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THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

Date: DECEMBER 4, 2023 Page: B3

Review of RTL sought

By DANESSA RIVERA

The Philippine Chamber of Agriculture and Food Inc. (PCAFI) is pushing for a review of the Rice Tariffication Law (RTL) to divert the use of the Rice Competitiveness Enhancement Fund (RCEF) to fund and incentivize the local manufacturing of farm machineries and equipment.

PCAFI president Danilo Fausto said the government should provide incentives and assistance for Philippine companies to locally manufacture farm machineries and equipment, which are mostly imported from China.

"We need to have a local manufacturer of machinery, either through reverse engineering, meaning we will import it then we will replicate it here," Fausto said.

He said funding for the initiative could be taken out from the RCEF, which has an annual P10 billion allocation from 2019 to June 2024.

The proposal is timely since the RTL, which created the RCEF, is set for review for possible extension beyond 2024, the PCAFI official said.

The mechanization program has a budget of P5 billion from RCEF. Other allocations include the distribution of high-yielding seeds (P3 billion), training and capacitating farmers (P1 billion) and credit support (P1 billion).

In a statement over the weekend, Agriculture Secretary Francisco Tiu Laurel said the agency would transform the sector into a modern industry from production to processing.

Laurel made the declaration as he led the distribution of modern farm equipment and machineries to the province of Ilocos Norte amounting to P73.3 million last Friday.

The interventions, under the 2023 allocation of the RCEF Mechanization Program, will benefit 52 farmers' cooperatives and associations (FCAs), as well as local government units.

A total of 78 units of various farm machineries were distributed to beneficiaries including two four-wheel tractors and 30 hand tractors. Twelve units of rice combine harvester were also turned over, as well as walk-behind and riding transplanters, seeders, recirculating dryers, and rice mills.

Coconut cooperative groups in the province also received shared processing facilities worth P26.8 million to enable them to produce virgin coconut oil and coconut flour.

Apart from allowing the National Food Authority (NFA) to sell agricultural goods to markets, PCAFI is also urging the government to widen the stockpiling efforts of the agency from just grains to also cover other basic commodities.

Fausto said the other basic goods NFA can stockpile are sugar, onion and fish, among others.

He said this could be achieved since the NFA has several warehouses nationwide but the agency would require a higher budget for this.

"It must be a strategic stockpiling and not just for the sake of stockpiling...The NFA has the authority to inspect warehouses and cold storage facilities. It can see what goods are available so it can project what is lacking," Fausto said.

Under the RTL, the NFA no longer has the authority to sell subsidized rice in markets and its buffer stocks can only be used during emergency situations and sustain disaster relief programs of the government.

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THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

Date: DECEMBER 4, 2023 Page: 2

'Prices of rice, eggs in upward trend'

The upward trend in retail prices of eggs and rice continues as the cost of other farm products, particularly vegetables, chicken and pork remains stable amid the increase in the demand this holiday season, Samahang Industriya ng Agrikultura (SINAG) chairman Rosendo So said yesterday.

Based on monitoring of the Department of Agriculture (DA) in Metro Manila markets, medium-sized eggs are sold for as high as P8.80 per piece.

On the other hand, the retail price of local regular milled rice went as high as P52 per kilo; local well-milled rice, P55 per kilo; local premium rice, P60 per kilo; and local special rice, P68 per kilo.

Imported well-milled rice was sold at P52 per kilo; imported premium rice, P62 per kilo and imported special rice, P65 per kilo.

So said that the farmgate price of chicken and pork was lower compared to the cost in the same period last year.

For his part, United Broiler Raisers Association and Philippine Egg Board chairman Gregorio San Diego said the farmgate price of chicken went down starting Nov. 25 after a slight increase in the past two weeks.

San Diego said the average farmgate price as of Dec. 1 was at 95 per kilo after it went up to P114 per kilo on Nov. 16.

Based on the price watch of the DA, the retail price of whole chicken ranged between P140 and P220 per kilo.

The retail price of pork shoulder ranged between P250 and P340 per kilo, and pork belly or *liempo* between P280 and P400 per kilo.

Meanwhile, So proposed a random check on the sizes of eggs to determine if the vendors are selling based on the right weight amid allegations of manipulation of retailers to get more profit.

"A random check can be done to determine if we are buying the right sizes," So said.

Pork Producers Federation of the Philippines and Egg Council of the Philippines chairperson and AGAP party-list Rep. Nicanor Briones has suggested selling eggs per kilo as retailers often change the sizes instead of the actual price.

"One kilo of small-sized eggs is equivalent to seven pieces," So said.

He added that many consumers do not need as much as one kilo of eggs.

Based on data from UBRA, a small-sized egg weighs 50 to 54 grams; medium-sized egg, from 55 to 59 grams; large-sized egg, between 60 and 64 grams; extra large, between 60 and 64 grams; and jumbo, 70 grams and above.

San Diego has said that the retail price of eggs is expected to go down starting January 2024 after holiday demand tapers off.

Valiant Primary Multi-purpose Cooperative asked DA to determine the stocks at cold storage facilities amid the decision of the agency to import 21,000 metric tons of red and white bulbs as retail price reached as high as P220 per kilo.

In a radio interview, Valiant Primary Multi-purpose Cooperative manager Luchie Cena said that there are still stocks at the cold storage facilities, adding that the DA through the Bureau of Plant Industry (BPI) should only import what is needed, as the local harvest of onions will start next month.

BPI said that the 21,000 metric tons of imported onions should arrive on or before Dec. 31.

"The DA should visit all the storage facilities to determine when these stocks can supply the market and the volume of the gap. The importation could overlap the expected harvest in January (2024) and we are about to harvest white onions," she noted. **– Bella Cariaso**

THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

Date: December 4, 2023 Page: 8

P40-M smuggled poultry, fish seized in Navotas

The Department of Agriculture (DA) and the National Meat Inspection Service (NMIS) confiscated approximately 130,000 kilos of smuggled poultry and fish during a raid on two cold storage facilities in Navotas on Friday.

The raiding team inspected the facilities, which allegedly have the same owner, in San Rafael Village after a month-long investigation.

Boxes of Peking duck, black chicken, duck embryo and various fish suspected to have been smuggled were found in the facilities, the DA said.

Some of the poultry and fish were found to have deteriorated.

Dennis Solomon of the DA's inspectorate and enforcement team said they received an intelligence report last month indicating two locations in San Rafael Village selling Peking duck.

"According to NMIS, these items are still banned, proving that they are indeed smuggled," Solomon said in Filipino.

The DA prohibits the sale of Peking duck from China to prevent the spread of bird flu.

The city government of Navotas has ordered the closure of the facilities even as their workers denied claims of illegal activities within the premises.

The seized products were turned over to the city government for proper disposal.

– **Mark Ernest Villeza**

THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

Date: DECEMBER 4, 2023 Page: B4

Agri sector gets bulk of subsidies in October

By LOUISE MAUREEN SIMEON

The government slashed its budgetary support to state-run firms by close to 80 percent to just P9.2 billion in October, with the bulk of the subsidies going to the agriculture sector.

Data from the Bureau of the Treasury showed that subsidies to government-owned and controlled corporations (GOCCs) in October dropped by 77 percent to P9.19 billion from P39.92 billion in the same period last year.

During the month, budgetary support for major non-financial government corporations reached P8.18 billion, down by 55 percent.

On the other hand, subsidies for other government corporations plummeted by 95 percent to P1.01 billion from P21.82 billion a year ago.

The government grants subsidies to GOCCs as a way to cover operational expenses that are not supported by their own revenue.

For October, nearly 70 percent of the total subsidies went to support the agriculture sector, specifically the National Irrigation Administration (NIA) and the National Food Authority (NFA).

NIA got the biggest allocation at P4.11 billion, but this was a 41 percent decrease from the P6.95 billion it received in the same period last year.

