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NFA corruption: A rotting scandal



Citizen Barok
Louis 'Barok' Biraogo

IN THE annals of governmental ineptitude and corruption, the recent revelations at the National Food Authority stand as a putrid testament to the depths of depravity that certain individuals will plumb in pursuit of personal gain.

The stench of malfeasance emanating from this once-respected institution is suffocating, and the perpetrators of this heinous betrayal of public trust must be held accountable with the full force of the law.

The report, like a dagger plunged into the heart of decency, exposes the sordid machinations of NFA Administrator Roderico Bioco and his cohorts in the despicable saga of rice sales to favored traders. Assistant Administrator Lemuel Pagayunan, a lone voice crying out against the darkness, bravely brought forward evidence of Bioco's collusion in the sale of 75,000 bags of NFA rice, totaling a staggering P93.75 million, to select cronies under the guise of disposing "deteriorating stocks."

But what Pagayunan uncovered was not mere negligence or mismanagement; it was a calculated conspiracy to defraud the Filipino people.

Bioco, like a kingpin of a criminal syndicate, issued memoranda authorizing the sale of rice unfit for consumption, but rather treated and perfectly suitable for the market. The audacity of this deception is breathtaking in its contempt for the very citizens it purports to serve.

Furthermore, the revelation that these transactions were conducted without the approval of the NFA Council, the governing body mandated by Presidential Decree 4 to oversee such matters, adds another layer of criminality to this sordid affair.

Bioco and his accomplices, including former Assistant Administrator John Robert Hermano and NFA Region 4 Regional Manager Alwin Uy, flouted established procedures with brazen impunity, thumbing their noses at the rule of law.

Editor's Note: There was no immediately available comment from Bioco, Hermano and Uy as the paper goes to press.)

What is perhaps most galling is the complete absence of remorse or accountability on the part of these malefactors.

Instead of acknowledging their wrongdoing and facing the consequences, they sought to cover their tracks by pre-selecting buyers and bypassing any semblance of transparency in the sale process.

The notion that the best interests of the Filipino people were even a fleeting consideration in their minds is laughable; their only concern was

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The rot within the NFA must be excised with surgical precision, and those responsible must be made to answer for their crimes

fattening their own wallets at the expense of the nation's most vulnerable.

In the face of such egregious misconduct, the call for swift and decisive action is deafening.

Agriculture Secretary Francisco Tiu Laurel Jr. must not only launch a thorough investigation into these allegations but also ensure those found guilty are prosecuted to the fullest extent of the law.

Anything less would be a betrayal of the public trust and an invitation for further abuses to go unchecked.

The time for half-measures and empty promises is over.

The rot within the NFA must be excised with surgical precision, and those responsible must be made to answer for their crimes.

The Filipino people deserve nothing less than justice, and it is incumbent upon the authorities to deliver it swiftly and unequivocally.

In the words of Leigh Bardugo, an American writer and novelist, "Darkness resides in us all, a shadow waiting to consume the light. It's a battle we wage every day, fighting against the monsters within."

But let it be known that the monsters lurking within the halls of power will not prevail, not so long as there are those among us brave enough to shine a light into the darkness and demand accountability. The time for reckoning is at hand, and woe unto those who would dare to stand in its way.



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Rice inflation to remain elevated until Aug – DA

By **JASPER EMMANUEL
ARCALAS**

Rice inflation is likely to remain elevated until August and slow down by September when "base effects" start to fade, a ranking official of the **Department of Agriculture (DA)** said.

Agriculture Assistant Secretary Arnel de Mesa said rice inflation which hit 23.7 percent in February, was mainly due to low base in the previous year.

De Mesa warned rice inflation could remain elevated until August due to base effects.

Nonetheless, the official said the retail price of rice is now declining, thanks to sufficient supply brought about by imports despite the threats of El Niño.

Citing the DA's price monitoring reports, de Mesa said the average retail price of well-milled rice is now down by P2 to P3 per kilogram on a monthly basis with prevailing prices going down to as low as P50 per kilogram.

He emphasized that rice prices could further ease in

the coming weeks due to the upcoming dry season palay harvest that is expected to peak soon.

"Farmgate prices are now decreasing which in turn would drive the prices of rice to go down," he told reporters in an interview yesterday.

"This is the result of the engagements of President Marcos and Agriculture Secretary Francisco Tiu Laurel last year with the importers to bring in supply in preparation for El Niño."

De Mesa added that the softening of international rice prices would provide support to the decrease in domestic rice prices in the coming days.

Citing United Nations' Food and Agriculture Organization data, de Mesa said international rice prices are now between \$580 and \$590 per metric ton, compared to previous quotations of above \$600 per metric ton.

The agriculture official reiterated that the country has sufficient rice stocks and will

continue to do so due to the upcoming harvest season.

The country's rice imports

as of Feb. 22 has reached 635,817.44 metric tons, over 240 metric tons higher than the 394,553.664 MT combined imports recorded in the months of January and February 2023, based on latest Bureau of Plant Industry data.

"This is the result of the engagements of President Marcos and **Agriculture Secretary Francisco Tiu Laurel** last year with the importers to bring in supply (in preparation for El Niño," de Mesa said.

In December 2023, the DA anticipated the arrival of over 570,000 MT of rice until February as a result of private importers'

commitment and certain donations from the country's trading partners.



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Private traders to also face probe over NFA rice

By **ROMINA CABRERA**

The Department of Agriculture (DA) is ready to face the planned Senate investigation into the alleged anomalous sale of rice to traders by the National Food Authority (NFA).

Agriculture Secretary Francisco Tiu Laurel Jr. has ordered the audit of rice sales since 2019 to ensure that necessary safeguards are in place.

