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## Food inflation and poverty

Assuring food security is probably the simplest way of describing the responsibility of the Agriculture Secretary. But from our conversation, Secretary Kiko Tiu Laurel, Jr. knows his responsibility goes beyond making sure the country is adequately fed. He said he has to reduce poverty among farmers, the most impoverished sector of our society.

Agriculture accounts for 22 percent of the country's workforce. PSA reports that the poverty rate among farmers is at 30 percent. These farmers are the foot soldiers in the war for food security and Secretary Laurel intends to help them.

### DEMAND AND SUPPLY



**BOO CHANCO**

Being a farmer can almost be seen as a life sentence to be poor. That's why their children don't want to be farmers. That's why the average age of farmers today is fast approaching 60.

Why are farmers poor? There is a basic lack of access to inputs, credit, and markets. Our farmers are deeply in debt to traders who provide them the financing to buy seeds, fertilizers, and other essentials before the planting season starts. The same traders will buy at below market prices the produce and the farmers have no choice because

they have to pay their debts, and they have no way of bringing their produce to market anyway.

Then there are other things, such as low education level of farmers and lack of access to new knowledge developed by farmers, researchers or agri-business companies. All these prevent the common farmers from being more productive.

After a farmer and his family consumes their share of the rice or other farm produce, they join the ranks of those who are considered consumers. When the planting/harvest season ends, the farmer must seek other means of earning a living... driving a tricycle or working as a construction

laborer, or whatever work is available so he can earn something to buy his family's food. Experiencing hunger is common.

Hunger and poverty in our farms are inherited by the next generations. Those who are lucky are able to break out of poverty through education, but that has become harder to do in recent years.

We have heard a lot in recent days about how we are *kulelat* among peer countries in reading, mathematics, and science tests. In addition to the poor quality of education provided by our public schools, our children are handicapped by weak learning and cognitive abilities because their malnourished brains failed to normally develop.

And once in the classroom, children are unable to concentrate with a hungry stomach. How do you deal with a room of more than 50 pupils at seven in the morning who are hungrier for food than for knowledge?

So, former NEDA Secretary Cielito Habito said that "until we are able to boost farm productivity and bring food prices down for the food security of our poor, our education crisis will remain as much a reflection of bad governance in agriculture, as much as in education."

It is good to know Secretary Laurel knows that it is part of his job to meet the twin challenges of poverty and hunger among farmer families.

Of course, the Secretary's report card in his first year will cover first of all assurance of rice supply amidst the El Nino drought, and secondly arresting the runaway food inflation we experienced during the first year of the President. PSA data show that year-on-year inflation rates, especially for rice, were relatively high in the last four months. Meanwhile, month-on-month inflation for rice rose from 4.9 to 8.4 percent in August.

De La Salle University Professor Marites Tiongco, in her presentation at a recent webinar conducted by the Philippine Institute for Development Studies (PIDS), explained that "historically, food inflation contributes most to headline inflation. High food prices translate to overall high inflation. Inflation in the price of meat and fish are the highest contributors to food inflation."

Highlighting findings from a study of PIDS senior research fellow Roehlano Briones that the poorest households spend approximately 60 percent of their total income on food, Tiongco

warned that rising food prices, if not abated, will lead to malnutrition and other health issues. Currently, one-third of Filipino children under five years old are stunted or have a height that is short for their age.

Tiongco recommended addressing high food prices by looking at all angles of the problem, including the production, market, legislative, and institutional constraints.

That's exactly the agenda of the new Agriculture secretary. He has to effectively reconstruct the structure of the agricultural sector to make farming worthwhile for farmers. For example, Secretary Laurel is set to meet with Landbank officials to discuss how they can provide financing for farmers so they will not be forever in debt to usurious traders.

The Secretary is also thinking of how to more effectively provide government assistance to farmers, perhaps in terms of timely supply of farming inputs rather than cash that is often misspent. Government is also going to help farmers with post-harvest facilities – from cold storage to dryers and rice mills to minimize losses because of inadequate or absence of post-harvest facilities.

The new Agriculture Chief also has to study how legislation can help improve our ability to grow our food requirements. For example, land conversion has become an important issue as this decreases the amount of land available to grow rice. Of course, there is so much corruption too involved with land conversion.

The latest PSA data show that a total of 620,399.48 hectares were converted from 2012 to 2022 or an average of 62,040 hectares annually. Most of these or more than 600,000 hectares are irrigated lands. The largest conversions were in Central Luzon, a major irrigated rice growing area of the country. To be turned into subdivisions? This is terrible!

The need to consolidate land for more efficient and productive farming is another issue that will have to be studied with the Department of Agrarian Reform. The small farms of just a little over a hectare means the farmer will be engaged in subsistence farming, only to produce enough rice to feed his family, if at all.

So many things to do. So little time.

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## Feed millers see supply of inputs dwindling

By **Adrian H. Halili**  
Reporter

THE feed industry is seeking more government support to get through the expected decline in the domestic supply of feed inputs next year, according to the Philippine Association of Feed Millers, Inc. (PAFMI).

PAFMI President Edwin C. Mapanao said that the industry is

growing but faces challenges like a lack of competitive inputs, animal disease management, and excessive imports of finished meats.

He added that feed millers are currently facing sourcing challenges.

"We expect local supply (of inputs) to go down due to El Niño, irrigation challenges, and a lack of post-harvest facilities," Mr. Mapanao told *BusinessWorld*.

The government weather service said a moderate to strong El

Niño is expected until the second quarter of 2024.

He added that global supply is expected to be abundant but access will be subject to disruption by geopolitics.

Livestock feed depends on inputs like corn, wheat, and soy. About 40% to 60% of animal feed consists of yellow corn.

The Philippines has a deficit of about 3 to 5 million metric tons (MT) of corn annually.

According to the US Department of Agriculture, shipments of corn to the Philippines are estimated at 1 million MT during the marketing year 2023-2024.

He said that the government should also help corn producers achieve scale and improve their capacity to conduct direct trade.

"This also reduces the heavy reliance on middlemen, which adds to the cost and diminishes profitability, by enabling farmers to trade directly," he added.

Mr. Mapanao said that pushing for crop diversification and building more drying and storage facilities would increase yields.

"There is also a need to address challenges in scaling up production, particularly on land use and access to credit," he added.

He said that the government should improve its crop forecasting capacity and data gathering.

"Crop status reports, planting intentions, forecasts, etc. will go a long way in aiding corn-reliant

industries in planning out their purchases," he added.

Agriculture Secretary Francisco Tiu Laurel, Jr., has said that he will support the revival of the Bureau of Agricultural Statistics to ensure accurate and complete data for the agriculture sector.

The gathering of agricultural data is currently being handled by the Philippine Statistics Authority, local government units, Department of Agriculture regional offices, and institutional stakeholders.



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## Govt to build P2.43-B irrigation facility for Bulacan farms

THE Department of Agriculture broke ground on a P2.43-billion irrigation project that seeks to increase the incomes of farmers and aquaculture investors in Doña Remedios Trinidad (DRT), Bulacan.

Agriculture Secretary Francisco Tiu Laurel Jr. led the groundbreaking ceremony for the Small Reservoir Irrigation Project (SRIP) in Barangay Bayabas last December 13.

"Four years from now, people of Bulacan and Pampanga will benefit from the Bayabas SRIP especially our rice and crop producers."

Laurel led the ground breaking

ceremony in the DRT, one of the largest towns in Bulacan named after the maternal grandmother of President Ferdinand Marcos Jr.