NFA secured the second highest subsidy at P2.01 billion while the National Housing Authority came in third with P1.15 billion.

During the month, no subsidy was released to the National Electrification Administration, Bases Conversion and Development Authority, Civil Aviation Authority of the Philippines, Philippine Crop Insurance Corp., Philippine Fisheries Development Authority and the Philippine Health Insurance Corp.

The Philippine Postal Corp., Power Sector Assets and Liabilities Management Corp., SB Corp., Subic Bay Metropolitan Authority, Social Housing Finance Corp. and the Sugar Regulatory Administration also did not receive budgetary support.

For the 10-month period, subsidies went down by 10 percent to P146.32 billion from P162.17 billion a year ago.

For January to October, budgetary support for major non-financial government corporations reached P66.56 billion, inching up by a percentage, while subsidies for other government corporations slipped by 18 percent to P79.27 billion.

In October, the government incurred a lower budget deficit of P34 billion after revenue collections rose faster than the expansion of state spending.

Total revenue collections went up by 34 percent to P385.5 billion as both tax and non-tax revenues increased while government spending only picked up by eight percent to P420.2 billion.

MANILA BULLETIN

Date: DECEMBER 4, 2023 Page: 4

GOCC subsidies decline to ₱9 B in October

State-owned companies had their budgetary support reduced in October as the government did not provide financial aid to the Philippine Health Insurance Corp. (PhilHealth) during the month.

Data from the Bureau of the Treasury showed that subsidies to government-owned and -controlled corporations fell by 77 percent to ₱9.19 billion in October compared to ₱39.92 billion in the same month last year.

This decline was mainly due to the lack of subsidy to PhilHealth, which had received ₱19.16 billion in budgetary aid in October 2022, the Treasury data showed.

In October, the National Food Authority (NFA) received the largest subsidy of ₱2.01 billion, followed by the National Housing Authority (NHA) with ₱1.15 billion.

The Treasury also released ₱766 million to support the operations of the Light Rail Transit Authority (LRTA).

Additionally, the government allocated ₱179 million in subsidy to the Philippine Children and Medical Center (PCMC), ₱178 million to the Philippine Heart Center (PHC), and ₱116 million to the National Kidney and Transplant Institute (NKTI).

Overall, the three government-run hospitals received a total of ₱473 million in budgetary support from the national government.

The Philippine Coconut Authority (PCA) also received ₱92 million, while the Philippine National Railways (PNR) got ₱81 million, the National Dairy Administration (NDA) with ₱80 million, the Lung Center of the Philippines (LCP) received ₱70 million, and the Rice Research Institute (RRI) received ₱66 million.

The remaining balance was allocated among 11 other GOCCs.

In the first 10 months of 2023, government subsidies to state-run firms amounted to ₱146.31 billion, a 10 percent decrease from the ₱162.17 billion provided in the same period last year.

At end-October, subsidy expenses had already reached 97.47 percent of the national government's allocated budget of ₱150.01 billion for the year. **(Chino S. Leyco)**

The Manila Times®

Date: DECEMBER 4, 2023 Page: B2

PCAFI wants NFA powers restored

BY JANINE ALEXIS MIGUEL

THE Philippine Chamber of Agriculture and Food Inc. (PCAFI) is urging the Department of Agriculture (DA) to restore the mandate of the National Food Authority (NFA) or to allow the agency to procure palay (unmilled rice) to help control the price of the commodity.

PCAFI President Danilo Fausto said that the NFA should also be given the power to also procure sugar, onions, and other basic commodities to help properly manage the country's supply of agricultural products.

To achieve that, Fausto lobbied for the amendment of the Rice Tariffication Law (RTL) "to provide more flexibility in the use of the Rice Competitive Enhancement Fund (RCEF)."

"All of the basic commodities as well as onions, sugar, [the NFA] can get involved but what's important is that when there is a shortage, NFA is ready to come in," Fausto told reporters on Thursday.

The RTL or Republic Act (RA) 11203 was enacted in 2019 and transformed the role of the NFA into a buffer stocking agency. It also liberalized the importation, exportation, and trading of rice.

The law was also intended to protect local rice farmers by imposing tariffs on imports of the commodity.

The tariff collections also go to the RCEF, also referred to as the Rice Fund, to be utilized for programs and projects to increase palay yield and boost the income of rice farmers. Under RA 11203, RCEF gets annual funding of at least P10 billion from 2019 to 2024.

On other hand, Fausto suggested that the volume of commodities to be imported must be calibrated and that the country "only import what is needed and at the right time."

"We have to admit that we are not [self-sufficient] on some products. We need to import or else we will have shortage of supply, prices will soar," he said.

With NFA's power to inspect warehouse and cold storage facilities, Fausto added the agency can project what commodities need to be imported.

A higher budget for the NFA was also lobbied by the PCAFI chief who said that the agency's current P9-billion procurement budget should be tripled, or even higher, to enable it to achieve a 60-day buffer stocking.

Fausto also expressed support for the reestablishment of the Bureau of Agricultural Statistics under the Department of Agriculture.

In order to ensure that the correct data and information of agricultural products are on stocks, PCAFI suggested the registration of all warehouses and cold storage facilities before they are allowed to operate.

Moreover, Fausto said that they have presented their suggestions to Agriculture Secretary Francisco Tiu Laurel Jr. during a meeting. Although he did not disclose the Laurel's reception on their proposals, he said that one of the marching orders of President Ferdinand Marcos Jr. is to ensure food security for the country.

Malaya
Business Insight

Date: DECEMBER 4, 2023 Page: A1

DA allows importation of 20K MT of onions

BY JED MACAPAGAL

THE Department of Agriculture (DA) will allow the importation of as much as 20,000 metric tons (MT) of onions until year-end to beef up supply before the peak of local harvest by summer.

DA, through the Bureau of Plant Industry (BPI) said in a statement last Friday it will issue sanitary and phytosanitary import clearance for onions to guarantee ample supply amid the increasing demand for the upcoming holiday season. This is to avoid of last year when prices of onion skyrocketed.

BPI said the country will import 17,000 MT of fresh red onions and 4,000 MT of fresh yellow onion from China, India and the Netherlands.

BPI said these volumes are based on the per capita consumption of the country and will serve as buffer to stabilize prices in the market prior to peak harvest of local produce on March to April next year.

All imported fresh onions are to arrive on or before December 31 so as not coincide to with the upcoming harvest.

Onions are displayed at a stall in a public market in Manila on Jan. 28, 2023. Imports are to arrive until the yearend to augment supply. *(Reuters photo)*

Based on DA's monitoring of public markets in the National Capital Region, prevailing retail price as of Friday ranged from P130 to P220 per kg for local red onion, P100 to P160 per kg for local white onion and P80 to P160 per kg for medium imported white onion.

The country produced 482,066.12 metric tons (MT) of mature bulb, bermuda and native onions last year.

Ilocos, Central Luzon and Mimaropa, produced 462,848.62 MT equivalent to 96 percent of the country's total onion production.

Malaya
Business Insight

Date: DECEMBER 4, 2023 Page: A1 & A2

Subsidies down 10%

THE national government's subsidies to government-owned and -controlled corporations in the first 10 months of 2023 fell 9.78 percent versus the year ago level, data released by the Bureau of the Treasury (BTr) showed.

According to the latest cash operations report, subsidies in January to October 2023 totaled to P146.32 billion, down from the P162.17 billion recorded in the same period a year ago.

The lion's share of the subsidies released to state-run firms, amounting to P50.61 billion, went to the Philippine Health Insurance Corp.

The subsidy support to PhilHealth is often allocated for the payment of health insurance premiums of indigent beneficiaries.

Other top recipients as of end-October are the National Irrigation Administration (NIA) with P35.92 billion, National Housing Authority (NHA) with P17.78 billion, National Food Authority (NFA) with P8.03 billion and the Power Sector Assets and Liabilities Management Corp. with P5 billion.