"We will be cooperating in any inquiries inside and outside the DA," Laurel said.

He said private traders would also face investigation over the alleged illegal sale of NFA rice.

"They will not be free from (accountability) if they are found liable during the probe," Laurel said.

He assured the public of unhampered services in the NFA despite the suspension of its head, Roderico Bioco, and 138 officials and

employees.

DA spokesman Arnel de Mesa said the NFA would hold an emergency council meeting today to ensure continued operations.

Laurel will head the NFA pending the appointment of Bioco's replacement, according to De Mesa.

De Mesa said the government has earmarked funding for buffer stocks and that NFA has started buying rice from local farmers.

On Monday, Bioco and 138 of-

ficials, including 99 warehouse supervisors, 29 branch managers and 12 regional managers, were suspended by the Office of the Ombudsman over the NFA mess.

They will be replaced by the next personnel in line, De Mesa said.

"To date, there are over 1,000 NFA employees, including field officers. Those who are next in rank will be named branch and regional managers," he said.

Meanwhile, the Kilusang Mag-

bubukid ng Pilipinas (KMP) and Bantay Bigas sought the repeal of the Rice Liberalization Law, which prevents the NFA from buying and selling rice.

The law only allows the NFA to buy rice for buffer stocks during calamities and emergencies.

KMP chairman Danilo Ramos and Cathy Estavillo of Bantay Bigas said the law should be repealed to allow the NFA to sell cheaper rice.

- With Jun Elias



DA urged to implement 'calculated' rice-related measures as inflation reaches 3.4 percent in Feb

BY JOVEE MARIE N. DELA CRUZ

X@joveemarie

HOUSE Committee on Ways and Means chairman and Albay Rep. Joey Sarte Salceda on Tuesday called on the Department of Agriculture (DA) to implement a laser-focused approach to rice-related interventions, including the recalibration of the Rice Competitiveness Enhancement Fund (RCEF), but cautioned against an immediate increase in importation.

Salceda issued the statement as inflation rate in the Philippines reached 3.4 percent in February 2024. This marks an increase from 2.8 percent in January 2024 and a decrease from the 8.6 percent recorded in February last year.

Salceda pointed out that while vegetable, corn, utility, and sugar prices experienced declines, rice saw a substantial year-on-year increase of 23.7 percent, with a noteworthy month-on-month inflation of 1.0 percent.

"One takeaway: It's all about rice. Vegetable prices are down. Corn prices are down. On the aggregate, utility bills are down versus last year. Even sugar prices are down on a year-on-year basis," he said.

Salceda stressed the importance of a highly targeted strategy for interventions related to rice, advising against an immediate surge in importation.

He explained that the upcoming first harvest season in April and the potential easing of political pressures from the Indian elections in May could lead to stabilized rice prices by June.

"Increasing importation at this time might not necessarily be the correct approach. The first harvest season of the year begins around April. The Indian elections could take place around May, which means the political pressures that underlie the rice export ban in India could ease. So, by June, rice prices could actually stabilize," he added.

Looking ahead, Salceda urged the DA to ensure that all post-harvest support is

readily available by April to address losses.

"Post-harvest losses amount to as much as 12–15 percent, and [Agriculture] Secretary [Francisco] Tiu-Laurel has been hyperfocused on dealing with this issue," he said.

Salceda also stressed the importance of resolving logistics challenges at ports, farm-to-market roads, and potential supply bottlenecks, declaring the next 30 days as crucial and calling for a collective effort from all stakeholders.

"We must also ensure that logistics issues at the port, farm-to-market roads, and other potential supply bottlenecks are eased," he added.

"This will be a crucial thirty days, so we need all hands on deck," he added.

Enhance

REGARDING the Rice Competitiveness Enhancement Fund (RCEF), which is set to conclude in 2025, Salceda highlighted the mandatory review slated for this year.

He strongly advocated for the extension and recalibration of the RCEF, directing its focus towards post-harvest facilities and farm inputs that directly enhance yield.

"The Rice Competitiveness Enhancement Fund ends in 2025, but there is a mandatory review that should be undertaken this year," he said.

"Definitely, the RCEF should be not only extended but recalibrated towards post-harvest facilities and farm inputs that provide a direct improvement in yield," he added.

Salceda pointed out a current gap in the RCEF, lacking provisions for hybrid seeds.

With revenues approaching P30 billion instead of the initially envisioned P10 billion, he proposed that the excess P20 billion could now cover a broader spectrum of initiatives beyond financial assistance.

Under the Rice Tariffication Law, the RCEF allocates P10 billion to four component programs: mechanization (P5 billion), seeds (P3 billion), extension (P1 billion), and credit (P1 billion).



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Ombudsman probe to cover NFA deals as far back as 2019

BY PETER J. G. TABINGO

INVESTIGATIONS into the alleged anomalous sale by the National Food Authority (NFA) of rice buffer stocks to favored traders will be expanded to cover similar transactions by the agency in the last four years under the Duterte administration.

Assistant Secretary Arnel De Mesa, spokesperson for the Department of Agriculture, said a panel of investigators from the Office of the Ombudsman is working alongside an internal audit team that is reviewing why the NFA bypassed bidding processes in disposing of grains reserves.

"This inquiry will not be confined to the transaction that started in November last year and consummated in January. Our investigators will pore over records going as far back as 2019," he said in Filipino.

De Mesa said the instruction of Agriculture Secretary Francisco Tiu Laurel Jr. was to ensure that there would be no recurrence of the problem by putting up all necessary safeguards and to unmask as many of the individuals involved as possible.