*"Ito'y tiyak na makakapagpataas ng ani at kita. Hangarin po ng ating Pangulo na pataasin ang antas ng pamumuhay ng mga mag-sasakang Pilipino."*

Meanwhile, Laurel accompanied President Marcos in inaugurating the P1.28-billion Balbalungao SRIP in Lupao, Nueva Ecija, and in turning over in Subic the first batch of heavy equipment procured by the National Irrigation Administration (NIA).

The Balbalungao SRIP will cover 976.2 hectares and benefit 560 farmers. Aside from irrigating farm lands in Lupao, the project will also offer tourism and fishery opportunities to residents of the area.

The turnover in Subic is part of NIA's three-year, P2.59-billion re-fleeting program that will involve more than 330 excavators and other heavy equipment to support various irrigation projects and maintenance activities.

Meanwhile, NIA's Bayabas SRIP will irrigate 150 hectares of new areas and 27,828 hectares in 17 towns in Bulacan and

Pampanga. The project is also expected to help ease the lingering flooding problem in the two food-producing provinces just north of Metro Manila.

Laurel said the Bayabas SRIP is envisaged to generate electricity from solar and hydropower components of the irrigation infrastructure, and help in promoting aquaculture in the area.

"Continuing irrigation development will increase agricultural production and minimize importation of rice and high-value crops."

Laurel urged the public to support government's push to

modernize agriculture, which he stressed is key to achieving food security and rice self-sufficiency.

At the end of 2022, NIA reported that of the total 3.13 million hectares of irrigable land, just a third or around 990,559 hectares are covered by NIA projects. Including communal, private and government-supported irrigation projects, irrigation coverage only account for 67 percent.

Rice yield, according to data from the Philippine Rice Research Institute, is at 4.48 metric tons in 2022 for irrigated farms compared to 3.24 tons for rainfed areas.



## 'Corn consumption will cut PHL rice imports'

By JASPER EMMANUEL Y. ARCALAS

✉@jearcalas

**T**HE Philippines aims to reduce its reliance on rice imports by boosting the production of white corn and promoting its consumption.

The Department of Agriculture (DA) said it will craft an industry roadmap to prop up the production of white corn, which is widely consumed in some parts of the country.

Agriculture Secretary Francisco P. Tiu Laurel Jr. issued Special Order (SO) 1488 that authorized the creation of a technical committee that would oversee the creation of the white corn industry roadmap.

Laurel said one of the thrusts of the DA under the Philippine Development Plan (PDP) 2023-2028 is ensuring food security and proper nutrition of the country. Based on this premise, the DA argued that boosting white

corn production and consumption would help in attaining the government's food goals.

"The overall food security could be attained by working on the supply and demand sides of this thrust. On the supply side, we are exerting significant efforts to increase local rice production, minimizing the need for imports," Laurel said.

"On the demand side, we are exploring other food crops that are nutritious, could be produced locally and have already a certain degree of acceptability hence leading to reduced rice requirement."

He said the creation of the white corn industry roadmap was proposed by the Philippine Coun-



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cil for Agriculture and Fisheries-National Sectoral Committee on Corn and Feed Crops (NSC-CFC) through a recent resolution.

"The roadmap aims to immediately and simultaneously promote white corn consumption and increase its supply in the market."

The technical committee would be chaired by Dr. Artemio M. Salazar of the University of the Philippines-Los Baños (UPLB) and

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co-chaired by Dennis B. Araullo of the NSC-CFC.

The members of the committee would come from various government agencies, including attached agencies to the DA, as well as industry representatives.

"Further, the National Corn Program may invite resource persons from the national government agencies, private sector and other white corn stakeholders,"

Laurel said.

The country's white corn production from January to September declined by nearly 9.5 percent to 1.472 million metric tons (MMT) from 1.626 MMT recorded in the same 9-month period last year, based on Philippine Statistics Authority (PSA) data.

Annually, local white corn production accounts for about a quarter of the country's total corn output, PSA data showed. Last year, overall white corn production declined by 3.39 percent to 2.166 MMT from 2.242 MMT in 2022.

Dr. Artemio M. Salazar, a retired research professor at the UPLB's College of Agriculture and Food Science (CAFS), believes that the Philippines can achieve rice sufficiency by encouraging the consumption of white corn.

"Rice sufficiency does not have to be achieved through rice alone but could be achieved with the help of corn," he said in a statement issued by UPLB in 2019.

Salazar used to head the Cereals Section of the Institute of Plant Breeding (IPB).

"The country imports only 10 percent of our rice requirement,

and if that number can be substituted by other alternatives, like corn, we will achieve self-sufficiency."

In particular, Salazar is advocating the use of IPB Quality Protein Maize Var. 6 (IPB Var. 6) that his team developed and found to be an ideal corn variety to be used in the mix.

The rice-corn (RiCo) blend, a mixture of rice and corn grits at 70:30 ratio, respectively, is the team's proposed solution to achieve rice self-sufficiency in the country.

"Aside from reducing our dependence on imported rice, the use of IPB Var 6 has other advantages. It is high in lysine and tryptophan and is more nutritious than regular white corn," he said.

"Lysine is an essential amino acid that boosts metabolic functions of the body, while tryptophan helps in the production of serotonin that improves appetite, weight loss, and mood."

The DA said last week that the country's milled rice output in the first half of 2024 could decline by as much as almost 190 million kilograms because of the projected impact of El Niño on local farms.



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## Farmgate price of onions down by P40/kilo – SINAG

The farmgate price of onions went down by P40 per kilo in the Ilocos region amid high demand for the bulbs this holiday season, farmers' group Samahang Industriya ng Agrikultura (SINAG) said yesterday.

In a radio interview, SINAG chairman Rosendo So added that the 21,000 imported onions started to arrive, which will prevent the possible spike in retail prices after reaching a high of P720 per kilo in December 2022.

"Imported onions have started to arrive as the (local) harvest will start in January to February and we expect the retail price of onions to go down," So said.

All the 21,000 metric tons of imported onions should arrive on or before Dec. 31 after allowing the procurement of 17,000 metric tons of red onions and 4,000 metric

tons of white bulbs, Bureau of Plant Industry Director Glenn Panganiban said.

"Last year, the DA (Department of Agriculture) was at fault after it did not allow the importation of onions despite our recommendation so we don't expect a spike in the retail price," he added.

Based on monitoring of the DA in Metro Manila markets, the retail price of local red onions ranged between P120 and P220 per kilo; local white onions, between P100 and P160 per kilo; and imported white onions, P80 and P160 per kilo.

At the same time, So said that the wholesale price of upland vegetables already declined with the expected demand this Christmas.

"Almost half of it (price of upland vegetables in Benguet), already decreased. Carrots are now at P17 to P30, the decline is

big. The price of vegetables has normalized," he noted.

So said that the retail price of medium-sized eggs should range between P8 and P8.20 per piece as the farmgate price was only pegged between P7 and P7.30 per piece.

DA monitoring revealed the retail price of medium-sized eggs went as high as P9 per piece.

For his part, United Broiler Raisers Association and Philippine Egg Board chairman Gregorio San Diego said yesterday that the farmgate price of chicken remains low at P91 per kilo.

San Diego said that the retail price of eggs was higher in supermarkets, adding that based on monitoring, the retail price of one dozen eggs ranged between P134 and P135 or P11.17 and P11.25 per piece.

— Bella Cariaso



## Phl meat imports to drop this year

By **DANESSA RIVERA**

Global meat trade is projected to slightly decline this year, with the Philippines among the countries seen to have lower overall meat imports, according to the UN Food and Agriculture Organization (FAO).

In its latest meat market review, FAO said global imports of meat and meat products are forecasted to decrease by 0.6 percent to 39.79 million metric tons (carcass weight equivalent) by yearend from 40.03 million MT.