See SUBSIDIES ➤ Page A2

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SUBSIDIES

In October alone, subsidies to state-firms amounted to P9.19 billion, posting a 76.98 percent decline from the P39.92 billion recorded in the same month a year ago. NIA received the largest chunk with P4.11 billion.

Aside from NIA, other top recipients for the month include NFA with P2.01 billion and the NHA with P1.15 billion.

The BTr earlier reported that the national government's fiscal deficit narrowed sharply in October amid the strong performance of state collections.

The deficit last month fell by 65.27 percent year-on-year to P34.4 billion.

This was underscored by a notable 33.56 percent rise in revenue collections outpacing government expenditure growth of 8.32 percent.

The total aggregate budget deficit for the 10-month period amounting to P1.02 trillion similarly showed an 8.45 percent contraction from the P1.11 trillion posted in the corresponding period last year and is at 67.88 percent of the P1.5 trillion 2023 program. - ***Angela Celis***

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Business Insight

Date: DECEMBER 4, 2023 Page: A2

Group seeks extension of RCEF

BY JED MACAPAGAL

PCAFI says if RCEF is extended, the P5- billion allocation for mechanization can be used as incentives for local firms that will manufacture farm machineries. *(DA Photo)*

THE Philippine Chamber of Agriculture and Food Inc. (PCAFI) called for the amendment of Rice Tariffication Law (RTL) to provide more flexibility in the use of the Rice Competitiveness Enhancement Fund (RCEF).

Danilo Fausto, PCAFI president, told reporters in a briefing in Quezon City last week the function of the National Food Authority (NFA) must also be revisited.

RCEF was created by the RTL which allocated all tariffs collected from rice imports to programs that would benefit local rice farmers. The law provides the fund will be collected only until June 2024.

RCEF's annual P10 billion allocation is divided into mechanization program, P5 billion; distribution of high-yielding seeds, P3 billion; training and capacitating farmers ,P1 billion; and credit support, P1 billion.

PCAFI said if RCEF is extended, , the P5- billion allocation for mechanization can be used as incentives for local firms that will manufacture farm machineries.

"We need a local manufacturer of machinery, either (through) reverse engineering which means that you will import it then you will replicate it here," Fausto said.

Fausto also urged the government to consider utilizing the NFA in stockpiling not only of grains but also of other basic commodities such as sugar, onion and fish.

"It must be a strategic stockpiling and not just for the sake of stockpiling... The NFA has the authority to inspect warehouses and cold storage facilities. It can see what goods are available so it can project what is lacking," Fausto said.

He said NFA should be reauthorized to sell agricultural goods in market.

Under the RTL, the NFA can no longer sell subsidized rice in markets as its buffer stocks can be used only for emergency situations for disaster relief.

The law also allows the NFA to unload additional stocks only if these are aging or about to deteriorate.

BusinessWorld

Date: DECEMBER 4, 2023 Page: S1/1 & S1/11

Nov. inflation likely eased to 4.4%

By Keisha B. Ta-asan
Reporter

HEADLINE INFLATION likely eased further in November amid lower pump prices, a slower rise in food costs and high base effects, analysts said.

A *BusinessWorld* poll of 15 analysts yielded a median estimate of 4.4% for November inflation, which is also the midpoint of the 4% to 4.8% estimate given by the Bangko Sentral ng Pilipinas (BSP) last week.

If realized, last month's consumer price index (CPI) would be slower than 4.9% in October and 8% logged a year earlier. However, it would mark the 20th straight month of inflation breaching the BSP's 2-4% target range.

The Philippine Statistics Authority will release the November inflation report on Tuesday (Dec. 5).

Analysts said high base effects may have significantly helped in bringing down the November figure.

"On a year-on-year basis, the reading will be flattered by a high base effect," Moody's Analytics economist Sarah Tan said in an e-mail.

She said Typhoon Karding (international name: Noru) damaged farms and disrupted supply chains in Luzon last year, which pushed food prices up in the fourth quarter of 2022.

"Lower food and oil prices would be the two main reasons for the disinflation narrative to continue," Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

He said better weather conditions this month led to easing food supply constraints, while the decline in global oil prices likely prompted fuel retailers to roll back prices this month.

In November alone, pump price adjustments stood at a net decrease of P1.90 a liter for gasoline, P4.45 a liter for diesel, and P3.3 a liter for kerosene.

"We also estimate November core inflation to settle at 4.9% from 5.3% the previous period. This means more for the longer-term expectation for headline inflation," Mr. Asuncion said.

Core inflation excludes volatile prices of food and fuel items. For the first 10 months of the year, core inflation stood at 7%.

However, inflation remains above target in November as prices of some food items and electricity rates went up, Ms. Tan said.

"According to the Department of Agriculture's price monitoring tracker, the prices of major agri-fishery commodities in Metro Manila such as rice, fish, livestock and poultry produce were higher in November than October," she said.

Data from the Agriculture department showed that regular-milled rice prices ranged from P33 to P52 a kilo as of Nov. 30, wider than the P41 to P44 band on Oct. 31. Retail prices of fish and meat products also went up.

"Further, households and businesses bore the brunt of a hike in electricity rate by Manila Electric Co. (Meralco) — one of the country's main utilities providers — due to higher transmission charges," Ms. Tan said.

Meralco earlier said the power rates for typical households increased by P0.2347 per kilowatt-hour (kWh) to P12.0545/kWh in November.

China Banking Corp. Chief Economist Domini S. Velasquez said the significant increases in electricity rates and cooking gas prices may have offset the decline in fuel costs.

"While areas serviced by Meralco experienced only a slight increase in electricity rates, other regions in Luzon and Visayas saw substantial increases in electricity rates. These factors will have an impact on the overall inflation rate for November," she said.

Liquefied petroleum gas (LPG) prices went up by P0.45 a kilogram in November, its fourth straight month of increase. The cost of a regular 11-kg LPG tank rose by P4.95 to P5.50.

Security Bank Corp. Chief Economist Robert Dan J. Roces said restaurants and accommodation costs usually go up due to holiday demand.

"While the base effect from last year's inflation should pull down the headline, the central bank will likely remain vigilant on the upside risks," he said.

Inflation, S1/11

BusinessWorld

Date: DECEMBER 4, 2023 Page: S1/1 & S1/11

Inflation
from S1/1

INFLATION DOWNTREND?

According to Ms. Tan, inflation may continue to ease in December, but the outlook remains uncertain for 2024.

"Come 2024, the path to lower inflation will be a bumpy one due to speed humps in the form of the food supply constraints, higher transport fares and wage adjustments, and the strengthening of the El Niño weather pattern that will hamper crops and lift food prices," she said.

"Over the next few months, we expect inflation to hover around the BSP's upper-end target of 4% before firmly returning within the 2-4% target range in mid-2024," she added.

BSP Governor Eli M. Remolona, Jr. earlier said inflation may hit the 2-4% target briefly in the first quarter before it picks up again to above target from March to July.

China Bank's Ms. Velasquez said December inflation may still be above the 2-4% target.

"But in the first quarter of 2024, we will likely see inflation nearer the 3% level, before moving above 4% again from April to August. This trend is largely driven by base effects," she said.

Inflation peaked at 8.7% in January, before easing until July this year. Inflation picked up in August and September, before it started slowing again in October.

"We expect inflation rate to stay at around the same level in December, before settling within the 2%-4% target in January, largely helped by base effects," Makoto Tsuchiya, an economist at Oxford Economics, said in an e-mail.

"Although risks are tilted to the upside given high uncertainty over supply-chain disruptions and climate-related issues, CPI should average 3.6% in 2024, higher than BSP's target midpoint but within the target range," he added.

In November, the BSP raised its baseline inflation forecast to 6% in 2023 (from 5.8% in September) and to 3.7% in 2024 (from 3.5%) but cut its 2025 inflation estimate to 3.2% (from 3.4%).