Should the review reveal there were traders

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OMBUDSMAN

and buyers who were in cahoots with erring NFA officials, they will be held to account, he said.

In a 27-page directive dated March 1, Ombudsman Samuel Martires ordered 139 NFA personnel placed under a six-month preventive suspension to enable the investigation panel to access documents and possible witnesses.

Aside from NFA Administrator Roderico Bioco and assistant administrator John Robert Hermano, also suspended were 12 regional managers, 26 branch managers, and 99 warehouse supervisors.

Tiu Laurel has taken over as interim NFA chief while the post of regional managers and branch managers would be assumed by their respective next in rank.

Laurel has called for an emergency meeting of the NFA Council to ascertain that the agency will remain fully functional despite the suspension of most of its top executives.

De Mesa pointed out that keeping the NFA fully operational during the transition is imperative, given the start of the harvest of this year's crop of rice from local farmers.



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EDITORIAL

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Deeper probe needed in NFA

THE preventive suspension of National Food Authority (NFA) administrator Roderico Bioco and 138 other officials and employees involved in an alleged irregular sale of NFA rice to two traders is the right thing to do, in the wake of this latest scandal in the government's principal grain office.

The six-month suspension order was issued by the Office of the Ombudsman against the officials so that they would not be able to influence the results of the investigation.

The suspension stemmed from the sale of 75,000 bags of rice, part of the country's buffer stocks, for P93.75 million.

Agriculture Secretary Francisco Tiu Laurel Jr. said those suspended include NFA assistant administrator for operations John Robert Hermano, 12 regional managers, 26 branch managers and 99 warehouse supervisors all over the Philippines.

'... the NFA rice sale scandal is the first real test for Tiu Laurel as agriculture secretary, in his avowed promise to rid the Department of Agriculture of corruption and other mismanagement practices.'

Before this latest NFA scandal was discovered, people in the know have been talking about the presence of a "mafia" in the NFA, hinting that corruption in that agency has been around for some time.

The current anomaly, described by Secretary Tiu Laurel as "illegal," has opened a can of worms, as a farmers' group -- the Federation of Free Farmers -- has urged Laurel to include in the ongoing probe on the NFA's questionable rice sale to some traders the alleged billions of pesos worth of fresh palay sold during previous administrations.

FFF national manager Raul Montemayor said, "What happened during the previous administrations (of NFA) should also be probed as based on the reports we received, it was even worse. It was bigger, billions of pesos worth. The stocks were freshly purchased and sold to traders and made it appear (that the palay) were sold to traders three or four months after to make it appear these were deteriorating stocks."

He added that the whistleblower, NFA Assistant Administrator for operations Lemuel Pagayunan, should also be questioned as he was assigned in marketing prior to the appointment of embattled NFA administrator Roderico Bioco. This new scandal was unearthed following the quarrel between Bioco and Pagayunan about the operations inside the rice agency.

Montemayor said that in the previous years, "freshly purchased palay (from the farmers) were sold to private traders and under the scheme, the documents from the NFA were released three months or four months later."

While Secretary Laurel has instructed Bioco and Pagayunan to both take a leave of absence, as acting administrator he should dig deep into the allegations of corruption and irregularity in the NFA.

"I condemn this (illegal sale) and we will not tolerate any form of corruption. I am one with the ombudsman in its aim to ferret out the truth and penalize those involved. I have been in contact with the Office of the Ombudsman ever since the controversy erupted. I also created a special panel of internal investigators to determine the culpability and see how we can prevent it from happening in the future," Tiu Laurel said.

We note that the NFA rice sale scandal is the first real test for Tiu Laurel as agriculture secretary, in his avowed promise to rid the Department of Agriculture of corruption and other mismanagement practices.



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Ample supply of fish assured this Lent

By GABRIELL CHRISTEL GALANG

The Bureau of Fisheries and Aquatic Resources (BFAR) has assured that there will be an ample supply of fish available just in time for the Lenten season.

With the Holy Week fast approaching this month, BFAR chief

information officer Nazzer Briguera assured increased loadings from fish ports which equals an increased volume being sold in the market.

"It's the peak season for fishing. So we expect sufficient supply [to be delivered] in the wet markets," Briguera told The Manila Bulletin.

Briguera also addressed the

concern about possible price increases, stating that fish prices have gone down as early as this month.

"[For now], the price of galunggong per kilo went down to around 60 to 70 pesos," he added.

The current retail price for bangus ranges from ₱150 to ₱220 per kilo depending on the size, while tilapia is

sold at ₱120 to ₱160 per kilo.

Tuna, on the other hand, has a slightly pricier value at ₱200 to ₱260 per kilo.

"We expect that there will be a slight increase in the price. The important thing is we have enough supply," BFAR official said.

Holy Week, which falls on the last

week of March, traditionally garners larger demand for seafood from Filipino Catholics. The bureau assured that this summer has contributed to increased fish productivity.

"Fishing days are increased during the summer because the seas are calmer. [This means] there's more opportunity and increased productivity."



Rice, pork prices raise February inflation rate

By XANDER DAVE CEBALLOS and CHINO LEYCO

The Philippine Statistics Authority (PSA) reported that the country's four-month streak of slowing consumer prices was disrupted by a sharp in-

crease in rice and pork prices, causing the inflation rate to spike to 3.4 percent in February.

Last month's headline inflation rate was higher than the 2.8 percent back in January, but lower compared to the 8.6 percent recorded in the

same month of 2023, based on the PSA data.

Inflation still within target

Despite the uptick in February, the Department of Finance (DOF) said the rise in consumer prices remain

well within the government's target range.

