewise, the DA said it was coordinating with the Bureau of Customs (BoC) in stabilizing the supply of rice.



NEDA considers temporary cut in rice tariffs

By Luisa Maria Jacinta C. Jocson
Reporter

THE NATIONAL Economic and Development Authority (NEDA) is looking into a temporary reduction in tariffs for rice to help lower domestic prices.

"To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs," NEDA Secretary Arsenio M. Balisacan said in a statement on Tuesday.

Mr. Balisacan made the statement after data showed August inflation accelerated to 5.3% due to the spike in rice and fuel prices. In particular, rice inflation quickened to 8.7% in August from 4.2% in July.

A nationwide price ceiling on rice took effect on Tuesday, as part of the government's effort to address rising prices of the national staple amid reports of hoarding and price manipulation by cartels.

Price monitoring data from the Department of Agriculture (DA) showed that as of Sept. 4, the retail price of local well-milled rice ranged from P48 to P56 per kilogram, while regular milled rice ranged from P52 to P55 per kilogram.

Executive Order (EO) No. 39 set the price cap on rice at P45 per kilogram for well-milled rice and P41 for regular milled rice.

"To manage upward pressures in rice prices, price controls on rice through EO No. 39 serves as a short-term measure against non-competitive practices by some market players. Price controls, when carefully calibrated and closely implemented, are effective in the near term," Finance Secretary Benjamin E. Diokno said in a Viber message.

Mr. Diokno noted that if price controls are allowed to be implemented longer than necessary, it would trigger unwanted consequences.

Tariffs, SI/9

Tariffs, from SI/1

"Supply will disappear, output will fall as farmers are discouraged to plant, and importers will refuse to import because the suggested domestic retail price is lower than the implied landed costs of imports," he said.

Meanwhile, former Agriculture Undersecretary Fermin D. Adriano said that the price ceiling will rattle the rice supply chain.

"The price cap will negatively impact the rice value chain from farmers whose palay (unmilled rice) will not be bought because traders will lose money. Traders will not import because the rice ceiling is lower than the cost of rice imports, and consumers because rice will gradually disappear from the market since traders will not sell if they are going to lose money. A black market will develop," he said in a Viber message.

Sonny A. Africa, executive director of think tank Ibon Foundation, said that the price cap may initially stabilize prices but noted the second-round effects on small traders and rice farmers.

"A protracted price cap without minimum farmgate prices and support for small traders may just end up disrupting rice supplies which would only drive up the underlying price of rice even more," he said in a Viber message.

On the other hand, Jayson H. Cainglet, executive director of Samahang Industriya ng Agrikultura (SINAG), said in a statement that the price cap is a compromise to help farmers and protect consumers.

"If they lower the price ceiling, farmers will be the most hit by this and farmgate prices will sink to P17-19 per kilogram. If they raise it, consumers will be affected by this and importers," he said.

Mr. Cainglet said that there is no reason to hike the retail price of rice as there is no shortage of supply.

"Traders capitalized on the initial public panic created by the statement of the National Food Authority (NFA) that government buffer stock is only good for 1.5 days. Our stocks are good to last until the first quarter of next year and we have yet to harvest the expected 7 million metric tons (MT) of rice this harvest season," he said.

"At any given time, our buffer stock is good for 50-60 days, prior to the onset of the harvest season later this month."

For his part, Mr. Adriano called on the government to lift the price cap immediately and instead reduce or remove tariffs on rice imports.

The Foundation for Economic Freedom (FEF) earlier suggested the government cut import tariffs on rice from Association of Southeast Asian Nations (ASEAN) countries to 10% from the current 35%.

Mr. Africa said that the government should focus on the long-term solutions to rely less on imports and focus on ramping up local production.

"The government should accept that domestic rice production hasn't substantially improved since rice liberalization four years ago and, if anything, our rice import dependence is getting worse. We may be forced to import more if supplies remain low in the coming harvest season, but this should be a temporary stop-gap measure at best. Rice self-sufficiency should be a goal exactly as it has been for the countries that we're importing our rice from," he added.

Data from the Bureau of Plant Industry showed that the Philippines imported 2.19 million MT of rice in the January-August period.

The United States Department of Agriculture projects the Philippines' rice imports to reach 3.8 million MT this year.



COMPLIANCE WITH RICE PRICE CEILING STILL LOW

By Dexter Cabalza,
Jordeene B. Lagare
and Inquirer Bureaus
@Team_Inquirer

Retail prices of rice in Metro Manila started to decline on Tuesday, the first day the price ceiling on the Filipino staple food took effect, according to a monitoring conducted by the Department of Agriculture (DA).

Locally produced regu-

lar-milled rice was selling from P41 to P52 a kilo, while local well-milled rice was being sold from P45 to P53. Imported regular-milled rice was priced at P43 a kilo, while imported well-milled rice retailed at the mandated ceiling of P45.

On Sept. 4, a day before the price cap took effect, local regular-milled rice retailed from P52 to P55 a kilo, while local well-milled rice was sold from P48 to P56.

During the inspection and price monitoring operation of officials from the national and local governments at Mega Q Mart in Quezon City, Interior Secretary Benhur Abalos noted that a number of retailers were not yet complying with Executive Order No. 39, which was issued by President Marcos last week setting a ceiling of P41 a kilo for regular-milled rice and P45 for the well-milled variety.

Several retailers were also noticeably closed during the inspection, with one small rice merchant saying some of them were contemplating on closing their shops until the prices of rice have normalized.

Abalos said he had directed market masters or market administrators of local government units (LGUs) nationwide to effectively implement the price ceiling on rice.

He also ordered the Philippine National Police to extend assistance to the DA, the Department of Trade and Industry (DTI), and LGUs in the enforcement of EO 39 and in the performance of their regulatory and executive powers.

"But today, we did not arrest or penalize anyone. We're only reprimanding them, telling them that they should follow the price ceiling," Abalos told reporters.

"For now, we are just doing an information drive [about EO 39]. But we are asking everyone to cooperate with the government. This is not permanent, only temporary," he added.

Abalos said authorities would focus on going after the cartels, hoarders and market price manipulators.

According to Abalos, he has directed LGUs "to try their best" to cushion the effects

A2

Date: 06 SEP 2023 Page: A1, 2, A2



LIBRARY
DEPT. OF AGRICULTURE

COMPLIANCE WITH RICE PRICE CEILING STILL LOW

FROM A1

of the price cap on rice by giving rice retailers discounts or waiver of their monthly rent.

Local governments, especially in Metro Manila, also offered to provide assistance to retailers on top of the P15,000 subsidy from the national government. *(See related story on this page.)*

Quezon City Mayor Joy Belmonte on Tuesday said she was not keen on penalizing rice retailers who would not be able to follow the price ceiling.

Belmonte said she was looking at a range of measures to help them cope with possible losses.

These include financial aid from the city government to retailers on top of the subsidy already promised by the national government, and possibly the waiving of rental fee for rice stores in public markets.

Noncompliance

Outside Metro Manila, retailers were selling rice above the price cap.

In Isabela province, limited supplies of regular-milled rice were sold at P44 a kilo.

"It is a basic rule for us. We would rather close shop than be bankrupt," said rice vendor Lorgita Birung.

"If we bring down the price to meet the price ceiling, we will be losing money," said retailer Myla Juan, citing high delivery and handling costs.

Some rice retailers warned that they might close shop if the government continued to dictate the price of rice.

Most rice traders and retailers in Cebu, Bohol, Negros Occidental and Leyte also defied the price ceiling.

Some sellers in Tacloban City even pulled out their regular- and well-milled rice from their

shelves and instead sold the premium and special rice, which are not covered under EO 39.

Personnel from the DTI conducted their monitoring at Tacloban's main public market and found out that only four out of more than 30 rice traders and sellers followed the price cap.

Frederic Dy, president of the Grains Retailers Confederation of the Philippines (Grecon) for Eastern Visayas, confirmed that many of their members were not following the order and just sold premium or special rice instead.

In Cebu, retailers were finding it hard to comply with EO 39, said Erwin Gok-ong, Grecon vice president in Cebu City.

Gok-ong said that if the government would impose a price cap of P41 a kilo, the rice should have been bought from their source at P38 a kilo to allow them to have a P3-profit per kilo.

At present, he added, their cheapest rice was bought at cost at P48 a kilo.

Rice retailers in the province of Cotabato, a major granary of the staple food in Mindanao, also defied EO 39.

Carmelito Bacus, Grecon president in the province, said that instead of following the order, they would negotiate with the Local Price Monitoring Team to give them another week to dispose of their rice stocks that were bought at higher farm-gate prices to avoid incurring losses.

Bacus said that retailers in Cotabato agreed not to sell their regular- and well-milled rice based on EO 39 as they stand to lose P400 per 50-kilogram sack. —WITH REPORTS FROM KRIXIA SUBINGSUBING, ALDEN MONZON, ARMAND GALANG, CARMELA REYES-ESTROPE, VINCENT CABREZA, VILLAMOR VISAYA JR., DELFIN MALLARI JR., WILLIAMOR MAGBANUA, BONG SARMIENTO, LEAH AGONNOY, JOEY GABIETA, CARLA GOMEZ, LEO UDTCHAN AND NESTLE SEMILLA INQ

Date: 06 SEP 2023 Page: 2



LIBRARY
DEPT. OF AGRICULTURE

Naapektuhan ng price cap **P15K ayuda sa rice retailers – DSWD**

Nina **ANGIE DELA CRUZ** at **JOY CANTOS**

Pagkakalooban ng Department of Social Welfare and Development (DSWD) ng maximum na P15,000 cash aid na one time ibibigay, ang small rice retailers na maaapektuhan ng price cap na itinakda ng Malakanyang.

Ayon kay DSWD Secretary Rex Gatchalian, ito'y bilang pagtalima sa

kautusan ng Pangulong Ferdinand Marcos Jr. na gamitin ang Sustainable Livelihood Program (SLP) ng ahensiya upang matulungan ang mga small rice retailers na makabangon mula sa inaasahang pagkalugi dahil sa temporary price cap sa bigas.

Ang mandated price

ceiling sa regular milled rice ay P41 per kilo habang P45/kilo sa well-milled rice.