The BSP also gave a risk-adjusted inflation forecast at 6.1% for 2023, 4.4% for 2024 and 3.4% for 2025.

There is also a "decent chance" inflation returning to the 2-4% target by the end of the year, Pantheon Chief Emerging Asia Economist Miguel Chanco said.

"At the moment, we're expecting a substantial slowdown in the average rate of inflation to 2.8% next year, from 6% this year, giving the BSP more than enough room to consider normalizing monetary policy," he said.

At its Nov. 16 policy meeting, the BSP kept its target reverse repurchase rate at a 16-year high of 6.5%. The BSP has raised borrowing costs by a total of 450 basis points (bps) from May 2022 to October 2023 to tame inflation.

"Our forecast for now is for 100 bps worth of rate cuts in 2024," Mr. Chanco added.

Mr. Remolona has said policy easing is still not on the table for the Monetary Board, and the current policy settings may continue to remain tighter for longer until inflation firmly falls within the 2-4% target.

The Monetary Board will have its final policy-setting meeting on Dec. 14.

BusinessWorld™

Date: DECEMBER 4, 2023 Page: S1/5

Farmers want NFA power to stockpile other commodities

THE PHILIPPINE CHAMBER of Agriculture and Food, Inc. (PCAFI) said the authority of the National Food Authority (NFA) to maintain a national rice reserve needs to be expanded to include other commodities.

"Lahat ng mga basic commodities *pati sibuyas, asukal, pakialaman nila basta ang importante* (Every basic commodity including onion and sugar, they should have a hand in, as long as) at the time there is a shortage, NFA is ready to come in," PCAFI President Danilo V. Fausto told reporters last week.

Under the Rice Tariffication Law of 2019 (Republic Act No. 11203), importing rice were removed from the NFA's functions. Private traders were instead allowed to bring in rice shipments while paying a 35% tariff on Southeast Asian grain.

The law also funded the Rice Competitiveness Enhancement Fund, to modernize the rice industry.

Mr. Fausto said imports of basic goods must be calibrated to meet demand.

"We (should) only import what is needed and at the right time," he added.

The government has allocated about P9 billion to the NFA for 2023 and 2024.

"(The budget) could be double, it could be triple, it could be five times (higher) because there should be 60 days minimum (buffer stock)," he added.

The NFA is authorized purchase domestically grown rice and hold it in reserve in the event of shortages or calamities.

He said that the NFA should also work with the private sector and local government units in procuring adequate stocks of rice. — **Adrian H. Halili**

BusinessWorld™

Date: DECEMBER 4, 2023 Page: S/15

GOCC subsidies decline in Oct.

SUBSIDIES provided to government-owned and -controlled corporations (GOCCs) declined sharply in October, the Bureau of the Treasury (BTr) reported.

The BTr said budgetary support to GOCCs fell 76.98% to P9.189 billion during the month.

The government provides subsidies to GOCCs to help cover operational expenses.

The National Irrigation Administration (NIA) was the top recipient of subsidies in October, taking in P4.105 billion or 44.7% of the total.

This was followed by the National Food Authority, which got P2.01 billion and the National Housing Authority (NHA), which received P1.15 billion during the month.

Other top recipients in October include the Light Rail Transit Authority (P766 million), the Philippine Children's Medical Center (P179 million), the Philippine Heart Center (P178 million), and the National Kidney and Transplant Institute (P116 million).

GOCCs that were given at least P50 million during the month were the Philippine Coconut Authority (P92 million), Philippine National Railways (P81 million), the National Dairy Authority (P80 million), the Lung Center of the Philippines (P70 million), and the Philippine Rice Research Institute (P66 million).

Receiving no subsidies were the National Electrification Administration, the Bases Conversion and Development Authority, the Civil Aviation Authority of the Philippines, the Philippine Crop Insurance Corp., the Philippine Fisheries Development Authority, the Philippine Health Insurance Corp. (PhilHealth), the Philippine Postal Corp., the Power Sector Assets and Liabilities Management Corp., the Small Business Corp., the Subic Bay Metropolitan Authority, the Social Housing Finance Corp., and the Sugar Regulatory Administration.

In the 10 months to October, subsidies amounted to P146.316 billion, down 9.8%.

PhilHealth took in P50.614 or 34.6% of total subsidies in the 10-month period. This was followed by the NIA at P35.918 billion and the NHA at P17.777 billion.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that lower subsidies in October were due to the improved financial performance of GOCCs with the reopening of the economy.

"No more large lockdowns since 2022 also improved the financial performance of some GOCCs. Lockdowns have proven to be costly for the government in terms of the various financial assistance (given to the public) and other COVID programs," he said in a Viber message.

He also cited fiscal reform measures that "increased revenue collection and more disciplined spending that helped narrow the budget deficit in recent months." — **Luisa Maria Jacinta C. Jocson**

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Subsidies to state-run firms in Oct plunge 77% to ₱9.2B

By Jasper Emmanuel Y. Arcalas @jearcalas

THE amount of subsidies extended by the national government to state-run agencies and corporations in October plunged by three-fourths year-on-year to nearly P9.2 billion, according to the Bureau of the Treasury (BTr).

Latest Treasury data showed total national government subsidy in October reached P9.189 billion, about 77 percent lower than the P39.917 billion recorded subsidy in the same month of last year.

Treasury data indicated that the overall decline in national subsidy was caused by a double-digit drop rate in the funding received by both major non-financial government corporations and other state corporations.

Subsidy extended to major non-financial government corporations accounted for 89 percent of the total state subsidy provided in October, while the remaining 11 percent went to other government corporations.

Major non-financial government corporations' subsidies declined by 55 percent to P8.18 billion from P18.093 billion in the same reference month last year, Treasury data showed.

The National Irrigation Administration (NIA) led the major non-financial government corporations in terms of subsidy received in October.

NIA got P4.105 billion in subsidy, 41 percent lower than the P6.949 billion it received in October of 2022, based on Treasury data.

NIA was followed by the National Food Authority (NFA) and National Housing Authority (NHA) in terms of subsidy at P2.01 billion and P1.15 billion, respectively.

Meanwhile, subsidies received by other government corporations plunged 95 percent year-on-year to P1.009 billion from P21.824 billion last year.

Among the other government corporations, the Philippine Children's Medical Center received the highest subsidy in October at P179 million followed by the Philippine Health Center at P178 million, according to the Treasury.

From January to October, the total national government subsidy declined by 10 percent on an annual basis to P146.316 billion from P162.171 billion, Treasury data showed.

The Philippine Health Insurance Corp. (PhilHealth) was the top recipient during the 10-month period, with a total subsidy of P50.614 billion. It was followed by the NIA (P35.918 billion) and NHA (P17.777 billion), based on Treasury data.

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'NFA must procure, distribute key food items'

By Jasper Emmanuel Y. Arcalas
@jearcalas

THE Philippine Chamber of Agriculture and Food Inc. (PCAFI) is urging the Marcos Jr. administration to revise and expand the charter of the National Food Authority (NFA) and allow it to procure, manage and distribute key food items nationwide.

PCAFI President Danilo V. Fausto said one of key recommendations to Agriculture Secretary Francisco Tiu Laurel Jr. is to push for the revision of the NFA's current charter.

Fausto said the present NFA has been reduced to a "National Rice Authority," a consequence of the rice trade liberalization (RTL) law that liberalized and deregulated the country's rice trade regime.

Under the RTL law, the NFA has been watered down to rice buffer stocking agency. In the course of it, the NFA has lost the mandate to even procure corn from local farmers and hold a buffer stock for such a commodity, he said.

"It should be buffer stocking all basic commodities: onion, sugar. What is important is that in times of shortage, the NFA is ready to come in," Fausto said in a recent press briefing.

"It is the National Food Authority and not National Rice Authority."