Finance Secretary Ralph G. Recto said the 3.4 percent inflation rate last month was still within the government's desired range of two percent to four percent and ► **8**



Rice, pork prices raise February inflation rate 1◀

closely aligned with the Bangko Sentral ng Pilipinas (BSP) forecast of 2.8 percent to 3.6 percent for February.

Rice prices played a huge role in the headline inflation increase which posted a 23.7 percent increase from the 22.6 percent in January.

"Our headline inflation of 3.4 percent, rice inflation contributed 1.6 percentage points of the 3.4 percent, so that's about 47 percent. It's like almost half of the inflation in February was due to rice," PSA Undersecretary Claire Dennis Mapa said.

Rice inflation

Rice inflation in February was also the highest in 14 years since the 24.6 percent recorded during the same month of 2009.

Poor households, at large, are the most vulnerable to the increase in rice prices as about 79 percent of its inflation rate came from rice prices.

PSA reported that the inflation rate for the bottom 30 percent income households increased to 4.2 percent in February, up from the record-low 3.6 percent.

According to PSA, the three rice sub-commodities it monitored (regular milled, well-milled, and special) all noted increases last month.

A kilogram of regular-milled rice had an average price of ₱50.44 during the month, higher than the ₱39.65 and ₱49.65 in February 2023 and January.

For well-milled rice, a kilogram cost a consumer ₱55.93 in February compared to the ₱43.99 and ₱54.91 recorded previously.

As for the special rice, it soared to ₱64.42 last month from ₱53.89 in February 2023 and ₱63.90 in January.

Mapa said the uptrend in rice inflation may continue until July or August this year due to the low base effect seen last year.

Meat inflation

The inflation of meat, particularly pork, also grew faster to 0.7 percent coming from a negative 0.7 percent in January as the African swine fever (ASF) continues to spread throughout the country.

The price increase in pork may be offset by a slower growth rate in fish and seafood which declined to 0.7 percent from 1.2 percent.

On the other hand, National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan said that international rice prices have already started to ease as local supply is expected to increase from March to April with the Agriculture Department collaborating with the International Rice Research Institute.

Balisacan also reported that the next phase of the vaccine test for ASF is awaiting Food and Drug Administration approval.

Once the vaccine is proven efficacious, the government will roll out a vaccination campaign to help ensure adequate pork supply in the country, he stated.

"Our team is actively formulating robust strategies with the concerned agencies in response to these challenges. We must be agile, adaptive, and forward-thinking," the NEDA chief added.

Recto said a comprehensive plan is in

place to keep prices stable.

"The government has a comprehensive plan in place — the Reduce Emerging Inflation Now or REIN — to keep the prices of goods and services stable and affordable," Recto said in a statement on Tuesday, March 5. "The deliberate implementation of REIN will help us keep the inflation rate within manageable levels, especially with the looming threat of El Niño."

Recto said the government is "proactively preparing" to mitigate the effects of El Niño on inflation, which is forecast to peak this month and persist until May.

Zero in on rice

Albay 2nd District Rep. Joey Salceda said the government must put all its efforts on rice after its sharp increase in prices pushed up inflation.

"If the government were to be obsessed with one thing, it must be rice," Salceda said in a statement on Tuesday, March 5.

Salceda is putting the spotlight on rice as food prices, such as vegetable, corn, and sugar, and utility bills are down compared to last year's prices.

Whereas, rice is up 23.7 percent on the year-on-year basis. With a month-on-month inflation, it was at an elevated one percent.

"Moving forward, the interventions of the Department of Agriculture (DA) and the Cabinet as a whole must be laser-focused on rice," the economist-solon said. "This will be a crucial 30 days, so we need all hands on deck." (With a report from Dexter Barro II)

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DA to conduct cloud seeding in Negros

BY EUGENE Y. ADIONG

BACOLOD CITY: With rice lands fast drying up in southern Negros Occidental because of the dry spell caused by the El Niño phenomenon, the Department of Agriculture (DA) is conducting a three-day survey for possible cloud seeding, Gov. Eugenio Jose Lacson said on Monday.

Lacson said two engineers from the agency's Bureau of Soil and Water Management are in the province to assess the condition and submit a recommendation to him.

"Their initial report said the potential clouds for seeding are only present in northern Negros like Don Salvador Benedicto, Calatrava, Escalante City, San Carlos City and Cadiz City," Lacson said.

"Unfortunately in the southern part of Negros Island, which is the hardest hit by the drought, there are clear skies."

Cloud seeding is a technique that improves the cloud's ability to produce rain.

"The engineers are still going around the province and hopefully next week they will have a recommendation," he said.

"However, if they decide that it is viable to conduct cloud seeding, it will take another month before

procurement of needed materials can start."

He said the areas that are dependent on rain for irrigation are the hardest hit by the drought.

"They have been forewarned that they may not have a good crop. But many of them took a chance," he said.

The governor said that the rice crops in areas covered by the Bago River Irrigation System have not been affected by the dry spell.

"I have been saying that they should maximize the irrigation by clearing the canals," he added.

Damage at P77.7 million

The estimated damage caused by the drought has reached P77,702,833.81 as of March 1, a report by the Office of the Provincial Agriculturist showed.

Of the total damage, rice lands

remained the hardest hit with a damage of P77,544,9882.01 followed by corn at P157,852.80.

The drought has affected 76 barangay, 1,955 farmers and 1,669.71 hectares of farm lands in the province, the report said.

The report also showed that the number of affected local governments also rose to 11 from eight last week.

Kabankalan City continues to be the hardest-hit with damage pegged at P41,726,761.20 with 13 villages, 1,214 farmers and 978.98 hectares of land affected.