Siinabi ni Gatchalian na ang SLP ay kasalukuyang may P5.5 billion budget na maaaring maitulong sa mga maaapektuhan ng

price cap sa bigas.

Hinihintay na lamang ng DSWD ang listahan ng mga qualified small rice retailers mula sa Department of Trade and Industry (DTI) at Department of Agriculture (DA) para

sa mga pagkakalooban ng ayuda.

"Hopefully by next week ay makapagbigay na tayo ng payout under the sustainable livelihood grant para sa ating mga apektadong rice retailers," dagdag ni Gatchalian.



LIBRARY
DEPT. OF AGRICULTURE

DSWD kinasa P15K ayuda sa mga rice retailer

Mamimigay ng P15,000 na ayuda ang Department of Social Welfare and Development sa mga maliliit na rice retailers na apektado ng Executive Order No. 39 na nagpapako sa P41 sa presyo ng regular milled rice at P45 sa well milled rice.

Pero ayon kay DSWD Secretary Rex Gatchalian, kailangan pang magdesisyon ang mga grupo ng mga retailer kung paano maipapamahagi ang ayuda ng gobyerno.

"Makikipag-ugnayan na dapat sa mga retailers association na ito para mahanap na natin kaagad

itong mga retailers na tinutum-bok natin pagkatapos nun, sila rin ang gagawa ng parameters kung ang bibigay ay P15,000 pare pareho or depende sa binili mo, kasi meron mas maraming binili, meron naman kaunti lang, kaya sabi nila bigyan ko sila ng isa o dalawang araw para maibalik sa akin 'yung listahan at 'yung parameters, pero kung tatanungin ninyo kung ready na kami, nakahanda na iyong ground troops namin, puwede na tayo mag-pay out anytime," paliwanag ni Gatchalian.

"Yung mekanismo naman ng

DSWD nationwide intact 'yan, sa utak ko, inasahan ng Pangulo by next week dapat i-update ko siya, dapat next week nagsisimula na tayo. Kung kami nga masusunod dyan dapat this Friday kaya pero alam ko naman na siyempre mai-ngat din ang DTI ang DA na hindi magkamali doon sa listahan," ayon pa kay Gatchalian.

Tiniyak pa ng kalihim direktso sa mga maliliit na rice retailer ang P15,000 pero dapat na makapagpakita sila ng kati-bayan na mahal nga ang kanilang biniling bigas. **(Betchai Julian/Eileen Mencias)**



Bamboo can control floods -- DA official

By Joel dela Torre

IN the wake of massive flooding due to typhoons and southwest monsoon-related downpours, an Agriculture official asserted the importance of bamboo-raising and how the plant has helped many countries mitigate flooding.

Agriculture Undersecretary Deogracias Victor Savellano said bamboo has been proven effective against massive flooding and the Philippines should similarly adopt best practices and technologies into this concern. This far, DA is pushing for collaborations

with infrastructure and public work agencies for a program that uses bamboo even as climate experts have been acknowledging bamboo's climate-smart superiority.

"Bamboo's number one characteristic is it is fast-growing. Second is it fights soil erosion. When it comes to cost-effectiveness, bamboo will be our excellent ally, second to none," Savellano said.

He stressed that the Philippines' thrust toward bamboo propagation is an urgent imperative with the perennial floodings as President Ferdinand R. Marcos Jr. himself committed to

abiding by the United Nations Sustainable Development Goals.

Even with its own effort, the Kilusang 5K (Kawayan: Kalikasan, Kabuhayan, Kaunlaran, Kinabukasan) Foundation Inc., Savellano's own founded firm is participating in as much 26,000 hectares of bamboo planting in the Marikina Watershed. It is a private-public partnership.

Kilusang 5K piloted since 2021 with 30 hectares of bamboo planting in Karugo and Puray, Montalban. It is a part of the Marikina watershed to whose denudation destructive flooding in Metro Manila is blamed.

Bamboo plays these important roles in solving flooding-- rehabilitation of degraded land, reforestation, carbon sequestration, and poverty alleviation.

With some bamboo species growing by more than one meter per day, bamboo must be the fastest growing plant on earth.

According to Guada Bamboo, an exporter of giant tropical bamboo in Latin America, "one hectare of Guada Bamboo forest can store more than 30,000 liters of water in its culms during rainy season which it gradually deposits back in the soil during dry season."

It stores large amounts

of water in its wide network of rhizomes and stems during the rainy season, and returns water to the soil, rivers and streams during droughts.

The International Fund for Agricultural Development (IFAD) reported that a huge amount of carbon is stored in China's bamboo forests. This is projected to reach 1.018 billion metric tons (MT) in 2050 from 727 million MT in 2010.

06 SEP 2023

Date: _____ Page: 5



LIBRARY
DEPT. OF AGRICULTURE

PH NOW AMONG WORLD'S TOP TUNA PRODUCERS -- BFAR

THE Department of Agriculture-Bureau of Fisheries and Aquatic Resources (DA-BFAR) has announced that the Philippines is now among the world's leading producers of tuna.

"With unwavering determination, we have elevated the Philippines to the ranks of the world's leading tuna producers. Last year's impressive production of over 475,000 metric tons speaks to our diligence and the richness of our marine biodiversity — a remarkable achievement for a country of our size," DA Undersecretary for Fisheries Drusila Esther Bayate said in her message at the closing of the 23rd National Tuna Congress and Trade Exhibit at the SM City General Santos Trade Halls in General Santos City.

"Atsa kabilang liit natin, nakakapag-export pa tayo (We are able to export despite our size). More than 107,000 metric tons of tuna were exported last year. Nakaka-proud talagang maging Pilipino (Being a Filipino is something to be proud of)," she added, noting that the country's tuna industry has a rich

potential.

BFAR data showed that in 2022, tuna accounted



the Bureau of Fisheries and Aquatic Resources in further strengthening the tuna industry, such as the establishment of the 12 Fisheries Management Areas (FMA), the approval of three new Fisheries Administrative

Orders related to tuna fisheries management, the Philippine Fisheries and Coastal Resiliency (FishCoRe) Project, and the National MLambaklad and Payao Program, among others.

DA-BFAR director Demosthenes Escoto highlighted the importance of the country's tuna fisheries amid challenges and changes in nature such as rising sea temperatures exacerbated by climate change.

In his message, he said among the various new initiatives of the DA for the tuna industry include continuous implementation of the National Tuna Management Plan and the reconstitution of the BFAR Technical Working Group on Tuna Fisheries. PNA

ed for 10.25 percent of the country's fisheries production.

Bayate underscored that the country's tuna industry continuously adapts to various challenges.

She also shared the current initiatives of the Department of Agriculture through



Food prices drive up Phl monthly inflation

By LOUELLA DESIDERIO

The country's inflation rate picked up pace in August, snapping a six-month downtrend, due largely to increases in the prices of food such as rice and vegetables, as well as transport costs, according to the Philippine Statistics Authority (PSA).

At a briefing yesterday, National Statistician Dennis Mapa said headline inflation, or the rate of change in average prices of goods and services typically purchased by consumers, rose to 5.3 percent in August from 4.7 percent in July.

The latest inflation reading, however, is lower than the 6.3 percent posted in the same month last year.

The August inflation rate is within the projected range of 4.8 to 5.6 percent of the Bangko Sentral ng Pilipinas (BSP) for the month.

Mapa said the uptrend in overall inflation was primarily due to the higher increase in food and non-alcoholic beverages at 8.1 percent in August from 6.3 percent in July.

Inflation for food alone went up to 8.2 percent in August from 6.3 percent in July, with rice and vegetables as the main drivers.

In particular, rice had a higher inflation rate of 8.7 percent in August from 4.2 percent in July.

The National Economic and Development Authority (NEDA) said the expected reduction in rice output due to El Niño and the export ban recently imposed by major rice exporters such as India and Myanmar had pushed up international rice prices.

It also said the alleged hoarding incidents, artificial shortage and speculative business decisions of market

Turn to Page 4



Interior Secretary Benhur Abalos, Quezon City Mayor Joy Belmonte, Metro Manila Council president San Juan City Mayor Francis Zamora and DTI officials monitor rice prices at Nepa Q-Mart in Quezon City yesterday.

MICHAEL VARCAS



Food prices From Page 1

players may have further exerted upward pressure on the local retail price of rice.

Amid rising prices, President Marcos through Executive Order 39 imposed a price ceiling of P41 per kilo for regular milled rice and P45 per kilo for well-milled rice. The order took effect yesterday.

Mapa said inflation rate for vegetables was higher at 31.9 percent in August from 21.8 percent in July.

The transport commodity group has also been cited as a main driver to the overall inflation uptrend, registering at 0.2 percent in August from -4.7 percent in July.

Inflation averaged 6.6 percent in the January to August period, higher than the BSP's two to four percent target range.

Core inflation, which excludes volatile food and energy items, meanwhile, further slowed to 6.1 percent in August from 6.7 percent in July.

Expected

Oikonomia Advisory and Research Inc. president and chief economist John Paolo Rivera said in an email that the higher inflation rate in August was expected, given the steep oil price hikes and

the calamities that disrupted the food supply chain.

"There is likelihood of acceleration in the succeeding months due to typhoons, flooding that will continue to disrupt food production and distribution creating supply chain constraints," he said.