With PCAFI's proposal, Fausto said the budget of the NFA should at least be doubled or expanded by five times to be

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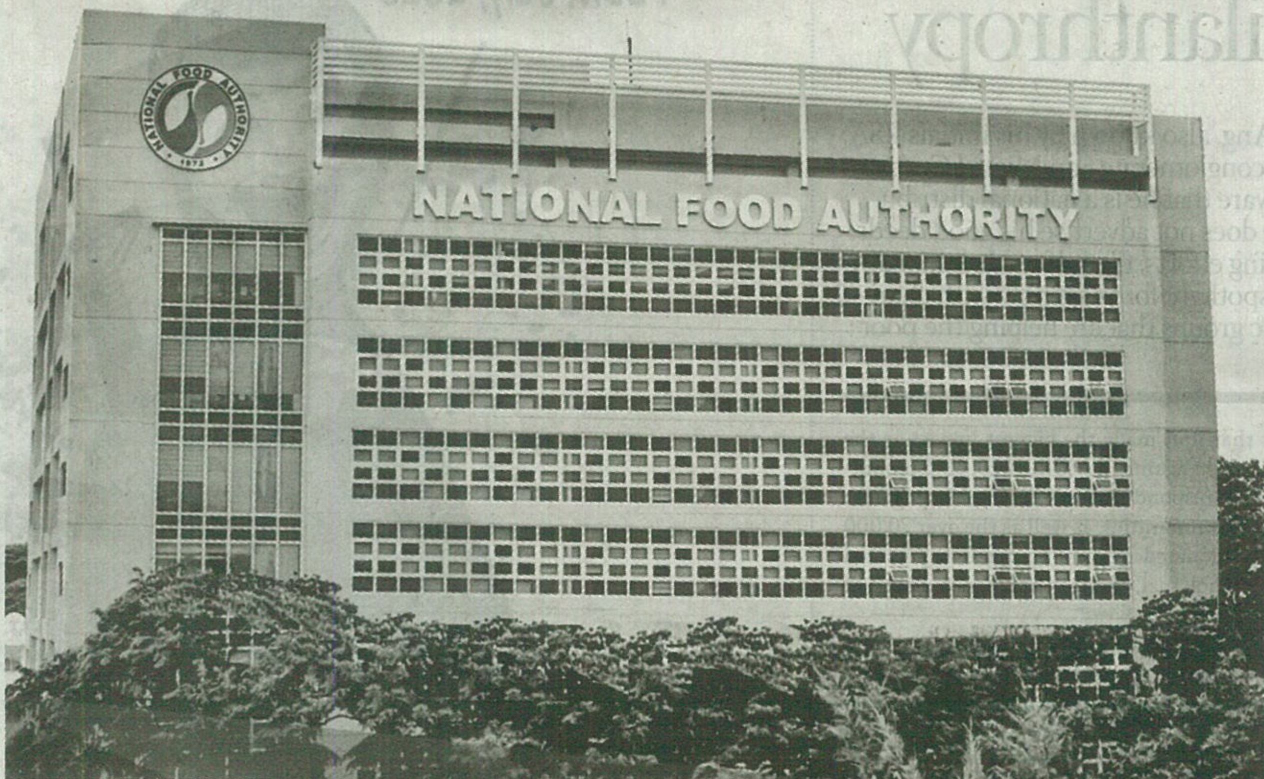

PHOTO from www.nfa.gov.ph

able to "strategically" procure key commodities from local farmers.

"Food security is national security. [The national government] continues to buy airplanes and ships; it must also buy food."

Fausto said the power of the NFA to sell commodities in the domestic market must also be restored so it could counter unscrupulous traders who are gaming the prices. The state-run agency's option to import commodities to beef up its buffer stock must also be reinstated, he added.

He said he recently met with Laurel Jr. to discuss the group's proposals and recommendations for the improvements of the agriculture sector.

Last December 2022, the Marcos administration sent an official communication to the World Trade Organization indicating that it will not amend the country's current rice trade regime, which was liberalized in 2019.

In a statement to the WTO Committee on Agriculture, the Philippines said it is "not considering" any modifications on its current rice trade regime.

"We would like to inform the Committee that the Philippines is not considering modifying its import regime on rice," Manila said.

PHILIPPINE DAILY INQUIRER
BALANCED NEWS + FEARLESS VIEWS

Date: DECEMBER 4, 2023 Page: A9

The future of global rice

COMMENTARY

ARTHUR C. YAP

The global rice industry meets today under the most challenging circumstances. While world rice inventories are at sufficient levels to meet demand, due to export bans, logistics disruptions, climate change, and regional conflicts, rice prices continue to rise and have denied the world's poor access to this basic staple. But at no other time in our history has agriculture technology also managed to develop to such a level that can drive higher productivity and rural incomes to benefit the consuming public and farmers alike.

Against this backdrop, we continue to face the following challenges and must address them head-on:

1. **Rising global populations and their impact on land and water resources.** As population increases, continuing urbanization will exact its toll on agricultural lands and water sources. For this reason, greater conservation of water and soil resources must be given preeminent importance and funding by governments. Government cannot do this alone but must incentivize the private sector to work on these through cost-sharing partnerships. Banks can be allowed to enroll projects like soil conservation, impounding, and drip irrigation, as agri-agra law compliant. For the government, land and water use regulations must also promote a balance that takes into account the realities of the use and ownership of these vital resources through more equitable tenurial arrangements. This is not a "zero-sum" game: A balance can be struck by incentivizing the private sector to develop the areas around our most productive land and water resources. As we do so, we must push ourselves to be more productive today by investing in better planting techniques, postharvest, and logistics systems.

2. **Climate change.** Rice is highly sensitive to climate conditions and climate change is expected to significantly impact on future production. In the Philippines, we suffer through more than 20 tropical cyclones a year which the Asian Development Bank has said, registers more than $1 billion in annual damages. El Niño in 2024 will also affect India, Pakistan, Thailand, and Vietnam. Together, these four countries make up 30 percent of global rice sales.

With these realities, we must use the vast array of technologies available to manage risks and costs. We must use precision agriculture, digital agronomy, weather intelligence, better data, as well as better financial and insurance instruments. Without better risk mitigation products in public and private finance, funds will not flow into agriculture and will keep the sector "high risk." In the Philippines, banks pay annual penalties of more than P3 billion rather than comply with a law that obligates them to lend 25 percent of their loanable portfolios to agriculture activities. That is a clear indictment against the sector's "bankability."

3. **Sustainability and environmental impacts of agriculture.** From the amount of water that rice production consumes (it is the most "thirsty" crop requiring 2,500 liters of water to produce one kilo of rice), to its methane emissions (1.5 percent of total global greenhouse gas emissions), rice production has significant impacts on the environment. Methane sets the pace for global warming in the near term since it has 80 times more warming power than carbon dioxide. Therefore, we must incentivize farmers to use drip irrigation or to laser level their rice fields to minimize flooding of rice fields, and prod farmers to aggressively use balanced fertilization and integrated pest management protocols. As the world meets at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change in Dubai, allowing farmers greater access to green finance, must be part of the agenda.

4. **Maximizing international collaboration.** As the world has broken up into multipolar clusters, there is a challenge to engage multilateral associations at different levels, to advocate for policies that will promote the common good. The world is so complex today. Disease and infections, financial meltdowns or misdeeds, adventurism and aggression, trade policies like export bans and tariffs, imposed at the local or regional levels, have a way of affecting the family of nations eventually. Since India, for example, imposed its export bans for white rice, the price of the commodity has jumped up to 25 percent impacting the world's poor.

Overall, the future of the global rice industry depends on steps taken at the lowest levels of societies: in the paddy fields where the commodity is grown, and adopting innovative financing approaches and partnerships to address urbanization, soil and water conservation, and integrating the value chain. Most of all, leveraging technology, introducing better risk-managing financial instruments, accessing green finance, and addressing political and market dynamics, will determine the longer-term sustainability of this sector on which half the world's population depends.