The UN agency attributed this to the "the anticipated import contractions in the United States, the Philippines, Japan and Angola, among others."

The Philippines' overall meat imports is estimated to reach 1.09 million MT this year, down 8.1 percent from 1.19 million MT.

"Higher inventory and higher domestic production could lower meat imports in the Philippines compared to 2022, although the announcement of the extension of the reduced tariff rates on pig meat until the end of 2023 could partially mitigate the decline in pig meat imports," FAO said.

In terms of bovine meat trade, global imports are expected to inch lower by 0.99 percent to 11.92 million MT from 12.04 million MT.

Principally, FAO said major drivers for this decline are from Egypt, the Philippines, Japan, Israel and Indonesia due to "rising domestic production, accumulated stocks and relatively higher prices compared to other meat protein in tandem with reduced consumers purchasing power due to rising inflation."

The Philippine bovine meat shipment is projected to fall by 21.5 percent to 186,000 MT this year from 237,000 MT a year ago.

Global pork importation is also forecasted to slip by 3.26 percent to 10.65 million MT this year from last year's 11.01 million MT.

"The anticipated drop in world trade is mainly driven by import contractions in the United States, the Philippines, the United Kingdom, Australia and Japan, among others, underpinned by rising national inventories and increasing domestic availabilities," FAO said.

The Philippines is estimated to import 428,000 MT of pork this year, down 13.7 percent from 496,000 MT.

On the contrary, global poultry imports are expected to inch up by 0.75 percent to 15.62 million MT from 15.5 million MT.

"Increases in poultry meat imports are expected for China, Mexico, the European Union, Malaysia, Iraq and Saudi Arabia, as well as South Korea, the Philippines

and South Africa, due to high demand for lower-cost meat products and lively food services sales," FAO said.

Latest data from the Bureau of Animal Industry (BAI) showed that the Philippines' overall meat imports dropped by nearly 10 percent to 1.13 billion kilos as of end-October from 1.02 billion kilos in the same period last year.

Pork — which accounted for 49.48 percent of the total volume — saw a 16.94 percent drop in shipments to 504.31 million kilos from 607.14 million kilos a year earlier.

BAI data also showed beef imports, which accounted for 11.84 percent of the total, slipped by 20.95 percent to 120.64 million kilos from 152.62 million kilos.

Buffalo imports—which accounted for 3.3 percent of the total—declined by 15.79 percent to 33.65 million kilos from 39.96 million kilos.

Chicken—the second most imported meat product at 35.25 percent—registered a 9.63-percent rise in imports to 359.23 million kilos from 327.68 million kilos last year.

Duck imports were maintained at 252,783 kilos, which more than tripled from 78,796 kilos in the same period last year.

As for turkey, shipments dropped by 5.91 percent to 391,630 kilos from 416,218 kilos last year.



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# Worse crisis? DA says Phl has enough rice

By BELLA CARIASO

There will be enough supply of rice amid the warning of farmers' group Federation of Free Farmers (FFF) that the crisis experienced in 2023 could be worse in 2024, Agriculture Assistant Secretary and spokesperson Arnel de Mesa has assured the public.

The Department of Agriculture (DA) expects at least 20 million metric tons of *palay* harvest before the end of 2023, De Mesa said at a forum over the weekend.

"We're expecting 85 to 90 days of national stock inventory by the end of December which is enough until the next harvest season comes March or April (2024) but we still have im-

ports as our importation is already liberalized. Based on historical data, additional imports (come) during the first quarter," De Mesa added.

In an earlier interview with **The STAR**, FFF national chairman Raul Montemayor warned that the rice crisis could be worse in 2024 amid the continued spike in the retail price of the grains despite the harvest season.

De Mesa said that the total imported rice reached 3.03 million metric tons as of end November compared to the same period last year of 3.5 million metric tons.

"Last year, we had 3.8 (million metric tons of imported rice). We're expecting 3.3 million metric tons, not including the Indian rice," De Mesa said, referring to the 295,000 metric

tons of imported rice from India.

At the same time, De Mesa admitted that he cannot categorically say if the upward trend in the retail price of the grains will persist.

"It is difficult for us to say as the main mandate of the DA is production. So, in terms of production and the expected imported rice, we can say we have a stable supply of rice," he added.

President Marcos was forced to enforce Executive Order 39 on Sept. 5 imposing a price cap of P43 and P45 per kilo on regular and well-milled rice amid the high retail price of the staple.

Marcos lifted the price ceiling on Oct. 4, less than a month after the imposition of EO 39 as the peak har-

vest started.

Montemayor added that if high international prices persist in 2024, the country expects less imports than in 2023.

According to Montemayor, the country could experience tightness in supply again around February and March before the dry season harvest and in July to September next year.

Montemayor has said that the Philippine Statistics Authority failed to address the five million metric tons difference in *palay* production last year.

He said that despite the peak *palay* harvest season starting October, there was an upward trend in the retail price of rice.

According to Montemayor, the

previous trend was that the retail price of rice goes down during the *palay* harvest but this did not happen.

Montemayor said that the expected harvest during the dry season cropping next year would be further affected by the El Niño phenomenon.

Based on monitoring of the DA in Metro Manila markets, the retail price of local regular milled rice already reached as high as P54 per kilo; higher than the local well-milled rice of P55 per kilo; local premium rice, P60 per kilo and local special rice, P68 per kilo.

Imported well-milled rice was no longer available as imported premium rice reached as high as P69 per kilo and imported special rice, P65 per kilo.



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## Palay farmgate price up in Nov

THE average retail price of dry palay (unmilled rice) increased by 26.6 percent in November, a report from the government showed.

Latest data from the Philippine Statistics Authority (PSA) said that the average price of palay reached P21.96 per kilogram (kg) during the month, which is higher than the P17.35 per kg average recorded in November 2022 nationwide.

Likewise, the P21.96 per kg was higher by 6.6 percent from the P20.60 per kg posted in October of the current year.

Among the regions producing palay, the highest price reached was P24.65 per kg in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

The Ilocos Region (Region 1) and Northern Mindanao (Region 10) followed with an average price of P24.18 per kg and P24.07 per kg of palay, respectively.

Eastern Visayas (Region 8), meanwhile, logged the lowest average price of dry palay at P18.88 per kg during the month.

According to the PSA, 15 regions, except the National Capital Region, continued to record an

annual and monthly increase in the average farmgate prices of palay in November this year.

The highest month-on-month growth was recorded in BARMM at 42.0 percent compared to October's P17.36 per kg.

Central Luzon (Region 3) registered the highest annual increase of 33.8 percent, with an average farmgate price of palay at P23.38 per kg in the said month.

The Department of Agriculture (DA), meanwhile, assured the public that the country has enough and stable supply of rice until the next harvest season starts in March or April next year.

DA Assistant Secretary Arnel de Mesa said that the projected palay harvest before the end of this year will reach 20 million metric tons.

Moreover, Agriculture Secretary Francisco Tiu Laurel has urged the private sector to invest in the agriculture sector to fast-track its modernization.

Laurel is seeking cooperation from the private sector in formulating national policies and programs to increase food production and ensure food security.

**JANINE ALEXIS MIGUEL**



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## Taiwan unveils demo farm in Tarlac

THE Taipei Economic and Cultural Office in the Philippines (TECO) announced the opening of the Taiwan Technical Mission (TTM) Demonstration Farm at Barangay Sapang Maragul in Tarlac City last December 15.