Cauayan followed with P14,001.540 worth of damage in 17 barangay, 197 farmers and 176.66 hectares of land.

Ilog town reported damage of P7,487,370.24 in four villages and affected 110 farmers and 110.68 hectares of land.

Himamaylan City (P3,732,556.92), Valladolid (P3,397,598.72), Hinoba-an (P2,525,595.60), Hinigaran (P1,751,055.20), Sipalay City (P1,623,445.63), Binalbagan (P513,360), Moises Padilla (P450,897.50) and Isabela (P334,800) also suffered losses in agricultural income.

Damage to corn in Sipalay City was pegged at P157,852.80.

State of calamity

Ricky Muscosa, acting city agriculturist of Kabankalan City, on Tues-

day said they are validating the data and assessing the conditions if the city can declare a state of calamity.

Under NDRRMC Memorandum Order 60 and Republic Act 10121, the declaration of a state of calamity is based on its impact on the population, livelihoods, infrastructure and the environment.

Muscosa said their initial data showed that there are 975 hectares of rice lands, 1,200 farmers in 17 barangay affected by the drought in Kabankalan City.

Muscosa said only Barangay Magballo and parts of Barangay Camingawan has an irrigation system that can support the rice fields.

As part of the city government's Gugma Caravan, the City Agriculture Office distributed free vegetable seedlings as alternative crops for rice farmers in the different barangay, he said.

Kabankalan City has more than 5,000 hectares of agricultural land.

The Philippine Atmospheric, Geophysical and Astronomical Services Administration office in Visayas reported that Negros Occidental has been officially categorized as having been affected by drought, the only province in the region that has been so far placed in that category.

The province has experienced below normal rainfall in the past three months, the weather bureau said.



Inflation ticks up to 3.4% in Feb

Govt ramping up efforts to address higher prices – Cabinet officials

BY NIÑA MYKA PAULINE
ARCEO, JANINE ALEXIS MIGUEL
AND RED MENDOZA

INFLATION rose to 3.4 percent in February, the Philippine Statistics Authority (PSA) reported on Tuesday, snapping a four-month decline as prices of key food items — particularly rice — increased at a faster pace.

The result — within the Bangko Sentral ng Pilipinas' (BSP) 2.8- to 3.6-percent estimate for the month but higher than the 3.0-percent median in a *Manila Times* poll of analysts — picked up from January's 2.8 percent.

Inflation a year earlier was 8.6 percent, marking the start of a six-month deceleration from January's 14-year high of 8.7 percent. The rate rose anew in August and September and then slowed for the rest of the year, finally returning to the BSP's 2.0- to 4.0-percent target in December.

Inflation fell further at the start of 2024, and the latest figure brought the year-to-date average to 3.1 percent.

► Ticks B2

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■ TICKS FROM B1

Inflation ticks up to 3.4%

Core inflation, which excludes volatile food and energy items, slowed to 3.6 percent in January from the 3.8 percent seen in the previous month and 7.8 percent a year earlier.

Primary drivers

"The uptrend in the overall inflation in February 2024 was primarily influenced by the higher year-on-year increase in the heavily-weighted food and nonalcoholic beverages at 4.6 percent during the month from 3.5 percent in the previous month," the PSA said in a statement.

It said that food and alcoholic beverages accounted for over half — 52.1 percent or 1.8 percentage points — of overall inflation.

Transport inflation also rose by 1.2 percent, reversing from January's 0.3-percent drop, while housing, water, electricity, gas and other fuels posted a faster annual increase of 0.9 percent from 0.7 percent.

Alcoholic beverages and tobacco prices also grew by a faster 8.6 percent from 8.4 percent.

Food inflation rose to 4.8 percent from 3.3 percent in January, which the PSA primarily attributed to a slower deceleration in price growth — to 11.0 percent from 20.8 percent — for vegetables, tubers, plantains, cooking bananas and pulses.

National Statistician Claire Dennis Mapa said rice inflation remained a major concern as it rose to 23.7 percent — the highest since February 2009 — from 22.6 percent in January.

"Assuming that there is no reduc-

tion in the rice price and the movement will continue, we should be expecting high rice inflation in July or August this year," Mapa said.

The National Economic and Development Authority (NEDA), in a separate statement, said that rice inflation accounted for 2.1 percentage points of overall inflation.

Higher prices of rice and meat were said to have been behind the faster food inflation, which would have been higher had it not been for slower price growth in food items such as fish, eggs and dairy products, and lower vegetable and sugar prices.

Nonfood inflation, meanwhile, climbed to 2.4 percent from 2.0 percent, the NEDA added, driven by faster price growth for housing rentals, utilities and transport.

Ramped up efforts

Socioeconomic Planning Secretary Arsenio Balisacan, in a separate statement, said the government was escalating initiatives to alleviate the impact of the El Niño weather pattern on food prices and ensure that inflation remained within target.

"As we navigate the economic landscape, it is imperative that we remain vigilant and proactive in our approach to managing inflationary pressures. While we have seen some relief from certain inflation risks, we must not become complacent," Balisacan said.

El Niño's impact on food prices is a "big concern," he added, also noting that rising transportation costs, electricity rates and unpredictable

oil markets were straining household finances.

"Our team is actively formulating robust strategies with the concerned agencies in response to these challenges. We must be agile, adaptive and forward-thinking," Balisacan said.

He noted that international rice prices were falling and that the start of the harvest season this month would ease domestic supply pressures.

Pork production, meanwhile, is expected to go up once a vaccine against African Swine Fever is approved by regulators.

Trade Secretary Alfredo Pascual, meanwhile, said the rise in inflation warranted government attention but added that "it is crucial to understand it within the broader context of our dynamic global and domestic economic environments."