Arthur C. Yap was agriculture secretary (2004-2010), representative of Bohol's third district (2010-2019), and governor (2019-2022).

THE PHILIPPINE STAR
TRUTH SHALL PREVAIL

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Inflation likely eased in November

By LAWRENCE AGCAOILI

Inflation likely slowed for the second straight month in November after easing sharply to 4.9 percent in October from 6.1 percent in September, according to private economists.

Ruben Carlo Asuncion, chief economist at Union Bank of the Philippines, said the rise in the prices of essential goods and services likely cooled to 4.2 percent in November.

"Lower food and oil prices would be the two main reasons for the disinflation narrative to continue. Better weather conditions resulting in easing food supply constraints and the persistent decline in global oil prices due to supply issues within major supplier OPEC+ have enabled disinflation to tarry along," Asuncion said.

Headline inflation averaged 6.4 percent from January to October, well above the two to four percent target range of the Bangko Sentral ng Pilipinas (BSP).

Inflation has stayed above the target range for 19 straight months and even peaked at 8.7 percent in January. It last fell within the target range at four percent in March 2022.

The chief economist from the Aboitiz-led bank also said core inflation may ease further to 4.9 percent in November from 5.3 percent in October.

"This means more for the longer-term expectation for headline inflation. Nonetheless, what remains certain is that we will not see a smooth, linear monthly path toward the BSP's inflation target of four percent or less amid ongoing geopolitical risks that curbed material downside risk to oil prices," Asuncion said.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp., said headline inflation likely settled at 4.3 percent in November and could further ease for the remainder of the year and early 2024.

Ricafort cited the higher base effects, lower global crude oil prices that led to rollbacks in local diesel and gasoline prices, the weaker dollar that help reduced the costs of imports, better weather conditions, and some easing of food prices.

However, Ricafort noted some pickup in local and world rice prices partly due to some risk brought about by El Niño within the fourth quarter of the year to the first quarter of next year that could reduce rice and other agricultural output.

According to Ricafort, the seasonal demand in preparation for the Christmas holiday season could lead to some pickup in the prices of *Noche Buena* products.

Bank of the Philippine Islands lead economist Jun Neri said inflation likely slowed to 4.3 percent last month that could prompt the BSP to keep interest rates unchanged anew this month.

"We think the BSP can pause in its next meeting, but numerous upside risks could still translate to more hikes in 2024, including those related to climate change, geopolitical tensions, and post-COVID adjustments," Neri said.

China Bank chief economist Domini Velasquez said the rise in the prices of basic goods and services may have decelerated to 4.4 percent in November, primarily driven by the decline in prices of meat and vegetables.

However, Velasquez said certain key food items, such as fish and fruits, experienced price increases which contributed to the upward pressures on inflation.

She added that rice prices rose last month, reversing the decline observed in October.

According to Velasquez, significant increases in LPG prices and power rates erased the decline in the domestic pump prices of fuel products since October.

Likewise, she said electricity rates saw substantial increase in Luzon and Visayas on top of the slight increase in power costs in areas serviced by Meralco.

"Looking ahead, in December, inflation will still likely fall above the BSP's target. But in the first quarter of 2024, we will likely see inflation nearer the three percent level, before moving above four percent again from April to August. This trend is largely driven by base effects," Velasquez said.

She pointed out that positive developments in the inflation front would likely keep the BSP from hiking its policy rate again this year.

ING Bank senior economist Nicholas Mapa said inflation likely moderated to 4.4 percent in November as supply conditions improve, highlighting the importance of using supply side remedies to address supply side problems.

"The BSP will likely take this development into consideration for monetary policy going forward given its data driven mandate," Mapa said.

Security Bank chief economist Robert Dan Roces also believes inflation softened to 4.4 percent, propelled by elevated food and electricity prices, but partially mitigated by a decline in oil costs.

"Our latest estimates show a return of price growth in the heavyweight food index, as well as in electricity costs, plus an upward trend in restaurant and accommodations costs in a demand build-up toward the holidays, offsetting a noticeable decline in pump prices last month," Roces said.

While the base effect from last year's inflation should pull down the headline, Roces pointed out that the central bank would likely remain vigilant for upside risks.

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PHL expected to import more processed vegetables — USDA

PHILIPPINE imports of processed vegetables are expected to increase with domestic production unable to meet demand, according to the US Department of Agriculture (USDA).

According to a report by the USDA's Foreign Agricultural Service (FAS), the Philippine annual vegetable deficit is about 1.4 million metric tons (MT) in wet weight through at least 2030.

It attributed the deficit to the lack of post-harvest facilities and a decline in available farmland.

"Additionally, the country faces the challenge of approximately 20 typhoons annually, which pose a significant threat to the supply of vegetables," the USDA said.

The report added that to address the deficit in vegetable supply, imports of processed vegetables "presents a viable solution."

It said that stakeholders must also focus on reducing the cost of inter-island shipping and enhance the cold chain network.

"These measures will ensure efficient transportation and proper storage of intermediate and prepared processed vegetable products across the Philippine islands," it said.

Citing government data, the USDA said that Philippines imported 160,000 metric tons (MT) of fresh vegetables and 405,000 MT of processed vegetables in 2022. Such imports have grown 17% and 6%, respectively, over the past 10 years.

"Even if this growth were to be sustained, it would still be inadequate to meet the demand of a rapidly growing population and the government's goal of promoting greater vegetable consumption," it added.

Additionally, the USDA said that there is a significant opportunity for the US processed vegetable industry to increase its exports to the Philippines.

"(Processed) vegetables that have the best prospects are the vegetables varieties that are not extensively produced locally... cooking staples like garlic and onions, which are susceptible to price shocks, and those that offer convenience and wellness present excellent opportunities," it said.

The FAS added that the food service, retail, and processing sectors in the Philippines also show potential for increased take-up of processed vegetables.

US exports to the Philippines include frozen potatoes, potato chips, onion powder, garlic powder, canned pulses, peppers, pickled vegetables, tomato paste, diced tomatoes, and prepared mixed vegetables. — **Adrian H. Halili**

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PPA FEE HIKE WILL HURT CONSUMERS–EXPERTS

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PPA...

CONTINUED FROM A1

"The increase in trade cost will also place the Philippines in an unfavorable light relative to other Asean countries in attracting foreign investments," Manzano said.

"I think PPA wants to alleviate the 'congestion' in the port area when container vans are not moved right away by penalizing through higher storage fees," he added.

Meanwhile, Ateneo de Manila University (ADMU) economist Leonardo Lanzona told BUSINESSMIRROR the PPA proposal could negate recent government efforts to curb inflation.

In a way, Lanzona said, the Bangko Sentral ng Pilipinas (BSP) tight monetary policy has "succeeded in restraining inflation" by reducing aggregate demand.

However, Lanzona said this was not enough, given the country's supply side problems. The PPA proposal actually highlights that these constraints remain a concern.

"Along with the huge government expenditures and the recent increases in minimum wages, these fee hikes constitute the government factors that unintentionally lead to inflation," Lanzona said.

"Regardless of the government's sugarcoating of the economy, its inability to control inflation reveals its incapacity to raise social welfare," he added.

Given this, Lanzona said the government must ensure major ports are better managed and are free of "corruption and other forms of inefficiencies."

This is crucial, he said, given that ports facilitate trade, boosting the economy's growth. Given this, there is a sense that "ports, or infrastructure elements of ports, are public goods."

"I would consider the PPA services as public goods and any costs be covered by taxes. By privatizing these services, it effectively excludes those who cannot pay the fees," Lanzona said.

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Stakeholder consultation

LAST October 18, PPA in a public consultation sought stakeholder feedback on a plan to raise storage charges for foreign containerized cargo at all its administered ports nationwide.

In a statement earlier this month, local exporters said PPA is proposing to increase by 32 percent the storage charges for import, export, and transshipment containers; and by 150 percent the surcharges of the corresponding storage rates with increase for reefer containers.