TECO Representative, Ambassador Wallace M.G. Chow, hosted the said event. Among those dignitaries present at the unveiling ceremony were Chairman and Resident Representative Silvestre H. Bello III of the Manila Economic and Cultural Office (MECO), Department of Agriculture (DA) Undersecretary Roger Navarro, former DA chief William Dar, Tarlac Governor Susan Yap, Congressman Christian Tell Yap, Director General Lien, Yu-Ping of Department of International Cooperation and Economic Affairs, Ministry of Foreign Affairs of the Republic of China (Taiwan), and Secretary General Charles C. Li of International Cooperation and Development Fund (TaiwanICDF).

Chow pointed out in his welcome speech that the establishment of the TTM is regarded as "a substantial milestone" in Taiwan-Philippine agricultural cooperation.

He indicated that TTM's mission is to introduce Taiwan's advanced farming technology to the Philippines, thereby upgrading agricultural practices and laying the groundwork for improved food safety and productivity.

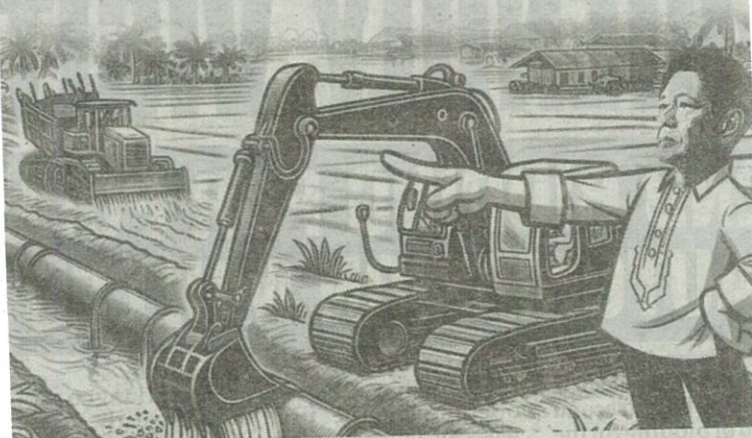
Furthermore, he emphasized that such kind of mutual goodwill in forming a solid partnership will strengthen ties between Taiwan and the Philippines while confronting shared challenges amid the fast-changing world.

The introduction of TTM to the Philippines was a joint effort between TECO and MECO in collaboration with TaiwanICDF and DA.

Through DA-identified agricultural projects, TTM aims to boost the Philippines' agricultural production, marketing capabilities, and food security. In addition, the TTM Demonstration Farm, which is composed of post-harvest facilities, smart greenhouses, as well as agricultural waste disposal site, targets to be a learning environment that showcases Taiwanese advanced agricultural technologies to benefit local farmers.

The TTM in the Philippines is the third of its kind in Southeast Asia, following Indonesia and Thailand, and the twenty-first TTM worldwide. Mr. Dominick Lee, a seasoned horticulturist, was appointed as this TTM's first Leader.

PLANTING THE SEEDS OF SUCCESS: MARCOS EQUIPS FARMERS WITH EXCAVATORS



## EDITORIAL

### PH irrigation program

PRESIDENT Marcos has underscored anew the importance of irrigating the country's farmlands to boost agricultural production in the Philippines.

Marcos made the statement during last Wednesday's ceremony of wheeled excavators to the National Irrigation Administration (NIA).

The turnover ceremony was held at the Subic Bay Freeport Zone (SBFZ) in Olongapo City, Zambales.

In a speech, President Marcos said that effective irrigation systems could boost local agricultural production by 30 percent.

He said the excavators would be instrumental in maintaining the 257 national irrigation systems and 10,144 communal irrigation systems.

Coming from the rice, corn and tobacco-producing province of Ilocos Norte, Marcos is known for advocating massive irrigation of agricultural lands.

This is not surprising because there is a need to protect our farmlands against drought and other adverse effects of the worsening of climate change.

It will be recalled that during his stint in the Philippine Senate, Marcos kept on stressing the need to accelerate irrigation development in the country.

"Alam na alam kasi ni Pangulong Marcos na kawawa ang mga magsasakang umaasa lamang sa ulan," according to an elderly rice farmer in Pangasinan.

The procurement of the wheeled excavators is part of the three-year equipment re-fleeting program of the Department of Agriculture-NIA.

The P2.59-billion program is seen to help the country's farmers in protecting their farmlands against drought and other effects of climate change.



## Campaign to promote Danish organic dairy launched in Phl

By DANESSA RIVERA

The Danish Dairy Board (DDB), an inter-brand organization representing dairies in Denmark, has launched a three-year campaign to promote European organic dairy in the Phil-

ippines amid a strong and growing population, and consumer concerns over nutrition.

Supported by the European Union, DDB said the educational campaign called Organic Dairy PH is designed to highlight the excellence of European

organic dairy, its nutritional benefits, and the sustainable practices guiding its production.

Through this campaign, DDB aims to empower consumers to make informed and satisfying choices when selecting organic dairy products.

"The Danish Dairy Board is thrilled to see more consumers in the Philippines embrace the quality and rich tradition of European organic dairy as a result of this campaign. We believe consumers deserve access to a diverse range of top-tier dairy options that

not only offer exceptional taste, but also adhere to stringent standards and sustainability practices," DDB senior marketing manager Lars Witt Jensen said.

DDB said the initiative is particularly timely, aligning with the growing concern among consumers about the nutritional content of their food.

It cited a recent study by Food Industry Asia which reveals that 94 percent of surveyed consumers actively check for nutrition information on packaging before making food or drink purchases.

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In addition, the demand for dairy products in the Philippines is expected to increase by three percent, reaching 3.5 million metric tons in liquid milk equivalent by 2024, according to the United States Department of Agriculture (USDA).

"Producing high-quality dairy products involves a deep respect for the land, the animals, and the consumers. It is about creating a harmonious, sustainable system that prioritizes quality without compromising on ethical standards. Through the campaign, our aim is to help consumers understand what makes organic dairy naturally good, particularly the numerous benefits it delivers to our body and the environment," Danish Agriculture and Food Council manager for organic food and farming Ejvind Pedersen said.

The campaign includes tasting days at leading supermarkets and grocery stores in Metro Manila where consumers can sample organic dairy products until January 2024.

Participating locations include

Landers (Alabang, Arcovia, UP Town Center and BGC), SM Supermarket (Aura, Megamall), The Landmark Supermarket (Alabang, BGC, Makati, Trinoma), South Supermarket (Filinvest), and The Marketplace (Central Square, EDSA Shangri-La, Glorietta/Makati, Greenbelt and Rockwell).

Additionally, DDB said it would conduct VIP consumer classes, that will give attendees an opportunity to dive deeper into Europe's expertise in producing high-quality organic dairy, gain insights into the nutritional benefits of organic dairy products, and learn several tips on creating meal plans and tasty dishes with organic dairy.

It will also collaborate with influencers, as well as parenting and food communities on social media throughout the campaign for a more interactive and engaging learning experience.

Consumers participating in these activities will receive an exclusive consumer kit, featuring the Naturally Good magazine published by DDB.



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## Phl agri firms explore partnerships with Israeli agri giant

One of Israel's largest agriculture companies recently met with several Philippine agriculture companies to explore possible partnerships, specifically on agriculture technology. Israel's Innovative Agro Industry (IAI) met with companies that are part of the Kapatid Angat Lahat sa Agri Program (KALAP) of Go Negosyo, led by founder Joey Concepcion.

The group from Israel was led by Israel's Ambassador Ilan Fluss and IAI CEO Lior Crystal. The company specializes in agricultural technologies for rural development, including water, energy, telecom, health, and construction. It is an affiliate of the LR Group, which has undertaken over 100 projects worldwide and has over \$2.5 billion in capital investments in sustainable project development.