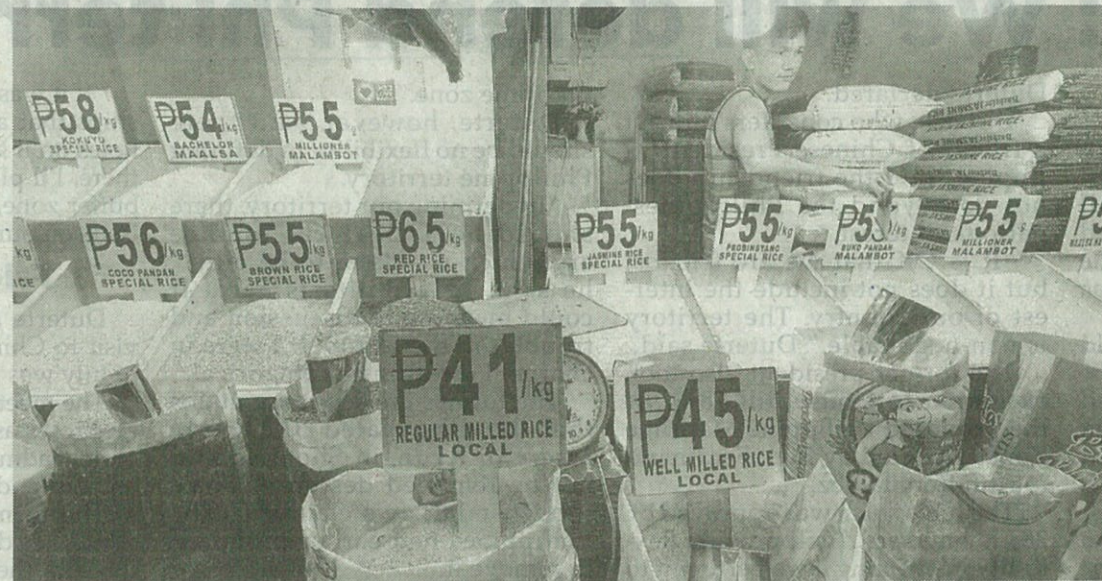
With the coming holiday season, he said demand-pull inflation may kick in.

"With supply shocks to important food items and imported energy, we could see a resumption of price pressures building up," ING Bank senior economist Nicholas Mapa said.

In the coming months, inflation would be driven largely by the movement in the costs of three key commodities – rice, electricity and transportation, he said.

Under such scenario, the government will have to step up measures to ensure food security, protect consumers and provide assistance to farmers, according to NEDA.

"Despite the ongoing challenges we encounter, such as severe weather conditions and trade limitations imposed by other nations, our objective remains to achieve an inflation rate between two and four percent by the year's end,"



Vendors sell two varieties of rice for P41 and P45 a kilo at the Agora Market in San Juan City yesterday, the first day of the implementation of price ceilings on rice.

MICHAEL VARCAS

NEDA Secretary Arsenio Balisacan said.

With food, particularly rice and vegetables, cited as the main driver of inflation, there is greater need for the government to provide assistance to farmers to increase their production, given the adverse effects of continuous rains last month and the anticipated impact of El Niño on domestic rice and vegetable output in the first quarter of next year.

He also cited the need to augment support for farmers in drying and milling palay in the upcoming harvest season, as well as to hasten the implementation of programs for the

swift recovery of production in typhoon-ravaged areas.

To help bring down the cost of rice, the existing tariff on the commodity may have to be reviewed, taking into account the impact of such intervention on local producers.

"To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs," he said.

He said the government also needs to accelerate the rollout of the Food Stamp Program of the Department of Social Welfare and Development (DSWD),

which involves providing P3,000 worth of food credits to target beneficiaries each month for six months to help consumers, particularly the poor.

The DSWD would also be providing P15,000 to small scale rice retailers affected by EO 39 through its Sustainable Livelihood Program.

Transport

Balisacan said the government would likewise provide assistance in the transport of rice sacks from farmer cooperatives and traders to retailers and wholesalers.

Government support for consumers through Kadiwa

stores, targeted cash transfers and the Department of Trade and Industry's Diskwento Caravan will also continue.

"Using policy levers on multiple fronts, we are confident in our ability to overcome the obstacles arising from domestic and international factors as we safeguard the interests of Filipino consumers and producers," Balisacan said.

Meanwhile, the Department of Health (DOH) said the public may consider alternatives to rice that may be cheaper and just as or even more nutritious.

"We have people who are already used to eating other food products aside from rice. For example, sweet potato, corn or others that are more affordable," DOH spokesman Undersecretary Eric Tayag said at a press conference yesterday.

"Aside from rice, sweet potato and corn, there are also some vegetables that can not only make us full, but also provides the needed nutrients," he said.

"We can have this rotation of our basic food requirements," he said.

He said the rising cost of food is "not enough reason for us to reduce what we eat or what we need in terms of (nutrition)."

— With Rhodina Villanueva



SKETCHES

ANA MARIE PAMINTUAN

Capping prices

For the president and concurrent agriculture secretary, who's still "aspiring" for P20 a kilo rice, seeing rice retail prices hitting P60 per kilo must be a nightmare.

Yesterday, the Philippine Statistics Authority reported that rising food prices ended six months of easing inflation, with the rate rising to 5.3 percent in August from 4.7 percent in July.

The inflation report came out on the same day that rice price caps went into effect.

At neighborhood dealers in my part of town yesterday, rice was being retailed from P50 to P60 for regular and well-milled. But at the branch of a major supermarket chain, only the pricey special rice varieties were available yesterday, and only at wholesale packs of at least five kilos each.

Maybe the neighborhood retailers are unaware of the presidential order capping rice prices at P41 per kilo for regular-milled and P45 for well-milled.

More likely, they opted to follow sound business practice and ignore the government order to sell at a loss. As one retailer told me, the government can't force him to go bankrupt.

The price caps are meant to address speculation and hoarding, Socioeconomic Planning Secretary Arsenio Balisacan told me last Saturday.

He said the country has enough rice, and the harvest beginning next month is expected to be good, so the recent price surge is speculative and must be nipped. The duration of the price cap will depend on food inflation trends, he told me.

Balisacan acknowledged that certain sectors are expected to be adversely impacted by a price cap.

In this case, small retailers are the ones being hit. They're not kidding when they groan that they stand to lose money. I buy our household rice supply by 25-kilo sacks at a wholesaler. Last month when I bought my usual supply of six sacks, the mid-priced local well-milled rice that used to cost P42 a kilo had gone up to P45.

The small retailers get their supplies from that wholesaler, so how can they now sell the rice at cost? Some well-milled varieties were priced higher than P45 by the wholesaler; should these also follow the retail price cap?

Those who opted to stop selling rice yesterday risk being accused of hoarding. But they apparently see the prospect of losing their investments as the bigger problem. Can the government force private businesses to operate at a loss?

Officials see the recent rice price surge as either a panicked or speculative reaction to the ban imposed by India beginning in July on its exports of non-basmati rice. The ban was imposed to secure domestic supply while India monitors the El Niño trend, and amid the crop devastation caused by catastrophic floods in Pakistan last year.

India being the world's largest rice exporter, its ban has affected the global rice trade. Industry players say the Philippines doesn't buy a lot of Indian rice, mainly as a matter of taste; they say Filipinos prefer rice varieties from Vietnam and Thailand. But because of India's export ban, Vietnam and Thailand have also tightened their rice exports to secure domestic supply.

Balisacan told me that even with these developments, the Philippines has enough rice supply, both domestically produced and imported, and there's no reason for speculative pricing. And so the price caps were approved.



He acknowledged that many low-income consumers buy rice from small retailers – the ones who are now wringing their hands in despair, worrying if they should sell at a loss or risk arrest and prosecution for hoarding.

Consumers always welcome low prices, but we also want a steady supply. What if most of the small retailers opt to risk seeing their rice infested with weevil or *bukbok* in storage rather than sell at a loss?

Speaker Martin Romualdez, who is curiously leading raids on warehouses where rice is allegedly hoarded, said Congress may approve a P2-billion subsidy for the affected small retailers.

I wonder what Finance Secretary Benjamin Diokno thinks of yet another multibillion-peso subsidy, when he is considering curbs on universal free college education and requiring military personnel to contribute to their pensions to prevent "fiscal collapse." Yesterday, he said price caps are effective only in the short term.

There's the other problem of enforcing price caps. This may be done in the major supermarket chains, but small retailers can be a challenge. We saw this when the government announced suggested retail prices for sugar last year.

The rice price cap inevitably raised the question: why not cap sugar prices as well? Micro entrepreneurs including vendors of banana-Q and *sa malamig* have been complaining about it since last year, and sweetened food items account for the biggest chunk of food inflation.

Sugar is priced so much lower in other countries that major institutional users want permission to import directly, to bring down the cost of processed food items such as soft drinks.

In Thailand, sugar is currently retailing between 12.35 and 16.47 baht per kilo (P19.84 to P26.45). In Indonesia, it's between \$0.43-\$0.60 per kilo (at yesterday's P56.94 to the greenback, that's P24.49 to P34.17). And in Vietnam, it's \$0.50-\$0.71 per kilo (P28.47 to P40.43). So the retail prices in the Philippines since last year of over P90 to P110 constitute unconscionable greed.

Yet the government insists on protecting the sugar barons and maintaining the import monopoly enjoyed by three well-connected entities. This looks like a state-backed private cartel that Congress won't touch. Why?

Back to rice, the price caps have highlighted once again our inability to be self-reliant in the supply of the Filipino staple.

Santiago Obien, the first director of the Philippine Rice Research Institute, was also at the East-West Center alumni gathering last Saturday at the Bangko Sentral ng Pilipinas, hosted by BSP Governor Eli Remolona, during which I chatted with Balisacan.

Obien told me that rice self-reliance is possible for the Philippines, if the government and producers are willing to make the significant initial investment.

Rice production will get a substantial boost, Obien said, with hybrid varieties that are now available in the country, combined with a reformulated fertilizer mix to bring down costs.

A few other agriculture experts at the East-West reunion told me that if long overdue reforms in the supply and value chains could go beyond the usual political rhetoric, it would be a big help.

As for price caps, the proponents would have to catch large-scale hoarders quickly, to justify the burden on small retailers, and tinkering with the law of supply and demand.

editorial



LIBRARY
DEPT. OF AGRICULTURE

How farmers benefit from renewable energy

WARMER temperatures are wreaking havoc on the global food supply, as pests and diseases cut the output of certain crops that are vital to the diet of many nations. The Food and Agriculture Organization (FAO) of the United Nations estimated that plant diseases cost the global economy over \$220 billion every year, and invasive insects at least \$70 billion. (See, *"Climate change is helping pests and diseases destroy our food,"* in the **BUSINESSMIRROR**, August 27, 2023). The destruction of these crops has led to shortages and sent prices of certain commodities like olive oil and corn soaring.