At a recent hearing attended by Philexport and PPA, the Supply Chain Management Association of the Philippines (SCMAP) called the proposed rate increase ill-timed, given the recent rise in transport fare, minimum wage, and prices of basic commodities.

PPA said foreign cargo are assessed for storage charges when they remain at PPA ports beyond the free storage period (FSP). Foreign containers include import cargo, export cargo and transshipments.

In justifying its proposal, the Authority "insisted" this would ensure optimal use of the container yard and encourage immediate withdrawal of containers to prevent congestion, Philexport noted.

Chambers opposed

MORE foreign chambers have opposed PPA's proposal, saying it is "not the right signal" right now as inflation buffets everyone.

"I think we see that internationally right, but everybody's trying to adjust pricing one way or the other, right. Inflation presses us all. I'm not sure whether that is the right signal right now. Right when everybody is trying to do with things more efficient, try to charge more," German-Philippine Chamber of Commerce and Industry (GPCCI) President Stefan Schmitz told reporters on the sidelines of the recent 2023 Ease of Doing Business Convention.

SEE "PPA," A7

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PPA...

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Instead, the GPCCI president said, the government should look at the reasons things are delayed. "Is it because of inefficiencies? Let's say...during clearances."

"Or is it the importers' mistake? I understand that the Philippine Ports Authority doesn't make a distinction there.... but I don't think it's the right message," he said.

The GPCCI president said he also discussed this issue with some ambassadors.

British Chamber of Commerce of the Philippines (BCCP) Executive Director Chris Nelson echoed other foreign chambers' opposition to the fee hike, saying such increase would be passed on.

"And like the other chambers, I think they should be, you know, looked at I mean, I would say because the key at the moment is to actually keep bringing inflation down," Nelson told reporters on the sidelines of a trade mission last week.

Nelson also noted that "when you put on storage fees then of course, there's gonna be a pass-on...because of course, the importers, whoever's distributing it...So I think along with the American Chamber, I think even the Philippine Chamber of Commerce, I believe, ask them to relook at it and we would echo that as well," the BCCP official also noted.

Last week, the American Chamber of Commerce of the Philippines, Inc. (AmCham) also opposed the port regulator's proposal.

"We have been lobbying against any kind of storage [fee] increases, it's not just the right time. You know, we are coming out of this mess of the pandemic" Ebb Hinchliffe, AmCham executive director, told reporters.

The European Chamber of Commerce of the Philippines (ECCP) warned this will reduce the competitiveness of the Philippine market.

"We need to ensure the competitiveness of the Filipino market, so if you put taxes and more blocks—that makes trade more difficult. It's not helping," ECCP President Paulo Duarte told reporters at a recent forum. Describing the Philippines's current macroeconomic data as "very favorable," the ECCP president said, "we need to continue this path, and not to create more blocks." ***(Full story here: https://businessmirror.com.ph/2023/11/29/amcham-proposed-ppa-fee-hike-ill-timed-to-hurt-biz/)***

Meat importers' call

MEAT importers and processors are urging President Marcos Jr. to defer any proposals to hike port storage fees, which could derail the country's economic growth and hike food prices amid an improving market environment.

The Meat Importers and Traders Association (Mita) and the Philippine Association of Meat Processors Inc. (Pampi) expressed their opposition to PPA's plans.

"We appeal to the President to direct government agencies, including PPA, to impose a moratorium on planned increases in all kinds of fees and on new fees as well to enable business and industry and the national economy in general to recover and grow more quickly," Pampi said in a statement sent to BUSINESSMIRROR.

Pampi said higher storage fees could "fuel" inflation and "stall" the country's economic growth, which has been touted as one of the fastest in the region.

"Any additional cost in doing business, such as higher PPA storage fees, is not appropriate at this time as it may fuel inflation and stall economic growth," Pampi said.

"Instead, we urge concerned agencies to become more efficient in their operations to avoid cost overruns or need for additional funds," it added.

Mita President Emeritus Jesus C. Cham wants PPA to first conduct a risk impact assessment prior to imposing any price increases. Cham also urged PPA to observe the Ease of Doing Business Law.

Cham argued that raising port storage fees would add to the costs of importers, which could have a ripple effect on retail prices of meat products.

"PPA should refrain from raising costs unilaterally and arbitrarily. At present importers already grapple with numerous requirements and their corresponding costs," Cham told the BUSINESSMIRROR.

"Many of these requirements are unnecessary or superfluous. Instead of raising costs, we should be looking at how to reduce costs. In this manner we can reduce the cost of food," Cham added.

The PPA wants to increase the storage charges for import, export, and transshipment containers by 32 percent and the surcharges of corresponding storage rates with increase for reefer containers by 150 percent. ***(Related story: https://businessmirror.com.ph/2023/11/29/amcham-proposed-ppa-fee-hike-ill-timed-to-hurt-biz/)***

The PPA said foreign cargo are assessed for storage charges when they remain at PPA ports beyond the free storage period (FSP). Foreign containers include import cargo, export cargo and transshipments.

The Anti-Red Tape Authority (Arta) has already cautioned PPA to conduct a regulatory impact assessment regarding its proposal to hike storage fees for foreign containerized cargo. ***(Related story: https://businessmirror.com.ph/2023/11/30/anti-red-tape-body-says-ppa-fee-hike-proposal-must-undergo-a-ria/)***

Based on the PPA website, the storage fees for containerized cargo progressively increases the longer they stay within the ports managed by the agency nationwide. The PPA levies the storage fees on a per day basis. ***With Andrea E. San Juan***

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Arabica coffee hits 6-month peak, soars 10% in a week

NEW YORK — Arabica coffee futures on the ICE exchange hit a six-month peak on Friday as traders' attention returned to the slide in ICE-certified stocks to 24-year lows, while raw sugar hit a three-month trough.

COFFEE: March arabica coffee settled down 0.35 cent or 0.2% at $1.8435 per pound (lb), after earlier hitting a six-month peak of $1.8825. The contract gained 9.6% in the week.

Data on Thursday showed ICE arabica inventories fell to 224,066 bags, the lowest since February 1999.

Against that, dealers said a cold front is expected to bring much needed rain over the coffee-producing areas of Brazil over the weekend, improving prospects for what should be a bumper crop next season.

January robusta coffee fell $39 or 1.5% at $2,572 a metric ton.

Dealers said the climate in top robusta producer Vietnam has been favorable for harvesting thanks to cooler temperatures and no rain, meaning the coffee is starting to flow.

SUGAR: March raw sugar fell 3.6% to 25.09 cents per lb after setting a three-month low of 24.95 cents. It posted a weekly loss of 7%.

Dealers said the strong pace of production in top producer Brazil was keeping the market on the defensive, while funds that following technical signals are liquidating their long positions as the market turns bearish near term.

March white sugar LSUc1 fell 2.8% to $696.80 a metric ton.

COCOA: March London cocoa settled down 60 pounds or 1.7% to 3,498 pounds a ton after setting a fresh record high on Thursday.

Cocoa prices have risen about 90% this year, with adverse weather in West Africa set to lead to a third successive deficit in the current 2023/2024 season (October/September).

March New York cocoa fell $76 or 1.8% to $4,201 a ton. — ***Reuters***

BusinessWorld™

Date: DECEMBER 4, 2023 Page: S1/5

Brazilian state launches mandatory tracking of cattle to stop deforestation around Amazon

HELENA LOPES-UNSPLASH

SAO PAULO — Brazil's Para state, which leads the country for the highest levels of Amazon rainforest destruction, will launch a mandatory program to track cattle in a bid to crack down on related deforestation, a partner in the project said.

Cattle pasture is the most common initial use for deforested areas in the Amazon and neighboring Cerrado savanna, a practice that faces strict legal limits but continues illegally in Brazil, the world's biggest beef exporter.