"This is about helping MSMEs, and among the MSMEs, the biggest challenge is really with those in agriculture,"

said Concepcion. "We are pushing for access to technology and access to markets," he said, adding that unless agricultural production in the country achieves scale, it will be difficult to entice banks to lend to small farmers. "It is the dilemma that we face. Scale is important, and how to achieve scale is the challenge," he said.

Ambassador Fluss said that the Philippines "is a country whose potential in agriculture is unbelievable." He also noted the need for developing strong local partnerships, and that the Philippines might do much better in agriculture than Israel did because of its tropical climate. Despite its challenging geography, Israel has used science to grow a thriving agricultural sector, making it a global leader in agricultural technologies and a significant exporter of fresh produce. "If you do it scientifically, if you do it commercially, (Philippine agriculture) has the potential to succeed big-time,"

said Fluss.

Helping farmers achieve scale is one of the solutions put forward by KALAP, which was created to address challenges in making agriculture viable in the Philippines by bringing sustainable and inclusive business models to micro farmers, and forging partnerships and collaborations between government and the private sector.

IAI's core strength, said Lior, is in bringing in Israeli technologies and implementing these in developing countries. He added that beyond providing technologies and best practices, it is looking at the Philippines as a long-term investment and already has a local project team in place in the country. "Our strategy in the Philippines is also to come in as equity partners and invest in places where we believe would make sense. We put our money where our mouth is," he said. Since before the pandemic, IAI has set up a strategic partnership with a lo-

cal company in dairy farming and greenhouse production.

In the meeting were top executives of the big-brother companies participating in KALAP, namely Toby Gatchalian of Metro Pacific Agroventures, James Amparo of Yovel East, Christian Moeller of Lionheart Farms, Francisco Dizon of Dizon Farms, Kennemer Foods's Simon Bakker, Mat Maderazo of Planters Products, and Jojo Ocol of Agrabah, as well as Go Negosyo senior advisers Merly Cruz and William Dar.

Among the areas put forward for possible collaborations were dairy production; fertigation, distilling systems, and other technologies for high-value crops and commodities such as rice, corn, cutflowers, cacao, seaweed, and fruits and vegetables; water management; solar-powered desalination technologies; and regenerative farming, as well as sustainable and inclusive business models in the agriculture sector.



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## Local firms eye tie-ups with Israeli company

LOCAL agriculture companies are exploring partnerships with one of their largest counterparts in Israel specifically on agriculture technology.

Israel's Innovative Agro Industry (IAI) met with representatives of companies who are part of the Kapatid Angat Lahat sa Agri Program (KALAP) of Go Negosyo led by founder Joey Concepcion.

The group from Israel was led by Israel Ambassador to the Phil-

ippines Ilan Fluss, and IAI chief executive officer Lior Crystal. The company specializes in agricultural technologies for rural development, including water, energy, telecom, health, and construction. It is an affiliate of the LR Group, which has undertaken over 100 projects worldwide and has over \$2.5 billion in capital investments in sustainable project development.

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"We are pushing for access to

technology and access to markets," Concepcion said.

Fluss said the Philippines "is a country whose potential in agriculture is unbelievable."

But he noted the need for developing strong local partnerships. Despite its challenging geography, Israel has used science to grow a thriving agricultural sector, making it a global leader in agricultural technologies and a significant exporter of fresh produce.

"If you do it scientifically, if you do it commercially, (Philippine agriculture) has the potential to succeed big-time," said Fluss.

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partnerships and collaborations between government and the private sector.

IAI's core strength, said Lior, is in bringing in Israeli technologies and implementing these in developing countries.

He added that beyond providing technologies and best practices, it is looking at the Philippines as a long-term investment and already has a local project team in place in the country. - *Irma Isip*



## PH pushes roadmap for food security

BY JOCELYN MONTEMAYOR

PRESIDENT Marcos Jr. yesterday urged member-nations of the Association of Southeast Asian Nations (Asean) and Japan to come up with a 10-year roadmap on new technologies and climate-resilient plans that would promote and ensure food security in the region.

The President at the Asean-Japan Summit in Japan, noted the need to adopt agricultural technologies and craft climate change-resilient, sustainable, inclusive, and people-centered Asean-Japan Strategic Economic Cooperation Roadmap beyond 2025 for the next 10 years to help cushion the impact of climate change on all nations especially on the most vulnerable ones like the Philippines.

His call was made on the heels of the Philippines' attendance at the 28th Session of the Conference of Parties to the UNFCCC in Dubai (COP28) where it indicated its interest to host the headquarters of the Loss and Damage Fund Board.

Marcos, meanwhile, recognized Japan's role as a major player in the economic development of Southeast Asia and in addressing climate change and the region's adoption of new technologies.

"I am confident this partnership (Asean-Japan) will continue to grow and expand with the AJCEP Agreement (Asean-Japan Comprehensive Economic Partnership Agreement) and RCEP (Regional Comprehensive Economic Partnership Agreement)

in place. Furthermore, with the recent addition of the Asean-Japan Economic Co-Creation Vision that recommends the future direction of Asean-Japan cooperation, we anticipate an even more vigorous economic relation," he said.

Marcos also urged Asean and Japan to undertake novel joint ventures to reduce carbon emissions, promote renewable energy, and enhance environmental sustainability while promoting sustainable energy security and clean energy use.

The President said the Philippines is keen to collaborate with Japan to bring about the initiatives set out in the Future Design and Action Plan for Innovative and Sustainable Asean-Japan Economic Co-Creation 2023-2033.

Marcos said with the country's young, dynamic, and skilled people, he is certain the Filipinos would play a vital role in shaping this vision in the path towards Industry 4.0 Economy.

He also welcomed new cooperation initiatives with Japan that facilitate the development of robust supply chain strategies against future disruptions and shocks in Asean, through diversification, digitalization, and risk management.

"As the world becomes more interconnected, Asean must develop its physical connectivity and digital infrastructure as foundations for sustainable and inclusive economic growth, economic integration, competitiveness, and resilience.

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## PH PUSHES

We would appreciate, in this regard, the continued exchange of technological know-how and best practices between Asean member-states and Japan and investment in human capital and upskilling through various scholarship pro-

grams for Asean Member States," the President said.

He also called for Asean and Japan to expand digital literacy to foster innovation and inclusivity and facilitate the digital transformation of their economies.



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## WFP, OPEC Fund boost food security in PH

THE United Nations World Food Program (WFP) and the OPEC Fund for International Development (OPEC Fund) signed an agreement for a \$500,000 grant in support of the Philippine government's Walang Gutom 2027 (No Hunger) food e-voucher program pilot, co-designed by WFP.

The OPEC Fund Director-General Abdulhamid Alkhalifa met with WFP on the sidelines of the United Nations Climate Change Conference (COP28) in Dubai and expressed the OPEC Fund's support in combating global food insecurity and hunger. This follows a Memorandum of Understanding signed between the OPEC Fund and WFP in June 2023.

"WFP welcomes the support of the OPEC Fund for the Philippines' Walang Gutom 2027 food e-voucher pilot. An innovative solution to combat hunger in the poorest households in the Philippines, program participants are given Electronic Benefit Transfer cards which allow them to have a regular shopping experience, without having to wait long hours



■ **Under the Walang Gutom 2027 food e-voucher program, targeted communities are given Electronic Benefit Transfer cards loaded with P3,000 as food credit.**

in line to receive food vouchers. WFP is fully committed to supporting the Philippine government's priority programs on food security and nutrition," said Dipayan Bhat-

tacharyya, WFP Philippines County Director and Representative, a.i.

Under the Walang Gutom 2027 food e-voucher program, targeted communities

are given Electronic Benefit Transfer cards loaded with P3,000 as food credit. These cards may only be used to buy food from accredited retailers. This modality allows easier access to affordable, healthy and locally available diverse food sources.