According to an entomologist at Georgetown University, pests adapt easily to the changing climate, and warmer temperatures allow them to generate more quickly and migrate faster. This caused certain pests that are native to the Americas to devour crops in Africa and Asia. Of particular concern to the Philippines is the destruction of corn crops by destructive moths, as the country imports the grain to beef up supply.

Aside from the onslaught of pests, a heat wave sweeping the Midwest is threatening corn output in the United States. (See, *"Midwest braces for 115-degree heat, renewing crop worries,"* in the **BUSINESSMIRROR**, August 24, 2023). Bloomberg reported that warmer temperatures are renewing worries that crop conditions would hit their worst since the late 1980s. Fewer corn available, particularly at this time when the Black Sea Grain Initiative is no longer in place because Russia had terminated it, would make it more difficult to stabilize food inflation.

To slow climate change and allow producers to deliver the requirements of their nations, the UN's International Fund for Agricultural Development (IFAD) called on governments to invest in small-scale farmers. (See, *"Investments in poor small-scale farmers benefit climate, environment-report,"* in the **BUSINESSMIRROR**, August 30, 2023). In a joint report, IFAD and the Global Environment Facility found that investments in poor farmers will help reduce greenhouse gases emissions, recover degraded land and curb biodiversity loss. The collaboration between IFAD and GEF paved the way for the adoption of sustainable agricultural practices in countries like Niger and Cambodia.

One project co-funded by IFAD and GEF restored 30,000 hectares of degraded land in Niger and prevented the emission of 5.25 million tons of carbon dioxide, while recovering nearly 190,000 hectares through "farmers' managed natural regeneration" practices. Another project led to nearly 18,000 small-scale farmers in Cambodia to adopt different renewable energy technologies (RET). These technologies include solar dryers for food processing, portable solar water pumps to irrigate crops, biochar briquettes to heat newly hatched chicks, and solar poultry incubators to heat eggs.

The Philippines can learn from the experiences of these countries, particularly from Cambodia. The widespread adoption of RET by small-scale farmers will allow them to cope with the rising prices of fuel and power and at the same time reduce the need for the government to subsidize their fuel costs whenever oil prices go up. The technologies are readily available and are not complicated to implement and may even be cost-effective in far-flung areas that rely on electricity that is subsidized by the government.



AUG INFLATION SWELLS TO 5.3% ON PRICE SPIKES

By CAI U. ORDINARIO

[@caiordinario](#)

SUCCESSIVE typhoons have caused commodity prices to surge in August with vegetables like tomatoes and the country's staple, rice, leading the charge to increase inflation to 5.3 percent, according to the Philippine Statistics Authority (PSA).

The poorest Filipinos experienced an even higher rate of inflation at 5.6 percent as food inflation for the bottom 30-percent income households at the national level moved at a faster pace of 7.7

percent in August 2023 from 6.1 percent in July 2023 and 7.1 percent in August 2022.

However, the Bangko Sentral

SEE "INFLATION," A2



Inflation...

CONTINUED FROM A1

ng Pilipinas (BSP) as well as the National Economic and Development Authority (Neda) remain confident that the country's inflation rate will slow to 2 to 4 percent by the last quarter of 2023.

"Inflation is likewise expected to remain elevated in the coming months due to continued impact of supply shocks on food prices and the rise in global oil prices. Nonetheless, inflation is still projected to decelerate back to within the inflation target by the fourth quarter 2023," BSP said in a statement.

"The balance of risks to the inflation outlook continues to lean towards the upside owing to the potential impact of additional transport fare increases, higher-than-expected minimum wage adjustments in other regions, persistent supply constraints for key food items, El Niño weather conditions, and possible knock-on effects of higher toll rates on prices of key agricultural items. Meanwhile, the impact of a weaker-than-expected global economic recovery remains the primary downside risk to the outlook," it added.

The prices of tomatoes nearly doubled, marking an inflation rate of 90.5 percent, the third highest it recorded in the series. Last year, tomato prices surged 130 percent in April 2022 and 125 percent in May 2022.

Regular-milled rice prices and well-milled rice prices also increased nationwide by 8.9 percent by averaging at P43.34 per kilo while well-milled rice prices grew 8.1 percent and averaged P47.63 per kilo. Overall, rice prices grew 8.7 percent in August 2023.

For the Bottom 30 percent, the inflation rate for rice was much higher at 9.1 percent while vegetable prices, which includes tomatoes, increased by 23.6 percent in August 2023.

The PSA explained that the impact of more expensive food items is greater among the poor because a larger part of their income is allocated for food. This does not mean the poor eat more but this is a function of their small incomes.

It added that paying for the same goods that richer households pay for at the same prevailing prices means a larger part of the poor's meager income goes to food expenses.

"Inflation reduces the workers' purchasing power and reduces real income. This means that for the same amount of money, less goods will be bought. This can to greater amount of loans for poor households whose incomes has not increased," Ateneo de Manila University economist Leonardo Lanzona told BusinessMirror.

With the Consumer Price Index (CPI) reaching 122.5 in August 2023, the value of every peso is now only 0.816 centavos. This means Filipinos today need to shell out an additional P18 or a total of P118 in 2023 to purchase goods worth P100 in 2018.

For the Bottom 30 percent, their purchasing power was reduced to only 0.807 centavos. This means the poor need to shell out P20 more or P120 today to pay for goods worth P100 in 2018.

"This can (also) result in greater poverty especially for a country where a significant amount of households are just earning above the poverty threshold," Lanzona said.

Poor nutrition, growth

WITH vegetables and rice prices increasing, De La Salle University economist Maria Ella Oplas expressed concern that this could lead to Filipinos, especially the poor living in urban areas where there are no readily available agricultural resources, to resort to unhealthy food choices.

Unhealthy food choices may include instant noodles which can act as both staple and viand. It is filling, tasty, and less expensive than nutritious options making these food items accessible to poorer households.

However, in rural areas or provinces nationwide, the agricultural spaces allow the poor to still include nutritious food in their diets because they can plant vegetables. This makes them more resilient to rising vegetable prices compared to those living in urban areas.

"The poor are highly elastic to price of nutritious food given the purchasing power of their money," Oplas said. "Hence, a slight increase in the prices of healthy food will make them shift to less expensive and sadly unhealthy food. That is the sad reality of life."

Given the recent increase in inflation, there could be some delay in terms of increasing economic growth in the second semester. Oplas expects "ber" months spending would be late and could only start in December.

Oplas said many stores in popular shopping destinations in Metro Manila like Divisoria remain shuttered despite it being the start of the "ber" season. The same was true for foot traffic, as she observed malls still lacked the usual "holiday" shopping crowd of as early as September.

However, Oplas said, being Filipinos, people will still find ways to celebrate the holiday season. Demand for various goods and services will still pick up albeit at a much later date.

"Filipinos will still celebrate. We will still create demand. But the demand will be felt in shorter time. If before September to December ang preparations [for the holidays], baka [this year] December 1 na mag start mag demand ang mga tao because of inflation," she said.

Meanwhile, Lanzona said faster growth matters for Filipinos to see an increase in their real incomes. "Actual output value needs to go up by more than the inflation rate to achieve a higher real income. This only means that inflation causes a drag in the economy's growth. Higher inflation then slows down the growth," he said.

Credibility at risk

GIVEN the high inflation rate in August, the Bank of the Philippine Islands (BPI) noted that inflation has been "above the target of the BSP for almost two years already." Should this continue, BPI said it may affect BSP's credibility as an inflation targeting bank.

"It should be noted that inflation has been above the target of the BSP for almost two years already. A longer period of above target inflation may affect the BSP's credibility as an inflation targeting central bank, which in turn may limit their ability to control inflation," BPI said.

BPI said most of the risks that could increase inflation may be found in the supply side. If not managed well, the bank expects this to pave the way for second-round effects.

It added that core inflation, meanwhile, is expected to bounce back in the last quarter. This makes it even more important to keep interest rates high to prevent it from rising again.

"We reiterate our view that rate cuts are premature at this point, considering the possibility of inflation remaining above the target of the BSP in the next 6 months," BPI said.

Meanwhile, HSBC Global Research said given the latest inflation print, BSP may keep its policy rate unchanged at 6.25 percent in the September 21 meeting, "but acknowledge that it's a tough call."

HSBC said the importance of rice for Filipinos and the recent high prices could "kickstart a series of second-round effects." This would be a policy call for the BSP in the upcoming Monetary Board meeting.

Date: SEPT. 06 2023 Page: A1 & A2



LIBRARY
DEPT. OF AGRICULTURE

NEDA EYES CALIBRATED CUTS IN RICE TARIFFS TO EASE PRICES

THE government may implement a calibrated reduction in rice tariffs to reduce the price of imported rice, according to the National Economic and Development Authority (Neda).

In a statement on Tuesday, Socio-economic Planning Secretary Arsenio M. Balisacan called for a review of existing rice tariffs to help lower the price of the staple.

Neda said the review of the existing tariff levels on rice can help lower the cost of the commodity while considering the impact of this intervention on local producers.

"To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs," Balisacan said.

This is part of a slew of measures to make food more accessible to consumers.

Neda assured the public that the government will strengthen its measures to ensure food security, protect consumers, and provide assistance to farmers.

It said the expected reduction in rice production due to El Niño and the export ban recently imposed by major rice exporters such as India and Myanmar led to higher international rice prices.

Moreover, the alleged hoarding incidents, artificial shortage, and speculative business decisions of market players may have put further upward pressure on the domestic retail price of rice, it added.

Balisacan stressed the importance of

SEE "NEDA," A2

Neda...

CONTINUED FROM A1

providing comprehensive assistance to rice and vegetable farmers to help them increase their production.

This is in response to the adverse effects of continuous rains in August and the anticipated impact of El Niño on domestic rice and vegetable production in the first quarter of 2024.

To aid consumers—particularly the poor—Balisacan said the government needs to accelerate the Food Stamp Program (FSP) rollout.

The FSP is one of the priority programs of the Department of Social Welfare and Development (DSWD), which will provide P3,000 worth of food credits to target beneficiaries each month for six months.

Also, DSWD will provide P15,000 to small-scale rice retailers affected by Executive Order No. 39 through the Sustainable Livelihood Program (SLP).