"Underpinned by robust fiscal and monetary policies, we are well-prepared to navigate through these inflationary pressures," he added.

"We remain steadfast in our balanced approach to economic management — sustaining economic growth while ensuring price stability."

Aid for farmers

At the House of Representatives, Ways and Means committee chairman and Albay Rep. Jose "Joey" Salceda urged the government and the Department of Agriculture (DA) to focus its inflation interventions on rice.

He cautioned against resorting to rice imports and said the DA should, beginning this month, "ensure that all post-harvest support is ready for immediate use by April."

"Post-harvest losses amount to as much as 12-15 percent," he noted.

House Assistant Majority leader and Nueva Ecija Rep. Mikaela Angela Suansing agreed, saying it was "important for the government to help our farmers in terms of logistics, making sure the products are being brought easily from the farms to the markets, and they have the facilities that they need."

Salceda also said that the Rice Competitiveness Enhancement Fund (RCEF), which is scheduled to end in June this year, should be extended and recalibrated.

The RCEF is a fund created under the Rice Tariffication Act of 2019. It primarily aims to increase the incomes and competitiveness of Filipino farmers via the provision of farm machinery, seeds, financing and other inputs.

"Currently, there is no provision for hybrid seeds in RCEF," Salceda said.

"RCEF revenues are also much closer to P30 billion now than P10 billion as envisioned then, and the excess P20 billion can now cover more than just financial assistance," he added.

House Speaker Ferdinand Martin Romualdez, meanwhile, said that legislators had allotted a "substantial budget" for relief subsidies in the 2024 General Appropriations Act as part of a "comprehensive approach to address the immediate needs of our citizens while fostering a more resilient agricultural sector."

"The targeted measures we have introduced, including the ayuda or relief subsidy, are designed to safeguard our most vulnerable communities and support Filipino businesses during these challenging times," Romualdez said.



Focus on rice, temper food inflation — Salceda

By Kenneth Christiane L. Basilio

INSTEAD of increasing rice imports, the government should act now to provide support to farmers expecting a harvest around April in hopes of easing food inflation by mid-year, Albay Rep. Jose Maria Clemente S. Salceda said Tuesday.

"If the government were to be obsessed with one thing, it must be rice. Rice is up 23.7 percent year-on-year, and month-on-month inflation was at an elevated 1.0 percent," Mr. Salceda said in a statement to media in response to latest inflation rate data.

February inflation rose to 3.4% from 2.8% in the previous month, and the Philippine Statistics Authority (PSA) attributed the increase to food inflation, which settled at 4.8% compared to 3.3% in January.

"Moving forward, the interventions of the Department of Agriculture (DA) and the Cabinet as a whole must be laser-focused on rice," said Mr. Salceda of the staple food in the Philippines.

To ease food inflation, he said the government should strengthen its post-harvest support to farmers by April to reduce damage and losses attributed to the preparation, logistics, and distribution of rice crops, which could reduce price shocks from imported rice products.

"Harvest season begins in April, so we need all post-harvest assistance programs by DA ready for rollout this month," Mr. Salceda told *BusinessWorld* in a Viber message.

The economist-lawmaker said this is the "correct approach" over importing more rice, adding that "rice prices could actually stabilize" by June if government acted now.

"Post-harvest losses contribute to around 12% to 17% of total output, reducing them would help insulate us from imported rice price volatilities," he said.

"We must also ensure that logistics issues at the port, in farm-to-market roads, and other potential supply bottlenecks are eased," he added.



Cambodian rice supply seen hindered by logistics

By Adrian H. Halili
Reporter

ANY RICE that Cambodia can supply to the Philippines will face obstacles like weak logistics and limited volumes, but may nevertheless be significant from the point of view of addressing food security worries, analysts said.

Raul Q. Montemayor, national manager of Federation of Free Farmers said in a Viber message that over the short term, "rice from Cambodia will not be significant nor will it have a large impact on prices and supply."

He cited constraints like Cambodia logistics and milling capacity, even with significant rice production of about 6 million metric tons (MT) in 2023.

On Monday, President Ferdinand R. Marcos, Jr. expressed interest in engaging with Cambodia on a rice deal to address the possibility of reduced domestic production due to El Niño.

Cambodia is a long way from providing the kind of volumes that Myanmar,

the Philippines' third-largest supplier, can ship, Mr. Montemayor added.

"Next to Vietnam and Thailand, Myanmar is our third-largest supplier, despite the fact that we do not have good diplomatic ties with the country," he added.

Cambodia supplied the Philippines around 3,615 metric tons of rice in 2023, according to the Bureau of Plant Industry (BPI), about 0.1% of rice imports.

Rice from Myanmar amounted to 151,183 MT that year.

Mr. Montemayor said that the government appears to be trying to diversify its sources of rice and reduce its dependence on Vietnam and Thailand.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), has said that up to 80 provinces may be affected by El Niño.

Last month, Vietnam agreed to supply 1.5 million to 2 million MT of white rice to the Philippines through its private sector at "competitive and affordable prices." About 40% of Vietnam's rice exports are shipped to the Philippines.

Bruce J. Tolentino, a Monetary Board member, said the additional sources of grain nevertheless boost food security.

"Cambodia is a relatively small country, and its exports are not that large. But any additional supply on an assured and reliable basis adds to food security," Mr. Tolentino said in a Viber message.

"Trade deals that enable regular and reliable food supplies, especially of our staple rice, provide reassurance to our people that their food security is protected," he added.