The programme pilot will prioritize poor households with pregnant and breastfeeding women and children under 5 who are part of the bottom 1 million households in the government's poverty database, as validated by WFP and the Philippines' Department of Social Welfare and Development. On top of the \$500,000 contribution from the OPEC Fund, the food e-voucher program is supported through grants from the Asian Development Bank, the Japan Fund for Prosperous and Resilient Asia and the Pacific, and the Agence Française de Développement.

Walang Gutom 2027 is a flagship program of the national Government through Executive Order No. 44 signed by President Ferdinand Marcos Jr.



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## Halal slaughterhouse relaunched in Batangas

THE Department of Trade and Industry (DTI) said it has relaunched a halal-ready slaughterhouse in Tanauan City, Batangas.

"This relaunching marks a significant leap forward in our goal of reinforcing Halal infrastructure in Calabarzon," Trade Secretary Alfredo E. Pascual said in a statement.

"Through the Philippine Halal Export Development and Promotion Board and the Special Task Force created to grow the industry, we will ensure the development of the Halal industry and enhance the Halal economy within the country," he added.

The Tanauan slaughterhouse received joint funding from the DTI and the Tanauan Local Government Unit through the Shared Service Facility program.

The department, quoting Tanauan Mayor Nelson P. Colantes, said that the slaughterhouse is significant "in boosting the local government's business environment and its potential to create employ-

ment opportunities within the constituency."

The DTI also conducted a halal awareness seminar at Tanauan Institute which aims to equip participants with tools needed to champion the halal industry.

"This seminar is a part of the Halal Training and Stakeholders Consultation which seeks to empower micro, small, medium enterprises and cooperatives through workshops, information sessions, and collaborative discussion," the DTI said.

The DTI aims to prepare a comprehensive roadmap for the Halal industry in Calabarzon which includes the establishment of a Regional Halal Coordinating Council.

"We are eyeing a bigger share of the \$7-trillion global halal market. The scope is vast, from halal food, pharmaceuticals, halal friendly tourism, and Islamic finance to modest fashion and halal cosmetics. Halal is for everyone, as halal food is healthy and hygienic,"

Mr. Pascual said. — **Justine Irish D. Tabile**



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## Investing in food

**F**or many, Christmas means large amounts of festive food to celebrate the loving occasion of the Savior's birth. Food brings fond memories of Christmases past when families gathered around the Christmas meal. This is a tradition that has not changed over the centuries and will not change. Family meals at Christmas are strong pillars of our collective and individual identity.

Talking about food, we look to the next year. We realize that with climate and logistical challenges, there is a need to produce more local food to meet the needs of our growing population and meet the new tastes that have emerged due to exposure to global food trends.

With this, the recent BOI endorsement for green lane investment processing of Metro Pacific's venture into greenhouse vegetable and dairy production ought to inspire others to do the same. (<https://mb.com.ph/2023/12/13/boi-endorses-metro-pacific-s-p3-4-b-farm-projects>). This is because more food produced near the markets the better. In a previous article, I proposed that condominiums, medium-rise developments, and even residential subdivisions in major cities in the archipelago should start cultivating vegetables. This can be a ready and affordable food source for residents and employees. This will cushion the impact of inflation on household incomes and allow family food budgets to be maximized.

For those unable to invest in direct food production, corporate contract growing of food with farmer cooperatives is a good way of ensuring quality and nutritious food for employees of large companies that provide rice support or subsidies. Companies can acquire the food at lower costs. Excess production can go into the market. The advantage for the farmer is that they

get a good price for the food they produce since the price is contracted ahead of time.

The challenge is making sure that the right quantity and quality of food is delivered by the farmers and the cooperatives in accordance with the contract.

In this light, a program worth supporting is the Kapatid Angat sa Lahat Agri Program (KALAP) under GoNegosyo. This program aims to bring together farmer groups and large corporate buyers to match supply with demand. This will build long-term supplier-buyer relationships that can build resilient food value chains. We all know that as many cities and provinces increase their tourism capacities, and the restaurant boom continues, the need for large amounts of fresh and high-quality produce is paramount. Companies with rice or food benefits for employees, or with large canteens can also be part of this program.

### Quiet confidence in God's presence

As we await the coming of Christ on Christmas Day and look toward a challenging future, a strong lesson we should always bear in mind is the need to build a strong, yet quiet confidence in God. Building this can be a challenge in our current high-stress work environments compounded by social media bombardment. This makes daily life anything but quiet. Quiet confidence is the ability to recognize His hand in events and instances that allow us to learn and grow. This also means having a smile in our hearts and a feeling of being loved despite the circumstances we face. It means facing the future with a hope that can quench fear. We are all encouraged to cultivate this confidence.



#MINDANAO

JOHN TRIAS

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## PH, Israel agri companies explore partnership

By RAYMUND ANTONIO

Philippine agriculture companies, all mentees of Go Negosyo's Kapatid Angat Lahat sa Agri Program (KALAP), met recently with one of Israel's largest agriculture companies to explore partnerships and the possibility of bringing Israel's technology and best practices in the country to scale up local agriculture production.

Scaling up the production of local agricultural companies would bring the Philippines at par with other global producers.

Israel's Innovative Agro Industry (IAI), led by Israeli Ambassador to the Philippines Ilan Fluss and IAI Chief Executive Officer Lior Crystal, met with KALAP businesses and Go Negosyo founder Joey Concepcion.

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## PH, Israel agri companies explore partnership 1◀

Crystal said that IAI's core strength is in bringing in Israeli technologies and implementing these in developing countries.

"Our strategy in the Philippines is also to come in as equity partners and invest in places where we believe would make sense. We put our money where our mouth is," he added.

IAI is also planning to invest long term in the Philippines, and in fact already has a local project team in place in the country.

Even before the pandemic, the Israeli company has set up a strategic partnership with a local company in dairy farming and greenhouse production.

IAI specializes in agricultural technologies for rural development, including water, energy, telecom, health, and construction.

An affiliate of the LR Group, it has undertaken over 100 projects worldwide and has over US\$2.5 billion in capital investments in sustainable project development.

Fluss described the Philippines as "a country whose potential in agriculture is unbelievable."

"If you do it scientifically, if you do it commercially, [Philippine agriculture] has the potential to succeed big-time," he said, adding that the Philippines might do much better in agriculture than Israel did because of its tropical climate.

However, for the country to succeed, the envoy stressed the need to develop strong local partnerships, which is where Israel can help by providing its expertise in agricultural technologies.

This is also one of the core values of Go Negosyo, particularly its KALAP program, which seeks to help local farmers achieve scale by bringing sustainable and inclusive business models to micro farmers and forging partnerships and collaborations between government and the private sector.

"This is about helping MSMEs (micro, small, and medium enterprises), and among the MSMEs, the biggest challenge is really with those in agriculture. We are pushing for access to technology and access to markets," he said, adding that it would continue to be difficult for farmers to get bank loan approvals unless agricultural production in the country achieves scale.

"It is the dilemma that we face. Scale is important, and how to achieve scale is the challenge."

Possible areas for collaborations identified during the meeting were in dairy production, water management, solar-powered desalination technologies, and regenerative farming, as well as sustainable and inclusive business models in the agriculture sector.

The meeting was attended by top executives of the big-brother companies participating in KALAP, namely Toby Gatchalian of Metro Pacific Agroventures, James Amparo of Yovel East, Christian Moeller of Lionheart Farms, Francisco Dizon of Dizon Farms, Kennemer Foods's Simon Bakker, Mat Maderazo of Planters Products, and Jojo Ocol of Agrabah.

Go Negosyo Senior Advisers Engr. Merly Cruz and Dr. William Dar were also in attendance.