The government will also provide assistance in transporting rice sacks from farmer cooperatives and traders to retailers and wholesalers. Moreover, the Office of the President will augment the funding needed to ensure assistance to retailers.

Other government support to consumers includes the continued implementation of Kadiwa stores, targeted cash transfers, and the Department of Trade and Industry's (DTI) Diskwento Caravan. *Cai U. Ordinario*



LIBRARY
DEPT. OF AGRICULTURE

Inflation accelerates to 5.3% in Aug.

By **Keisha B. Ta-asan**
Reporter

HEADLINE INFLATION accelerated for the first time in seven months in August, amid a spike in the prices of rice, vegetables and

fuel, the Philippine Statistics Authority (PSA) said on Tuesday.

Preliminary data from the PSA showed the consumer price index (CPI) quickened to 5.3% in August from 4.7% in July, but slower than the 6.3% clip a year ago.

This was above the 4.9% median estimate in a *BusinessWorld*

poll conducted last week. However, it settled within the Bangko Sentral ng Pilipinas' (BSP) 4.8-5.6% forecast range for the month.

August also marked the 17th consecutive month that inflation surpassed the BSP's 2-4% target range.

At 5.3%, last month's inflation print was the fastest in two

months, or since the 5.4% in June. Stripping out seasonality factors, month-on-month inflation inched up 1.1% in August.

For the first eight months of 2023, inflation averaged 6.6%, still above the BSP's 5.6% full-year projection.

Core inflation, which excludes volatile prices of food and

fuel, further eased to 6.1% year on year in August. This was lower than the 6.7% seen in July, but above the 4.6% in August last year.

"Higher prices for oil and key agricultural commodities drove inflation during the month," the BSP said in a statement.

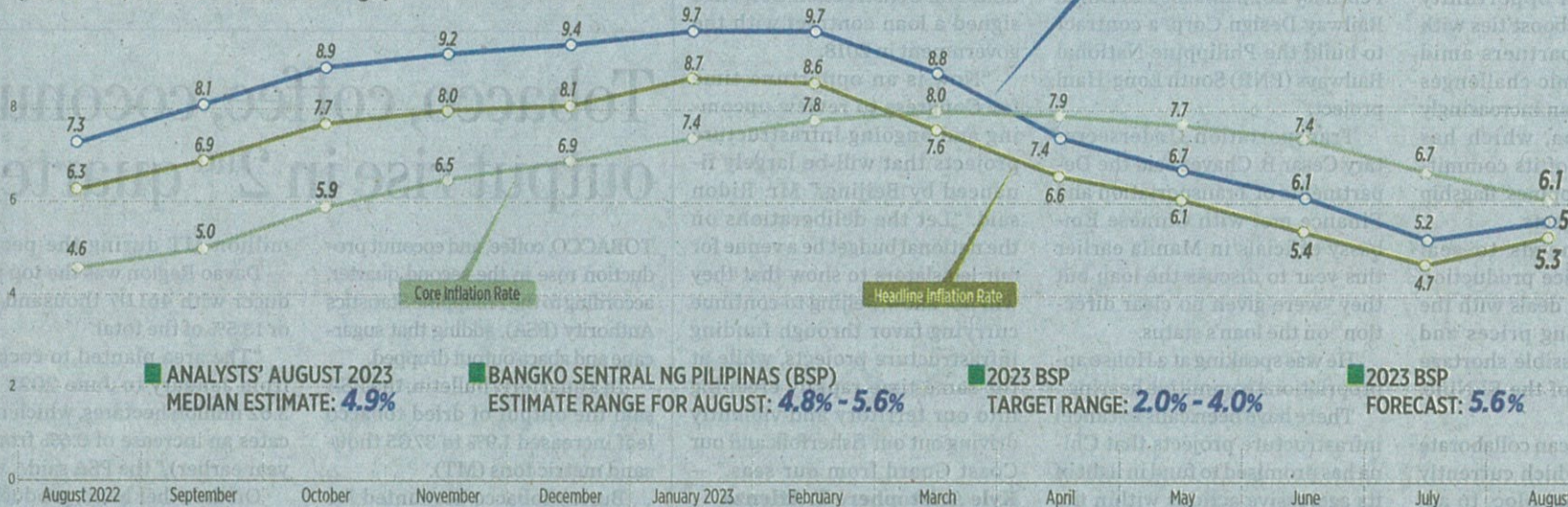
National Statistician Claire Dennis S. Mapa said inflation was mainly driven by the faster annual increase in the heavily weighted index for food and non-alcoholic beverages to 8.1% in August from 6.3% in the previous month.

Inflation, S1/9



INFLATION RATES IN THE PHILIPPINES

(2018=100, Year-on-Year % Change)



ANALYSTS' AUGUST 2023
MEDIAN ESTIMATE: **4.9%**

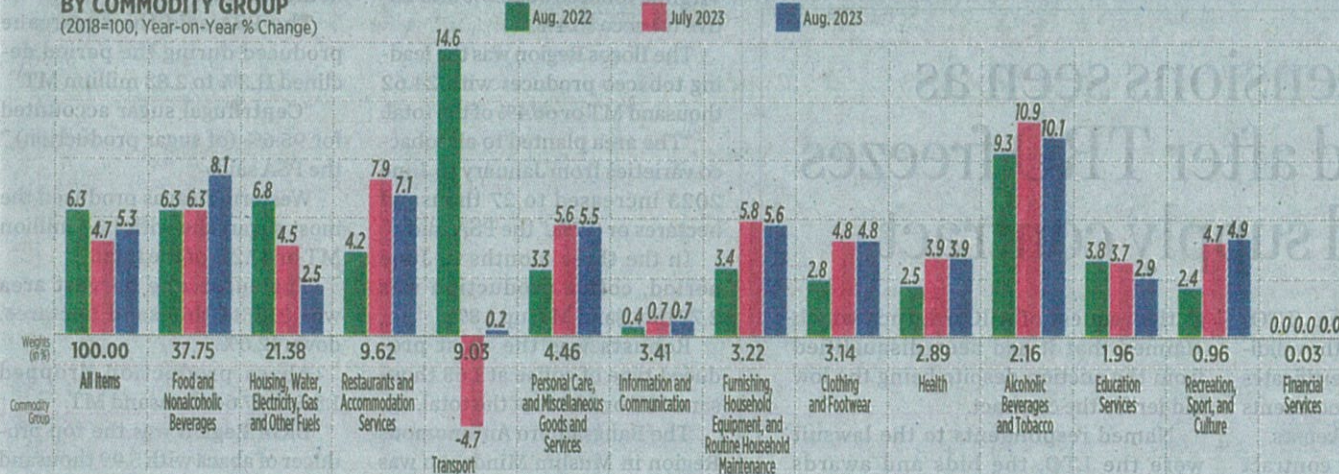
BANGKO SENTRAL NG PILIPINAS (BSP)
ESTIMATE RANGE FOR AUGUST: **4.8% - 5.6%**

2023 BSP
TARGET RANGE: **2.0% - 4.0%**

2023 BSP
FORECAST: **5.6%**

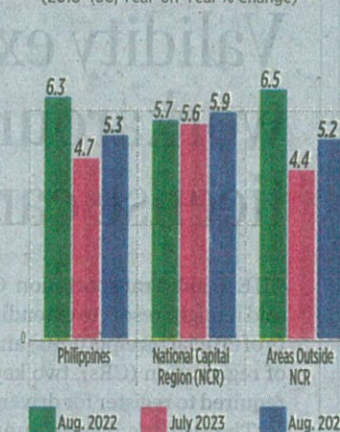
HEADLINE INFLATION RATES, BY COMMODITY GROUP

(2018=100, Year-on-Year % Change)



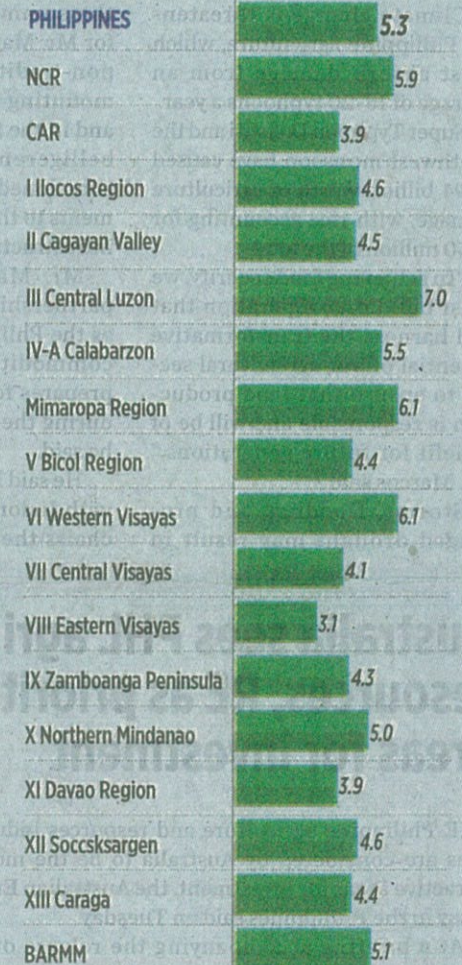
HEADLINE INFLATION RATES, BY AREA

(2018=100, Year-on-Year % Change)



HEADLINE INFLATION RATES, BY REGION (August 2023)

(2018=100, Year-on-Year % Change)



SOURCE: PHILIPPINE STATISTICS AUTHORITY
(PRELIMINARY DATA AS OF SEPT. 5, 2023)
BUSINESSWORLD RESEARCH: BERNADETTE THERESA M. GADON
BUSINESSWORLD GRAPHICS: BONG R. FORTIN



Inflation,
from SI/1

Food inflation alone quickened to 8.2% in August from 6.3% in July.

Rice inflation surged to 8.7% in August from 4.2% in July due to tight supply. This was the fastest pace since the 9% print in November 2018 when the country experienced another rice shortage. August also marked the sixth straight month of increase or since 2.2% in February.

Mr. Mapa noted that an increase in rice prices typically signals rising inflation since rice accounts for 8.9% of the total CPI basket for all income households and 17.9% for the bottom 30%.