The government of Para state in northern Brazil announced the program at the UN COP28 climate summit, according to The Nature Conservancy, a global conservation advocacy group working on the project.

The state government established the program in a decree published on Monday and sets the target of individual tracking of all 24 million cattle in Para by December 2026.

Cattle ranching in Brazil is linked to nearly 24% of global annual tropical deforestation and approximately 10% of total global greenhouse gas emissions, the conservancy said.

Para has Brazil's second biggest cattle herd behind the west-central state of Mato Grosso, according to government data. The conservancy said the program will offer incentives for ranchers to join the traceability system to ensure compliance with the new law, without giving details on incentives.

"In a state larger than France, Spain, and Norway combined, with over 24 million cattle on more than 295,000 farms, the program brings a new approach to ensure continued reductions in deforestation and associated greenhouse gas emissions from cattle," the conservancy said.

The program is part of a drive led by Para Governor Helder Barbalho to bolster the state's green credentials ahead of hosting the COP30 climate change summit in 2025.

"The Para Cattle Integrity Program, announced at COP28, is a foundational layer for addressing the biggest driver of deforestation and emissions in Brazil," said Jack Hurd, executive director of the Tropical Forest Alliance, an initiative that works with commodities firms to reduce deforestation.

"The absence of full traceability in Para undermined their ability to attract legitimate investment into this sector." — *Reuters*

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Business Insight

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Soybeans futures slide

CHICAGO- Chicago soybean futures fell on Friday as the weather forecast in drought-stricken northern Brazil promised much-needed rain for producers who are dealing with the prospect of low yields and damaged crops.

Corn and wheat both ended higher as traders continued to cover short positions in both markets.

The most active soybean contract settled down 17-3/4 cents to close at $13.25 per bushel, finishing the week 0.4 percent lower.

Forecast showers and easing heat in northern Brazil could help crops next week in the world's biggest soybean exporting nation.

"It looks like the weather patterns have indeed turned around," said Tom Fritz, a partner with brokerage EFG Group in Chicago.

Crop watchers have been paring their harvest forecasts for Brazil, although most still expect larger year-on-year production.

Consultancy Patria Agronegocios said Brazil would produce 150.67 million metric tons of soybeans, below last season's 154.10 million, due to drought in key producer states in the first projection seen by Reuters predicting an annual decline.

Commodity brokerage StoneX cut its forecast to 161.9 million tons, from 165.03 million previously. *- Reuters*

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India's sugar output drops as mills start late

MUMBAI- Indian mills have produced 4.32 million metric tons of sugar since the current season began on Oct. 1, down 10.7 percent year on year, as mills in two key states started operations later than usual, a leading trade body said.

Lower sugar production could lead the world's second-largest producer to refrain from allocating export quotas and support global prices that are trading near multi-year highs.

The start of sugar cane crushing in the western state of Maharashtra and neighboring Karnataka was delayed to Nov. 1 because of a dispute with farmers over prices, Jaiprakash Dandegaonkar, president of National Federation of Cooperative Sugar Factories (NFCSF) said.

Mills in the northern state of Uttar Pradesh started operations early this year, he said.

India's sugar production is likely to fall 8 percent to 33.7 million metric tons in the 2023/24 marketing year, which starts on Oct. 1 as lower rainfall in key producing states could dent yields.

Lower sugar production could lead the world's second-largest producer of sweetener to refrain from allocating export quotas and support global prices, that are trading near multi-year highs.

"Sugar production for 2023/24 without considering diversion towards ethanol has been estimated at around 33.7 million tons, against 36.6 tons estimated for 2022/23," the Indian Sugar Mills Association (ISMA) said in a statement.

Sugar mill workers loading harvested sugar cane in a tractor trolly in Sangli district, in the western state of Maharashtra. *(Reuters Photo)*

In August, ISMA had forecast sugar production of 36.2 million tons in the current season.

The trade body did not provide an estimate for net sugar production after the diversion of sucrose for ethanol production, but it stated that the output would exceed the country's annual consumption of 27.85 million tons.

The diversion of sugar towards ethanol will be estimated only after the government declares the annual ethanol procurement price, the ISMA said.

Sugar mills diverted 4.1 million tons of sugar for ethanol production in the last marketing year and the similar allocation could bring down the new season's output to 29.6 million tons, said a Mumbai-based dealer with a global trade house.

"The impact of the dry weather in Maharashtra and Karnataka is quite evident now. There won't be enough surplus for exports, and the government is unlikely to allocate export quotas," the dealer said.

Government sources told Reuters in August that the South Asian country would ban mills from exporting sugar in the season beginning in October, halting shipments for the first time in seven years, as a lack of rain had cut cane yields.

- Reuters

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A TECHNICIAN from the RoboCare startup company, prepares to fly a drone over an agricultural domain, to scan the trees from the air and assess their hydration levels, soil quality and overall health, to prevent irreversible damage, in the region of Nabeul, southwest of Tunis on August 30, 2023. The use of modern technologies in agriculture is globally on the rise, including in North Africa where countries rank among the world's 33 most water-stressed, according to the World Resources Institute. (Photo by HASNA / AFP)

Maghreb farmers embrace drones to fight climate change

By AYMEN JAMLI WITH AFP MAGHREB BUREAUS

NABEUL, Tunisia (AFP) — A drone buzzed back and forth above rows of verdant orange trees planted near Nabeul, eastern Tunisia.

The black unmanned aircraft, equipped with a multi-lens camera and sensors, has been enlisted by Tunisian farmers to help adapt to years of drought and erratic weather patterns caused by climate change.

"The seasons are not like they were before where we knew exactly what to do," said farmer Yassine Gargouri, noting temperatures now can begin to climb as early as May while in August there have been unusual summer rains.

He hired start-up RoboCare to scan the trees from the air and assess their hydration levels, soil quality and overall health — to prevent irreversible damage.

The technology "provides us with information on how much water each plant needs, no more, no less," he said.

The use of modern technologies in agriculture is globally on the rise, including in North Africa where countries rank among the world's 33 most water-stressed, according to the World Resources Institute.

RoboCare, employing about 10 people, is the only company in Tunisia, according to its 35-year-old founder Imen Hbiri, to use drones to help farmers combat the impacts of climate change and reduce costs, crop losses and water consumption.

"Resorting to modern technologies in the sector of agriculture has become inevitable," Hbiri told AFP while monitoring the drone's path on her computer screen.

Challenge of tomorrow

The daughter of farmers, the entrepreneur knows well the limits of existing farming methods.

Now, in just a few clicks, she can access scans that detect signs of illness or malnourishment before they are visible to the naked eye.

On the screen, fields appear in RGB (red, green, blue) imagery — the greener the plants, the healthier.

Farmers can then use medicine-filled sprinklers mounted to the drones to target the sickly plants with more precision and consequently less expense.

"By relying on this technology, we can save water consumption by up to 30 percent and reduce about 20 percent of the cost of fertilisers and medicine, while raising crop production by 30 percent," Hbiri explained.

Gargouri, who spends about 80 percent of his budget on fertilizers and other remedies, says this technology is the future.

"We must adapt to these upheavals," Gargouri added. "It's the challenge of tomorrow."

Tunisia is currently experiencing its eighth year of drought (four of which were consecutive) in recent years, according to its agriculture ministry.

The country's dams, which are the primary source for drinking water and irrigating crops, are currently only filled to about 22 percent capacity.

And about 20 dams — mostly located in the south — have gone completely out of service.

In neighbouring countries, water scarcity is also a major issue.

Licensing hurdles

Morocco — where agriculture accounts for 13 percent of the gross domestic product, 14 percent of exports and 33 percent of jobs — also suffered its worst drought in four decades in 2022.

Only about three percent of nearly two million Moroccan farmers use new technologies in their fields, Loubna El Mansouri, director of the digital center at Morocco's agriculture ministry, told AFP.