## PH AGRI COMPANIES EXPLORE PARTNERSHIPS WITH ISRAEL AGRI GIANT

ONE of Israel's largest agriculture companies met with several Philippine agriculture companies to explore possible partnerships, specifically on agriculture technology.

Israel's Innovative Agro Industry (IAI) met with companies who are part of the Kapatid Angat Lahat sa Agri Program (KALAP) of Go Negosyo, led by founder Joey Concepcion.

The group from Israel was led by Israel's Ambassador to the Philippines Ilan Fluss and IAI CEO Lior Crystal.

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"This is about helping MSMEs, and among the MSMEs, the biggest challenge is really with those in agriculture," said Concepcion.

"We are pushing for access to technology and access to



ISRAEL'S Innovative Agro Industry (IAI) meets with companies that are part of the Kapatid Angat Lahat sa Agri Program (KALAP) of Go Negosyo, led by founder Joey Concepcion. Photo shows (standing, from left) Ofer Tamir of LR Group, Shahar Turgeman of LR Group, Mat Maderazo of Planters Products, Francisco Dizon of Dizon Farms, Dr. William Dar of Go Negosyo, James Amparo of Yovel East Agriventures, Mina Akram of Go Negosyo, Abby Famadico of Go Negosyo, and Daryll Battad of Go Negosyo, (seated from left) Christian Eyde Moeller of Lionheart Farms, Lior Crystal of LR Group, JoJo Gumino of Agrabah Ventures, Ambassador Ilan Fluss of Embassy of Israel in the Philippines, Joey Concepcion of Go Negosyo, Rowena Sadicon of Philippine Rice Industry Stakeholders Movement (PRISM), and Toby Gatchalian of Metro Pacific Agro Ventures, Inc.

markets," he said, adding that unless agricultural production in the country achieves scale, it would be difficult to entice banks to lend to small farmers. It is the dilemma that we face. Scale is

important, and how to achieve scale is the challenge."

Ambassador Fluss said the Philippines "is a country whose potential in agriculture is unbelievable."

He noted the need for developing strong local partnerships, and that the Philippines might do much better in agriculture than Israel did because of its tropical climate.

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## Soy futures surge

CHICAGO- US soybean futures finished higher in the nearby contract and lower in deferred months on Friday as traders waited to see whether beneficial rains will arrive in dry areas of Brazil as expected.

Traders are watching forecasts closely as crop losses due the poor weather in Brazil, the world's top soybean supplier, could boost export demand for US soy on the global market.

Strong demand for US soy cargoes and dryness in Brazil production have underpinned soybean futures recently, but forecasts project beneficial showers in northern Brazil starting late next week.

"We're dependent on South American weather, no doubt," said Don Roose, president of brokerage US Commodities.

Most-active soybean futures ended 1-3/4 cents higher at \$13.15-3/4 per bushel at the Chicago Board of Trade. The contract gained 0.9 percent for the week, its first weekly increase since early November.

CBOT grains also finished higher, with March corn rising 3-3/4 cents to \$4.83 a bushel and March wheat jumping 13-1/2 cents to \$6.29-1/4 per bushel. For the week, corn eased 0.5 percent and wheat slipped 0.4 percent.

The US Department of Agriculture said in a daily reporting system that exporters sold 447,500 metric tons of US soybeans to unknown destinations and another 134,000 metric tons to China. It was the eighth consecutive session in which the USDA announced a daily soybean sale. -Reuters



## Palm oil watchdog adds new targets: climate emissions, small farms

JAKARTA — When the Roundtable on Sustainable Palm Oil (RSPO) was set up two decades ago, as the palm oil industry struggled in the wake of major Southeast Asian forest fires that provoked global outrage, reining in tropical forest losses was a top priority.

But today, critics question the palm oil watchdog's continued relevance as it struggles to manage other fast-rising concerns, from the industry's climate change impact to its limited benefits for small-scale farmers — and whether price-sensitive Asian buyers can be persuaded to buy greener oil.

Octogenarian MR Chandran — the head of Malaysia's palm oil growers' association when he helped create the global standard for sustainability — said reducing emissions and tackling climate change will be crucial in the coming decades.

"Addressing climate change (is something) we have to do," Mr. Chandran, now an advisor to the watchdog, said at the organization's 20<sup>th</sup> anniversary meeting last month. "Our carbon footprint has to be addressed."

Palm oil is the world's most widely used edible oil, found in everything from margarine to soap, but it has faced scrutiny

from green activists and consumers, who say its production has provoked rainforest and peatland loss, fires and worker exploitation.

Since its start in 2004, the RSPO has grown to more than 5,500 member growers, traders, retailers and advocacy groups.

It has gradually tightened standards to include a ban on felling forests and converting peatlands for plantations, as well as greater protection for labor and land rights.

Cutting down forests has major implications for global goals to curb climate change, as trees absorb about a third of the planet-warming emissions produced worldwide, but release carbon back into the air when they rot or are burned.

The Kuala Lumpur-based RSPO recently completed a five-year review of standards and expects to roll out changes by mid-2024. No-deforestation rules — which founding father Mr. Chandran called the RSPO's greatest achievement — will not be watered down, said chief executive officer Joseph D'Cruz, better known as JD.

But he also stressed that the industry should look to reduce emissions and tackle climate change. "We certainly have a lot of work being done to under-

stand and minimize those GHG (greenhouse gas) emissions," Mr. JD told the Thomson Reuters Foundation.

"But there is a qualitative shift from there to really looking rigorously at carbon through our entire lifestyle and supply chain, and demonstrating that we are really optimizing that — there is a lot more that we can do as an industry," he added.

Mr. JD, who was appointed in March last year, said improving soil carbon and cutting methane releases from palm oil mills are some of what's needed.

Over the last two decades, pressure from environmentalists and consumers has pushed big companies that produce, trade or buy palm oil to tackle labor abuses on plantations and commit to ending deforestation — with some success.

Deforestation rates in both Malaysia and Indonesia — the world's top two palm oil producers — have fallen in recent years, according to nonprofit World Resources Institute.

But smallholders, who account for about 40% of palm oil plantation areas in Indonesia and Malaysia, have largely been left behind, say industry analysts.

Globally, there are more than 7 million small-scale palm oil grow-

ers and only about 170,000 are RSPO-certified.

"The greatest difficulty for RSPO is to be relevant to independent smallholder palm producers," said Matthew Spencer, global director for landscapes at sustainable trade foundation IDH.

"As the gold standard for palm, it struggles to be simple and cheap enough to attract big numbers of smallholders."

Joko Prasetyo is head of the Association of Independent Oil Palm Smallholders, a collective of RSPO-certified farmers on Sumatra island that is backed by Indonesian producer Musim Mas.

Mr. Prasetyo, who has a 10-hectare farm, has seen his yields rise 60% to 75% by adopting better farming practices through RSPO certification. But he does not receive a better income for the ethical oil he produces.

"I really want to have a premium price but, for now, with the benefits of increased yields we can offset it," the 49-year-old said on the sidelines of conference. —

**Thomson Reuters Foundation**

### FULL STORY



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## Coffee hits fresh 15-year high, gains 12% on the week

NEW YORK — Robusta coffee futures on ICE hit their highest price in at least 15 years on Friday, posting a 12% weekly gain, amid weather worries and as farmers in top producing regions refrain from selling in the hope their beans will fetch higher prices later.

### COFFEE

March robusta coffee settled up \$28 or 1% at \$2,825 a metric ton, having peaked at \$2,860, the highest since these futures started trading in January 2008.

Dealers said farmers in Brazil, the world's third-largest robusta exporter, keep holding back offers amid expectations of higher prices amid worries over dry conditions in robusta-producing regions.