Meanwhile, inflation for vegetables, tubers, plantains, cooking bananas and pulses climbed to 31.9% in August from 21.8% a month prior. This was the fastest since 33% in February.

Mr. Mapa said recent typhoons have caused agricultural damage, which drove up prices of vegetables and rice, especially in Central Luzon.

Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said the inflation trend in the next few months will largely depend on food supply.

"The upcoming harvest season for rice may help in stabilizing the price of the commodity. However, local production can only cover around 85% of rice consumption and the country needs to import the rest from abroad," he said in a note.

Mr. Neri said retail prices may stay elevated in the near term, as global rice prices are at a 12-year high. There may be uncertainties as well on the ability of other countries to supply rice amid the El Niño weather event.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa in a note said the uptick in August inflation was a reversal from the steady downtrend in inflation in the last six months.

"With supply shocks to important food items and imported energy, we could see a resumption of price pressures building up," he said.

The government on Tuesday began implementing a nationwide price ceiling on regular and well-milled rice as part of efforts to address rising prices of the national staple.

FUEL PRICES

"Another threat we are looking at is the consistent increases in fuel prices (in recent months). If pump prices continue to rise, other commodity items may be affected," PSA's Mr. Mapa said.

PSA data showed transport inflation quickened to 0.2% in August from -4.7% in July, ending three months of decline.

In August alone, oil firms hiked fuel prices by P5.90 per liter for gasoline, P9.90 per liter for diesel and P10 per liter for kerosene.

Meanwhile, the inflation rate for the bottom 30% of income households rose to 5.6% in August from 5.2% in July. However, it was slower than the 7.3% print in August 2022.

From January to August, inflation averaged 7.4% for the bottom 30%.

In the National Capital Region (NCR), inflation inched up to 5.9% from 5.6% in July. Inflation in areas outside NCR accelerated to 5.2% in August from 4.4% in July.

POLICY OUTLOOK

The BSP said inflation may remain elevated in the coming months due to the impact of supply shocks on food prices as well as the increase in global oil prices.

Despite the uptick in August, the central bank said it still projects inflation to decelerate to within the 2-4% target by the fourth quarter.

"The BSP stands ready to adjust the monetary policy stance as necessary to prevent the further broadening of price pressures as well as the emergence of additional second order effects in view of the persistent upside risks to the inflation outlook," the BSP said.

The BSP has kept the key rate steady at 6.25% at its last three meetings. It has raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023 to curb inflation.

According to the BSP, the balance of risks to the inflation outlook remains on the upside due to the potential impact of additional transport fare increases, higher-than-expected minimum wage hikes in other regions, and supply constraints for key food items.

It also cited the El Niño weather phenomenon and the

likely knock-on effects of higher toll rates on prices of agricultural products as upside risks to the inflation outlook.

The impact of a weaker-than-expected economic recovery globally remains as the primary downside risk.

"The August upside surprise now has BSP on notice although we doubt one data point will be enough for Governor Eli M. Remolona, Jr. to flip back into tightening mode," ING's Mr. Mapa said.

Should inflation for rice, electricity and transportation accelerate further, he said that Mr. Remolona will not hesitate to raise rates to get a hold of inflation expectations.

Finance Secretary Benjamin E. Diokno said that the government is "resolute" in mitigating the impact of inflation on the public.

"While we are seeing a slight uptick, our inflation rate assumption of 5% to 6% for full-year 2023 remains doable," he said in a separate statement.

With the higher-than-expected August print, Pantheon Chief Emerging Asia Economist Miguel Chanco said they have raised their average inflation forecasts to 5.6% for this year and 2.8% for 2024 from 5.4% and 2.6% previously.

"A return to the BSP's target range in the fourth quarter still is very much in the cards, from our perspective, given the favorable food base effects from the fourth quarter last year," Mr. Chanco said in an e-mail.

"We continue to believe that the BSP will cut its benchmark rate by 50 bps in the fourth quarter in order to take pressure off the economy, though the risks to this forecast are now more skewed to the upside," he added.

For BPI's Mr. Neri, rate cuts are still premature due to the likelihood of inflation remaining above target in the next six months.

"It should be noted that inflation has been above the target of the BSP for almost two years already. A longer period of above-target inflation may affect the BSP's credibility as an inflation targeting central bank, which in turn may limit their ability to control inflation," he said.



Tobacco, coffee, coconut output rise in 2nd quarter

TOBACCO, coffee, and coconut production rose in the second quarter, according to the Philippine Statistics Authority (PSA), adding that sugarcane and abaca output dropped.

In a quarterly bulletin, the PSA said the output of dried tobacco leaf increased 1.9% to 37.05 thousand metric tons (MT).

Burley tobacco accounted for 43.8% of the total, followed by Virginia tobacco at 40.8% and native tobacco 15.4%.

The Ilocos Region was the leading tobacco producer with 24.62 thousand MT or 66.4% of the total.

"The area planted to all tobacco varieties from January to June 2023 increased to 27 thousand hectares or 0.7%," the PSA said.

In the three months to June period, coffee production was 2.77 thousand MT, up 1.8%.

Robusta was the most produced type of coffee at 1.63 thousand MT or 58.7% of the total.

The Bangsamoro Autonomous Region in Muslim Mindanao was the top coffee producer in the second quarter with 710.23 MT or 25.6% of the total.

The area planted to all types of coffee dipped 0.1% to 111.19 thousand hectares.

Output of coconut, including the husk, rose 1.5% to 3.41

million MT during the period.

Davao Region was the top producer with 461.07 thousand MT or 13.5% of the total.

"The area planted to coconut from January to June 2023 was 3.62 million hectares, which indicates an increase of 0.6% from (a year earlier)," the PSA said.

On the other hand, production of sugarcane and abaca dropped in the second quarter.

The PSA said the sugarcane produced during the period declined 11.3% to 2.83 million MT.

"Centrifugal sugar accounted for 95.6% (of sugar production)," the PSA said.

Western Visayas produced the most sugarcane with 1.34 million MT or 47.2% of the total.

The sugarcane harvest area was 212.34 thousand hectares, down 12.6%.

Abaca production dropped 1.8% to 17.64 thousand MT.

Bicol Region was the top producer of abaca with 5.99 thousand MT or 33.9% of the total.

"From January to June 2023, area planted to abaca was 136.96 thousand hectares. This indicates an increase of 7.1% from the 127.82 thousand hectares area planted in the same period of 2022," the PSA said. — **Sheldeen Joy Talavera**

LIBRARY
DEPT. OF AGRICULTURE

Nonfood, industrial crop Q2 output results mixed

BY JANINE ALEXIS MIGUEL

MAJOR nonfood and industrial crops posted mixed results in the second quarter (Q2) of 2023, the Philippine Statistics Authority said on Tuesday.

In its quarterly bulletin, the PSA said that production of coconut, coffee, cacao and tobacco increased from April to June, while sugarcane, rubber and abaca registered lower outputs.

PSA said that the country's coconut output in the second quarter reached 3.41 million metric tons (MT), an increase of 1.5 percent from 3.36 million MT registered in the same period of 2022.

The Davao Region was the largest producer of coconut with 461,065 MT or 13.5 percent of the total.

Northern Mindanao and Zamboanga Peninsula followed with production outputs of 452,334 MT and 437,595 MT, respectively.

Coffee production went up

to 2,771 MT in the same period, higher by 1.8 percent from the 2,723 logged in the second quarter of 2022.

Robusta was the most produced variety of coffee with 1,626 MT or 58.7-percent share of the country's total coffee production.

The Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) was the top coffee producer for the quarter with 710 MT or 25.6 percent of the total, followed by Soccsksargen (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos) with 659 MT and Davao Region with 620 MT.

Cacao output during the period went up to 2,347 MT, a 4.1-percent increase from the 2,255 MT posted

a year ago.

The Davao Region remained the country's top cacao producer with 1,670 MT or 71.2 percent of the total.

Meanwhile, dried tobacco leaves production in the second quarter increased by 1.9 percent to 37,054.66 MT from the 36,378 MT output in the same period of 2022.

Burley was the most produced variety with 16,217 MT, equivalent to 43.8 percent of total tobacco production. Virginia followed with 14,741 MT and native tobacco with 5,678 MT.

The Ilocos Region was the top producer of tobacco for the quarter with 24,621 MT or a 66.4-percent share.

Sugarcane, rubber, abaca decline

In contrast, sugarcane production decreased during the second quarter by 11.3 percent to 2.83 million MT from 3.19 million MT recorded in same period the previous year.

Canes for centrifugal or refined sugar accounted for 95.6 percent of the total or 2.70 million MT output while the remaining 4.4 percent were ethanol, panocha/muscovado and vinegar production.

The top three sugarcane-producing regions were Western Visayas with 1.34 million MT; Northern Mindanao with 516,788 MT; and Central Visayas with 355,413 MT.

Production of rubber fell by 8.5 percent to 112,59 MT from 123,11 MT. The BARMM was the top contributor with 43,148 MT or 38.3 percent of the total production during the second quarter.

In the same quarter, abaca production during the second quarter was estimated at 17,637 MT, lower by 1.8 percent from the output of 17,967 MT in the same period last year.

The Bicol Region recorded the highest abaca production of 5,987 MT or 33.9 percent of the total production. Eastern Visayas followed with 2,873 MT and Caraga with 2,445 MT.

LIBRARY
DEPT. OF AGRICULTURE

Inflation halts decline, rises to 5.3% in August

BY NIÑA MYKA PAULINE ARCEO

INFLATION snapped a downtrend in August following a sharp rise in food and transport costs, the Philippine Statistics Authority (PSA) reported on Tuesday.

At 5.3 percent, August inflation rose from July's 4.7 percent and was also higher than the 4.9-percent consensus in a *Manila Times* poll of economists.

It fell within the Bangko Sentral ng Pilipinas' (BSP) 4.8- to 5.6-percent forecast for the month and was lower than the 6.3 percent

recorded a year earlier.

"The uptrend in the overall inflation in August 2023 was primarily influenced by the higher year-on-year increase in the heavily weighted food and nonalcoholic beverages," the PSA said in a statement, with the rate rising to 8.1 percent from 6.3 percent in July.