The Philippines is expected to remain the largest importer of rice in the world, according to the US Department of Agriculture (USDA). The USDA projects rice imports of 3.9 million MT in 2024, with production unable to keep up with demand.

Rice imports for the year have amounted to 635,817.44 MT as of Feb. 22, the BPI said.

The Department of Agriculture projects that palay (unmilled rice) production will hit 20 million MT this year.

PHILIPPINE DAILY INQUIRER

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FOLLOWING PROBE, MASS SUSPENSION IN RICE AGENCY

EX-DA CHIEF: TIGHTEN RULES TO DETER NFA-TRADER COLLUSION

By **Jordeene B. Lagare**
and **Melvin Gascon**
@Team_Inquirer

A farmers' group urged the National Food Authority (NFA) to adopt stricter rules on the disposal of aging rice stocks and on their pricing to deter any collusion between its officials and bulk buyers.

The Federation of Free Farmers (FFF), through its chair Leonardo Montemayor, made the call following Monday's order

from the Ombudsman suspending NFA Administrator Roderico Bioco and 138 other officials and employees for six months.

They were suspended to make way for an investigation into the allegedly irregular sale of 75,000 bags of "deteriorating or aging" stocks to rice traders to the tune of P93.75 million.

The NFA is mandated to keep an optimal level of inventory to be sourced solely from local farmers for distribution during emergency or calamity

situations under the Rice Tariffication Law (RTL). But it is also allowed to dispose of aging stocks even in the absence of such conditions.

"Stricter rules must be put in place on when and how these aging stocks are disposed of, and at what price, in order to avoid discretion and potential collusion between NFA officials and private buyers," said Montemayor, a former secretary of the Department of Agriculture

In a statement, Montemay-

or said the investigation into NFA operations should be accompanied by a review of RTL to enable the agency to perform its mandate effectively.

"Under the law, the NFA can replenish its buffer stocks only by buying palay from local farmers. What if farmers do not want to sell to it because its buying price is too low, as is the case today?" he said. "The RTL prohibits the NFA from importing, so where will the agency get its rice stocks?"

Montemayor urged Agriculture Secretary Francisco Tiu Laurel Jr. to also look into reported anomalies in previous years, "wherein NFA buffer stocks were being sold soon after milling but were made to appear as deteriorating stocks to justify their disposal."

"In some cases, the records of the release of newly milled stocks were postdated by several months, again to justify their disposal as aging stocks," he said. "In other instances, good

quality palay stocks sent to private millers for processing were switched with low quality rice, with the NFA ending up with poor quality cereal."

No disruption

Aside from Bioco, the other NFA officials suspended without pay included Assistant Administrator for Operations John Robert Hermano, 12 regional managers, 26 branch managers and 99 warehouse supervisors stationed in

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EX-DA CHIEF: TIGHTER RULES WILL DETER NFA COLLUSION

FROM A2

Metro Manila; Central Luzon; Calabarzon (Cavite, Laguna, Batangas, Rizal, Quezon); Bicol; Western, Central and Eastern Visayas; Zamboanga Peninsula; Northern Mindanao; Caraga; Soccsksargen (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City); and the Bangsamoro Autonomous Region in Muslim Mindanao.

NFA Assistant Administrator for Operations Lemuel Pagayunan, who filed the complaint in the Office of the Pres-

ident on Feb. 24, was excluded from the suspension order.

The Ombudsman said it found "sufficient grounds" to suspend them based on "strong evidence showing their guilt." The charges included grave misconduct, gross neglect of duty and conduct prejudicial to the best interest of the service.

Agriculture Undersecretary Arnel de Mesa assured the public that the NFA's operations would not be disrupted despite the preventive suspensions, adding that Tiu Laurel will take over temporarily as NFA administrator.

In the field offices, those

next in rank would serve as regional managers and branch managers, and temporary warehouse supervisors will also be designated, he said on the government TV program "Bagong Pilipinas Ngayon."

He said Tiu Laurel met with NFA employees after serving the suspension orders. "On Wednesday, the NFA will also have its emergency council meeting to ensure that there will be no disruption in the services for our farmers, especially now that the harvest season has started and the NFA has also started buying palay," he added. INQ



Still-costly rice raised Feb inflation to 3.4%

By Ian Nicolas P. Cigaral
and Melvin Gascon
@InquirerBiz

A sustained increase in rice prices once again stoked inflation in the Philippines, with a faster-than-expected consumer price hike in February ending four consecutive months of decline and sending policymakers scrambling for measures to mitigate the impact of a strong El Niño dry spell on food supply.

Inflation, as measured by the increase in the consumer price index (CPI), quickened to 3.4 percent year-on-year in February, from 2.8 percent in the preceding month, the Philippine Statistics Authority reported on Tuesday.

The latest print surpassed the median estimate of 3.1 percent in Inquirer's poll, but this marked the third straight month that inflation has settled within the 2 to 4 percent target range of the Bangko Sentral ng Pilipinas (BSP).

National Statistician Claire

Dennis Mapa said rice price inflation, which had soared to a 15-year high of 23.7 percent in February, was to blame for the flare-up amid high global prices of this commodity. This pushed up overall food and drinks inflation rate to 4.6 percent, from 3.5 percent previously.

Rice, a local household staple, accounts for 8.9 percent of CPI.

But Agriculture Assistant Secretary Arnel de Mesa said in a television interview, "This is not alarming because if we analyze the data, the price of rice was relatively low in the past year of 2023 ..."

"We expect that this would further go down in March since the harvest season has started and this will peak in March to April and drive down the farm-gate price of palay," he said.

Secretary Arsenio Balisacan of the National Economic and Development Authority (Neda) said the Marcos administration is intensifying efforts

to keep inflation within target.