Brazilian robusta co-op Cooabriel said on Friday the next crop could be at least 15% smaller due to dry, hot weather.

Farmers in top robusta producer and exporter Vietnam are likewise refraining from selling in the hope of even higher prices, traders said.

March arabica coffee slipped 1.3 cents or 0.7% at \$1.893 per pound (lb), after hitting a seven-month peak of \$1.9450 on Thursday.

### SUGAR

March raw sugar settled down 0.19 cents or 0.9% at 21.99 cents per lb, after sliding to an 8-1/2-month low at 21.16 on Thursday. The contract lost 5.8% in the week.

India, the world's second-largest sugar maker, is likely to produce 32.5 million tons of sugar in the 2023/2024 marketing year that began on Oct. 1, an industry body said.

India's government will allow some ethanol production from sugarcane juice, changing its previous position.

Sugar remains under pressure from stronger-than-expected production in Brazil.

March white sugar lost \$3.80 or 0.6% at \$626.80 a ton.

### COCOA

March London cocoa rose 0.1% to 3,549 pounds a ton, after hitting a record high of 3,581 on Monday. The contract lost 4% in the week.

Top producer Ivory Coast's cocoa grind, a measure of demand, was down 16% on a year-on-year basis in November, industry data showed, while the total grind from the start of the 2023/2024 season in October was down 6%.

March New York cocoa fell 0.5% to \$4,244 per ton. — Reuters

# America's sugar shortfall leaves candy-makers scrounging

**B**ONBONS and candy canes may dominate the American holiday aesthetic, but confectionery companies in the United States are feeling anything but jolly as they head into one of the sugar market's tightest years in recent memory.

Prolonged droughts in major cane-producers Mexico and Louisiana have helped push US sugar futures to the highest ever for this time of year and forced users to turn to high-cost imports instead. Sweets-makers paying up to snag supplies are choosing to protect their margins by raising prices for consumers—and hoping shoppers don't balk at the mark-up.

"We just found that it was better to just pay more for sugar and pass it along to the consumer than to be completely out of sugar," said Kirk Vashaw, chief executive officer of Dum Dums lollipop maker Spangler Candy Co. "And there's a lot of other companies that I think thought the same thing."

Candy is big business in the US: Confectionery retail sales are forecast to be \$48.8 billion this year, according to consumer research group Euromonitor International. With about 1,600 manufacturing sites across all 50 states, the US sector employs more than 200,000 people, the National Confectioners Association estimates—with more than double the number of indirect roles, like suppliers.

Rising food costs have been a problem ever since pandemic-era supply chain snags and labor shortages blindsided businesses in 2020. Even now, food prices for many everyday items remain at their highest levels ever—and sweets have been particularly hard hit. Consumer prices for confectionery items rose 13.4 percent in the 12-month period ending November 25, according to data from consumer researcher NIQ, outpacing overall grocery gains.



**PROLONGED droughts in major cane-producers have helped push US sugar futures higher.** CESAR RODRIGUEZ/BLOOMBERG

Although inflation is a problem the world over, the US sugar market has been uniquely impacted due to its protectionist regulations. US rules cap both domestic sales and the volume of foreign supplies that can be brought in under low duties; all other sugar imports past those so-called tariff-rate quotas are subject to higher taxes. The regulations are intended to protect grower profits, especially given higher US production costs, and prevent other countries from flooding the US with sugar.

"Congress has to continually balance seeking trade opportunities outside of the US while protecting US producers from unfair practices used by other countries to prop up their own industries," Rob Johansson, director of economics and policy analysis for the American Sugar Alliance, said in an email.

But critics say the rules aren't nimble enough to keep pace with any domestic production shortfall. An October report from the US Government Accountability Office (GAO) found the program cost sugar users like consumers and food manufacturers more than it benefited producers, resulting in a net economic loss of as much as \$1.6 billion

a year. Johansson, whose group represents a coalition of sugarcane and sugar beet producers, said the GAO report "used biased and dated information."

In normal years, imports from Mexico, which get preferential treatment, and those allowed under quota limits from other countries are generally enough to fulfill US demand. But Mexican imports haven't held up: In November, the US imported the least sugar from Mexico for that month since at least fiscal 2011, USDA data show.

In fact, shortfalls have become so acute this season that buyers are increasingly turning to so-called high-tier tariff imports, or the ones taxed more for surpassing the quota limits. The US Department of Agriculture forecasts that those priciest imports are approaching the record highs seen after hurricanes Katrina and Rita in 2005 destroyed much of Louisiana's cane crop and took refineries offline.

The US is currently at "a high moment of anxiety when it comes to our sugar supply," said Grant Colvin, the executive director of the Alliance for Fair Sugar Policy, a coalition of sugar users who advocate for regulation

reforms. "The program is designed to inflate the cost of sugar."

The reauthorization of the Farm Bill in 2024 will give advocates a chance to lobby for a change in the way future import quotas are determined. But past efforts to overhaul the process have failed, and companies struggling to afford sugar aren't just waiting for Washington.

Instead, candy-makers are taking matters into their own hands. In addition to raising prices, some companies are trying to lock in supply costs ahead of schedule. That's what Bryan, Ohio-based Spangler Candy did: It booked its 2024 sugar contracts this past February, months earlier than usual. CEO Vashaw said the company is likely to do the same again for 2025, since concerns over shortages have kept prices elevated.

If the sugar problems continue much longer, more companies might look to offshore output. It has happened before. In 2019, Spangler moved production for Sweethearts, the popular heart-shaped Valentine's Day candy, and Necco candy wafers from Boston to Mexico after the brands' former owner went out of business. Half of Spangler's candy cane production was already south of the border at the time. Better automation in the US offsets the higher prices of sugar, so production costs for candy canes are similar in both countries, Vashaw said.

Atkinson Candy Co., the 91-year-old company behind Mary Jane peanut-butter caramels, already moved production of its "Mint Twist" Christmas candies to Guatemala in 2010. Third-generation candy-maker Eric Atkinson said he has considered moving more hard candy output away from Texas if conditions don't improve, though he hasn't made any concrete plans.

"One of the things that people read into

that is that we are exporting jobs. And the fact of the matter is those jobs weren't going to be there anyhow based on the price that we have to charge," he said. "We're maintaining a brand in the only way that we could."

Despite the challenges, larger candy companies have continued to see revenue growth amid strong consumer demand, offsetting sugar costs, said Renata Medeiros, director of food and agriculture client coverage at ING. But for smaller companies with less negotiating power, the impact of expensive raw materials takes a toll. US raw sugar futures eased off the contract's record highs posted in November but are still close to double levels from a decade ago. Prices for physical refined sugar, especially purchased via the spot market, tend to be much higher than futures.

When manufacturers pass on the higher raw material costs to consumers, there's always a chance retail sales drop. So far, unit sales in the confectionery category only dipped 0.5 percent over the past year, the NIQ data show, suggesting buyers are still willing to shell out for small luxuries like desserts, even at higher prices. But current levels are "close to the point where significant price increases probably aren't going to work" and could have "serious consequences" on unit sales, said Paul Steed, a former commodity price risk manager at Mars Inc.

The sugar issues are also hitting other users, from pastry shops to cafes. Some commercial bakers are looking to secure multiple suppliers in order to reduce supply-chain risks, the American Bakers Association said in an email.

Over the course of last year, Brooklyn institution Junior's raised its prices 12 percent to partially offset costs, but it hasn't been enough, with margins slashed in half since the pandemic, said owner Alan Rosen. There are no alternatives to sugar, since that would compromise the quality of its 73-year-old cheesecake recipe. *Bloomberg News*