Transport inflation, meanwhile, rose by 0.2 percent after contracting by 4.7 percent a month earlier.

"In addition, the recreation, sport and culture index recorded an annual increase of 4.9 percent during the month from 4.7 percent in July 2023," the PSA said.

Core inflation, which excludes volatile food and energy items, continued to slow on a monthly basis. It eased to 6.1 percent from the 6.7 percent recorded in July but remained higher than the year-earlier 4.6 percent.

Year to date, average inflation

rose to 6.6 percent while core inflation reached 7.4 percent, well over the BSP's target range of 2.0 to 4.0 percent.

Food prices rise

Food inflation alone rose to 8.2 percent in August, up from July's 6.3 percent. It was also higher than the 6.5 percent posted a year earlier.

National Statistician and PSA chief Claire Dennis Mapa noted that rice inflation rose to 8.7 percent from 4.2 percent a month earlier.

► **5.3% B2**



■ 5.3% FROM B1

Inflation

This was followed by vegetables, tubers, plantains, cooking bananas and pulses that posted an inflation rate of 31.9 percent from 21.8 percent in July.

"In addition, faster annual increments were noted in fish and other seafood at 6.9 percent in August 2023 from 4.5 percent in the previous month, and fruits and nuts with 9.6 percent during the month from 8.4 percent in July 2023," the PSA said.

In a statement, the BSP warned that inflation was likely to stay elevated in the coming months due to ongoing supply shocks and rising global oil prices.

The rate, however, is still expected to return to the 2.0- to 4.0-percent target before the end of the year.

"The balance of risks to the inflation outlook continues to lean toward the upside owing to the potential impact of additional transport

fare increases, higher-than-expected minimum wage adjustments in other regions, persistent supply constraints for key food items, El Niño weather conditions and possible knock-on effects of higher toll rates on prices of key agricultural items," the BSP said.

"Meanwhile, the impact of a weaker-than-expected global economic recovery remains the primary downside risk to the outlook," it added.

Monetary authorities have paused from hiking key interest rates for the last three policy meetings after inflation began slowing from January's 14-year high of 8.7 percent.

Rate hikes totaling 425 basis points were ordered beginning May last year as inflation surged in the wake of Russia's invasion of Ukraine.

The BSP's policymaking Monetary Board will next meet on September 21. Ahead of the release of August inflation data, analysts said that the ongoing pause was likely to be extended even if inflation rose.

The central bank said that it was "ready to adjust the monetary policy stance as necessary to prevent the further broadening of price pressures as well as the emergence of additional second-order effects in view of the persistent upside risks to the inflation outlook."

"The BSP also continues to support the timely and effective implementation of nonmonetary government measures to mitigate the impact of persistent supply side pressures on inflation," it added.

Govt still confident

Socioeconomic Planning Secretary Arsenio Balisacan, meanwhile, said the government remained optimistic of hitting the 2.0- to 4.0-percent target by year-end.

"Using policy levers on multiple fronts, we are confident in our ability to overcome the obstacles arising from domestic and international factors as we safeguard the interests of Filipino consumers and producers," he said in a statement.

The National Economic and De-

velopment Authority chief noted that rice inflation was due to the impact of the El Niño weather pattern and export curbs imposed by key rice producers such as India and Myanmar.

"[A]lleged hoarding incidents, artificial shortage and speculative business decisions of market players" also likely contributed.

Higher vegetable prices, meanwhile, were said to be due to production losses from enhanced monsoon rains and Super Typhoon "Egay."

Balisacan underscored the need to continually assist rice and vegetable farmers as the El Niño's impact was expected to extend up to the first quarter of next year.

As for consumers, especially those with limited means, he urged the acceleration of a food stamp program that provides monthly food credits of P3,000 to eligible recipients for six months.

The Social Welfare department, which is responsible for the food stamp program, will also provide P15,000 to small-scale rice retailers affected by a rice price cap ordered

by the government, Balisacan said.

He also urged a review of the existing rice tariff rates and said the government could implement a "temporary and calibrated reduction."

Finance Secretary Benjamin Diokno, meanwhile, said the rice price caps would only be for the short term.

"Price controls, when carefully calibrated and closely implemented, are effective in the near term," he said.

Extended implementation, Diokno continued, would lead to supply drops due to lower prices having discouraged farmers from planting and importers from bringing in the grain.

"The Inter-agency Committee on Inflation and Market Outlook remains on top of monitoring the developments in food and nonfood inflation," the Finance chief said.

"It will also closely monitor the implementation of EO (Executive Order) 39 to help ensure that the short-term measure will be effective."

06 SEP 2023

Date: _____ Page: A12



LIBRARY
DEPT. OF AGRICULTURE

August inflation uptick blamed on rice price spike

Consumer prices up 5.3% after six-month downtrend

By Ronnel W. Domingo
@RonWDomingoINQ

Overall inflation in the Philippines revved up to 5.3 percent in August, after waning throughout the previous six months to bring the average since January to 6.6 percent, according to the Philippine Statistics Authority.

National Statistician Dennis Mapa said the uptick was partly due to a faster increase in the prices of milled rice.

Mapa said that in August, regular milled rice cost P42.70 per kilo—at a nationwide average—or 8.9 percent more than it did in the same month of 2022.

Likewise, well-milled rice cost P47.63 per kilo or an increase of 8.1 percent year-on-year.

Even then, Mapa said the biggest contributor to higher inflation in August were vegetables and tubers, particularly tomatoes. Prices of this com-

modity group surged by 31.9 percent.

Cap on prices

The latest inflation data was announced in time with the start of the implementation of price caps on milled rice through Executive Order (EO) No. 39, at a time of high farm-gate prices of palay as well as of imported grains due to export bans in exporting countries like India and Myanmar.

Considering these developments, Secretary Arsenio Balisacan of the National Economic and Development Authority (Neda) said the government would strengthen its measures to ensure food security, protect consumers and provide assistance to farmers.

“Despite the ongoing challenges we encounter, such as severe weather conditions and trade limitations imposed by other nations, our objective

remains to achieve an inflation rate between 2 percent and 4 percent by the year’s end,” he said.

Balisacan said that aside from these factors, “the alleged hoarding incidents, artificial shortage and speculative business decisions of market players may have put further upward pressure on the domestic retail price of rice.”

Assistance to farmers

He stressed the importance of providing comprehensive assistance to rice and vegetable farmers to help them increase their production.

Also, the Neda chief recommends hastening the implementation of programs to facilitate the swift recovery of production in typhoon-affected areas.

Further, Balisacan said that the government needs to accelerate the rollout of the Food Stamp Program (FSP) in order to swiftly

aid low-income consumers.

“The FSP is one of the priority programs of the Department of Social Welfare and Development (DSWD), which will provide P3,000 worth of food credits to target beneficiaries each month for six months.

Also, DSWD will provide P15,000 to small-scale rice retailers affected by the EO No. 39 through the Sustainable Livelihood Program. The government will also provide assistance in transporting rice sacks from farmer cooperatives and traders to retailers and wholesalers. Moreover, the Office of the President will augment the funding needed to ensure assistance to retailers.

“To partially counterbalance the rise in global prices and alleviate the impact on consumers and households, we may implement a temporary and calibrated reduction in tariffs,” Balisacan said. **INQ**



FIRST TIME IN 7 MONTHS

Inflation quickens to 5.3% in August

INFLATION proved stubborn after it unexpectedly quickened for the first time in seven months in August, due largely to an uptick in food and transport costs, keeping the pressure on the central bank to maintain its hawkish stance.

The consumer price index (CPI) rose 5.3 percent year-on-year in August from 4.7 percent the previous month and is within the Bangko Sentral ng Pilipinas' (BSP) 4.8 percent to 5.6 percent projection for the month.

This brings the year-to-date inflation rate to 6.6 percent, higher than the Development Budget Coordination Committee (DBCC) assumption of 5 to 6 percent for full year 2023.

Excluding volatile energy costs, core inflation eased to 6.1 percent in August from the previous month's 6.7 percent.

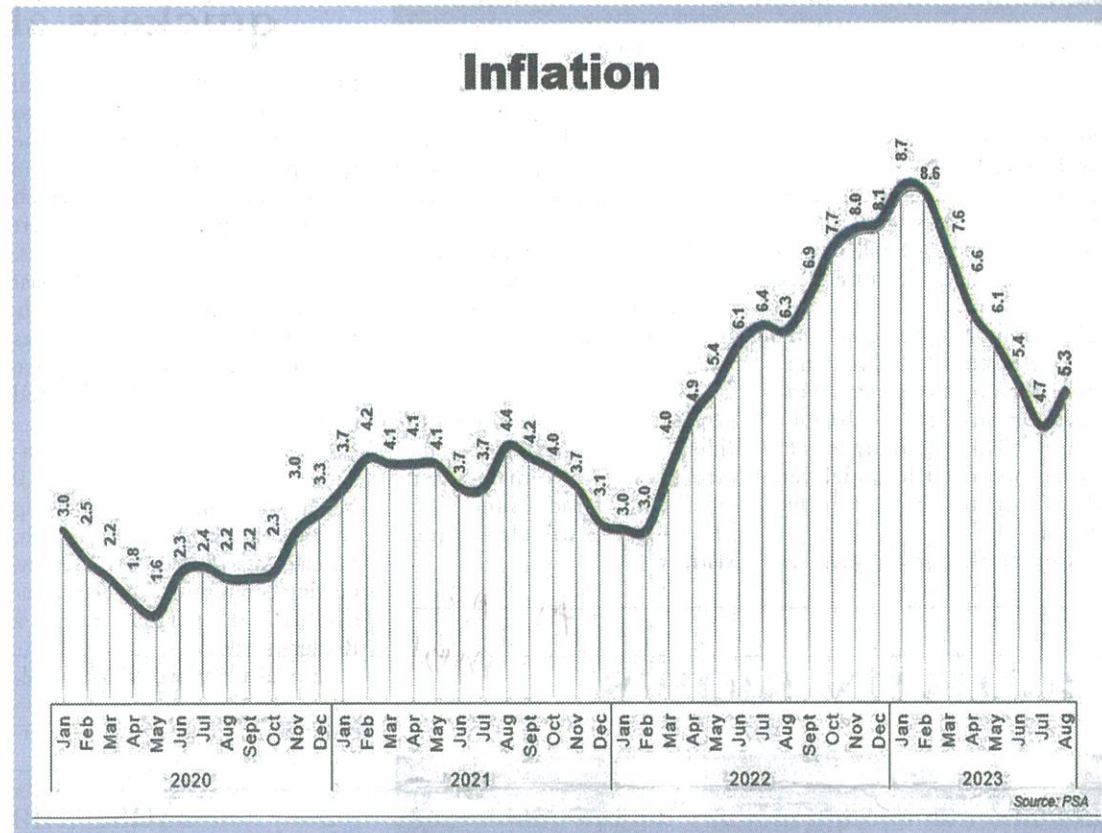
Rice inflation increased to 8.7 percent in August from 4.2 percent in July 2023. The expected reduction in rice production due to El Niño and the export ban recently imposed by major

rice exporters such as India and Myanmar led to higher international rice prices.

In addition, the alleged hoarding incidents, artificial shortage, and speculative business decisions of market players may have put further upward pressure on the domestic retail price of rice. Vegetable inflation, on the other hand, rose to 31.9 percent from 21.8 percent due to production losses from the enhanced monsoon rains and Super Typhoon Egay.

"Despite the ongoing challenges we encounter, such as severe weather conditions and trade limitations imposed by other nations, our objective remains to achieve an inflation rate between 2 and 4 percent by the year's end," said Secretary Arsenio Balisacan of the National Economic and Development Authority.

Finance Secretary Benjamin Diokno for his part said the government is resolute in its commitment to mitigate the impact of



See INFLATION ► Page A2

Malaya Business Insight

Date: SEPT. 06, 2023 Page: A1 & A2



LIBRARY
DEPT. OF AGRICULTURE

INFLATION

inflation and help protect our consumers, retailers, and farmers.

“While we are seeing a slight uptick, our inflation rate assumption of 5 to 6 percent for full year 2023 remains doable,” Diokno said.

Tuesday’s data affirmed the BSP’s belief the country was not yet out of the inflation woods and raised the possibility it could resume raising its policy rate after keeping it steady at 6.25 percent at its last three meetings.

Following the data, the BSP

said in a statement it “stands ready to adjust the monetary policy stance as necessary” to prevent the broadening of price pressures and emergence of additional second order effects.

August inflation brought year-to-date inflation to 6.6 percent, well outside the central bank’s 2 percent-4 percent comfort range.

ING economist Nicholas Mapa said rice, transport and electricity costs will determine inflation path for next few months. While he

expects the BSP to stay on hold, he said in a post on platform X, it “could consider a hike if this becomes a trend.”

The Bangko Sentral ng Pilipinas (BSP) next meets on Sept 21 to review policy.

To keep food prices at bay, the Philippines has imposed price ceilings on rice, which it said would remain in effect as long as the government deemed them necessary. Food accounts for 35 percent of CPI. - Reuters



BPI INUTIL SA HOARDING

INIUMANG ni House Deputy Majority Leader at ACT-CIS party-list Rep. Erwin Tulfo ang P1 budget para sa Bureau of Plant Industry (BPI) dahil wala umano itong magawa kahit nakikita na ang nagaganap na hoarding at price manipulation ng sibuyas.

Sa pagdinig ng House Committee on Agriculture and Food nitong Martes, sinabi ni Tulfo na "useless" ang BPI para pigilan ang hoarding at price manipulation kaya makabubuting huwag na lamang itong bigyan ng budget.

"Napaka-useless nitong BPI na ito, 'wag na bigyan ng budget ito. You guys are not doing your job. May monitoring pero sasabihin niyo may guidelines at wala kayong magawa e 'di useless. Gawin na lang namin ang trabaho niyo at wag na kayong bigyan ng budget," giit ng kongresista.

"Might as well we just give you na P1 na budget. Aabangan ko pag sumalang kayo sa plenary sa inyong budget," dagdag pa ni Tulfo.

Ayon kay Tulfo kahit na alam ng BPI na maraming sibuyas ang nakatago sa mga cold storage facility

ay wala itong ginawa kahit na nagkakaroon ng kakapusan ng suplay sa mga palengke dahilang upang tumaas ang presyo nito.

"We are bound to our guidelines. The present guidelines ay hindi talaga namin mako-compel 'yong mga traders sa mga warehouse to release their stocks. We are currently amending the regulations," depensa naman ni William Mugot ng BPI.

"Meron naman pala kayong monitoring, meron pala kayong visitation power. E sako sako ang andun, why wait for the oversight. Si Speaker Romualdez pa ang kailangang mag-ikot, si Cong Mark Enverga pa ang kailangang mag-ikot para makitang may over supply ng sibuyas na sobra ang presyo?" giit ni Tulfo.

Hinirit naman ni Leyte Rep. Richard Gomez na isailalim sa lifestyle check ang mga opisyal ng BPI upang malaman kung nagtutugma ang kanilang suweldo sa kanilang pamumuhay.

"Tingnan natin kung nagbabalanse ang suweldo nila sa lifestyle nila," hirit ni Gomez. (Billy Begas)



RICE CARTELS BEWARE

By Joel dela Torre

INTERIOR and Local Government Secretary Benjamin "Benhur" Abalos Jr. yesterday said the government has not arrested a small rice retailer yet but is concentrating on scuttling cartels manipulating prices of commodities.

Abalos was making the rounds at the Mega Q-Mart where he appealed to the rice retailers and dealers as well to adhere to the prices set under Executive Order (EO) 39 at P41 per kilo for regular-milled (rice) and P45 per well-milled (rice).

"Ang target natin dito yung mga (rice) cartel. Sila talaga ang nagpapataas ng presyo ng bigas," Abalos said in an interview.

While the government's price prescription is aimed at easing the financial burden of the public, especially those belonging to the impoverished groups, concerned vendors are complaining that this approach will give them heavy losses.

"Nabili na namin ito (rice) sa mataas na presyo, pag kinwenta namin base sa presyong gusto

ng pamahalaan siguradong lugi kami," a rice stall owner said.

Others are even contemplating on closing shops until the price of rice normalizes.

When informed of these concerns, Abalos explained that the government will provide compensation to the rice retailers to make up for the reduced prices that were previously out in the market.

The DILG chief told the rice retailers to bear with the inconvenience, stating that the rice price cap is only 'temporary' and not permanent.

With the rice price cap in effect, Abalos stressed that the government is in the midst of making the necessary computation on how much assistance should be provided to the rice dealers and retailers, adding that there is no time table yet on how long the lower cost of rice will last.

In the meantime, Abalos noted that the DILG will continue to conduct a massive information drive to make the rice dealers and retailers aware of the rice price cap that they

should follow starting yesterday (Sept. 5).

Abalos however, warned that the government will have no choice but to impose penalties and fines should rogue traders remain stubborn and fail to follow the rice price ceiling stated in EO 39.

Violators of the rice price ceiling face one year imprisonment and not more than 10 years jail term and pay penalties ranging from P5,000 to as much as P1 million upon the court's discretion.

Abalos also asked the public to comply with the rice price cap of P41 per kilo for regular-milled and P45 per kilo for well-milled rice or face penalties as stated in Section 15 and 16 of Republic Act No. 7581 or the "Price Act for a proven violation of EO 39."

Individuals or groups involved in the illegal price manipulation of prime commodities face jail terms not lower than five years and not more than 15 years and pay penalties of at least P5,000 up to P2 million.



LIBRARY
DEPT. OF AGRICULTURE

Wheat, corn climb

SINGAPORE- Chicago wheat futures rose on Tuesday, regaining some of last week's lost ground, as expectations of lower output in key exporting countries, including Australia underpinned the market.

Corn and soybeans rose with expectations of dry weather in the US Midwest likely to hit yields.

"Australia's lower output estimate was expected but the weather in September is key," said a Singapore-based trader.

"If it remains dry in September,

we are looking at further downgrades in Australia's wheat crop."

The most-active wheat contract on the Chicago Board of Trade (CBOT) was up 1 percent at \$6.01-1/4 a bushel, having given up more than 4 percent last week.

Corn gained 0.5 percent at \$4.84 a bushel and soybeans rose 0.2 percent to \$13.71-1/4 a bushel.

Several top-producing nations have noted production issues, including Australia, Argentina and Canada. - *Reuters*



LIBRARY
DEPT. OF AGRICULTURE

WTO: Trade can help ensure food security

TRADE has a crucial role in ensuring food security amid challenges such as economic downturns, the World Trade Organization (WTO) said on Tuesday.

WTO Deputy Director General Jean-Marie Paugam said that trade and trade policies are crucial in avoiding a food security crisis caused by conflicts, disasters and lingering effects of the pandemic.

"Climate disasters, the Covid-19 pandemic, conflicts and economic downturns have undermined a decade of progress in combating malnutrition in the world," he said.

Paugam emphasized that nearly 600 million people are expected to face hunger by the 2030 target date for ending hunger and malnutrition under the Sustainable Development Goals of the United Nations.

He explained that despite China being the fourth-largest agricultural exporter with 4.4 percent of total global farm and fishery global shipments, hunger is "still on the rise," especially in Africa, Western Asia and the Caribbean.

"The first simple reason for this is that while some world regions are net food exporters, others are importers — meaning food must be able to circulate freely from regions with surpluses to those with deficits," Paugam said.

Thus, he supports the continued restraint in the use of export restrictions on food and related products, and to exempt from export restrictions food purchased by the World Food Program for humanitarian purposes, as agreed during the WTO 12th Ministerial Conference in 2022.

Also, there is a need to address "threats" like climate change and sustainability, which also should compel countries to accelerate their adoption of sustainable agriculture.

"While we have been too slow in tackling current trade distortions, today's food security challenges are set to become more acute: climate change, biodiversity loss, and challenges related to land and water management are adding to current food security threats, and compel us to accelerate the change toward sustainable agriculture," Paugam said.

"The central purpose of the WTO is to leverage trade to raise people's standards of living and advance sustainable development. For all human beings, this starts with the capacity to feed oneself," he added.

JENICA FAYE GARCIA