"The potential impact of a strong El Niño weather pattern on food prices is a significant concern for our community," Balisacan said in a statement.

'Stop-gap' measures

"The economic team continues to pursue programs and measures to manage the primary contributors to inflation," said Special Assistant to the President on Investments and Economic Affairs Frederick Go.

Neda said the government has introduced "stop-gap" measures to cope with the prolonged drought, such as allowing further importations of key commodities.

Meanwhile, nonfood inflation rate climbed to 2.4 percent in February, from 2 percent in the preceding month, driven by costlier housing rentals, utilities and transport.

The BSP had said inflation would ease this first quarter before overshooting the target anew

in the second quarter as favorable base effects fade. Average price hike is projected to return to the target band in the third quarter to average 3.6 percent this year.

The central bank said the February reading was consistent with its forecast, adding that it's "appropriate" to keep monetary settings unchanged in the near term.

Aris Dacanay, HSBC economist, said the above-consensus inflation "poses an upside risk of the BSP delaying the beginning of its easing cycle," meaning borrowing costs could stay high for a longer period.

"If inflation surprises to the upside again or if risks to inflation materialize during the sensitive period of second quarter 2024, then there is a risk that the BSP will instead cut after the [US Federal Reserve rate reduction], keeping the BSP rate at 6.5 percent for a longer period than we expect," Dacanay said. *INQ*



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'Low-priced rice should be for consumers'

By Maricel V. Cruz

SPEAKER Ferdinand Martin G. Romualdez said he wished that the low-priced rice the **National Food Authority (NFA)** reportedly sold to certain traders should have been offered to consumers in public markets.

House Deputy Majority Leader for Communications and ACT-CIS Party-list Rep. Erwin Tulfo said Romualdez conveyed this "wish," adding that Romualdez also noted that had the NFA sold the rice to the public, thousands of consumers

would have benefitted.

He said the NFA apparently sold the rice at the low price of P25 per kilo.

"They should really be responsible for that. While our countrymen cannot afford to buy (rice)... at P30, P40, they will drop

them to P25, isn't that insulting?" Tulfo also said.

Tulfo called for accountability and eventual punishment for those responsible for the sale.

Tulfo said he and his colleagues are interested in finding out why the NFA sold the rice to traders who re-bagged it and sold it to their customers, instead of selling it in public markets.

House Assistant Majority Leader Raul Angelo Bongalon of Ako Bicol Partylist supported Tulfo's call for accountability for those behind the sale, but suggested

that private persons involved should be held accountable as well.

This developed as House leaders on lauded the administration's strong resolve in going after erring officials of the NFA in light of the preventive suspension of 139 officials and employees of the agency over an alleged disadvantageous transaction involving the sale of rice buffer stock.

Some lawmakers also favor the restructuring the mandate of the NFA, citing efforts from past Congresses to study the proposal.

The Federation of Free Farmers (FFF)

meanwhile urged the Department of Agriculture (DA) to review the Rice Tariffication Law (RTL) to effectively exercise its mandate and a deeper probe into the rice disbursement and price fixing issue at the NFA.

Former Agriculture secretary, now FFF chairman Leonardo Montemayor said that the RTL removed the palay and rice price stabilization functions of the NFA and effectively disallows it from selling subsidized rice to the public, such as through the KADIWA outlets, unless there is a calamity.

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SPECIAL REPORT

Revisiting RCEF: Did the rice fund rise to the occasion?

(Conclusion)

By JASPER EMMANUEL ARCALAS

Game changer.

That's how pundits described the creation of the Rice Competitiveness Enhancement Fund (RCEF) five years ago.

But was it really game-changing? Not yet, said experts and industry players interviewed by **The STAR**.

Indeed, the RCEF has made some impact, but not to a level that the government envisioned when the blueprint was being drafted in 2019.

With the fund now in its sixth and final year this 2024, lawmakers are tinkering with extending the RCEF.

Experts say that a lot of things have to be done to maximize the potential of RCEF and make it a truly "game-changing" mechanism.

First, reallocation of the funds for each component. Putting half of the guaranteed P10 billion fund every year to mechanization sends a message that machines will have the "greatest" impact on farmers' productivity, says Senen Reyes of The University of Asia and the Pacific (UA&P).

But what's the rationale behind it?

"If they can really zero in on where the greatest impact was (during the implementation), that would be good. They should tweak the allocation to really focus on what gives the greatest benefit (to the farmers)," said Reyes, who heads UA&P's Center for Food and Agri Business.

A midterm review of the Rice Trade Liberalization (RTL) Law conducted by a family of economists – Fermin Adriano, Lourdes Adriano and Karlo Adriano – also suggested revisiting the allocation formula of RCEF. The review was published in 2022 as a book titled "Philippine Rice Tariffication Law / A Midterm Review: Challenge and Opportunities."

They argued that the success of the RCEF mechanization component depends greatly on "land consolidation" to achieve economies of scale. They proposed that farmers must be organized in clusters or blocks to achieve "efficient" use of agricultural machinery.

For them, the current allocation for mechanization is "reasonable" considering that labor accounts for a third of palay production costs.

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SPECIAL REPORT From B1

Services, not machines

Monetary Board member V. Bruce Tolentino, however, proposed that the mechanization component be converted into a service-oriented one instead of giving away machines to farmers.

Under this scheme, Tolentino explained, farmers are given vouchers that they can use to avail services from government accredited enterprises. The enterprises are regulated by the government possibly through a franchising system.

Through this way, the burden of maintaining the life of the agricultural machines would be on the enterprises, Tolentino said. This model is currently practiced in the agriculture sectors of other countries like Vietnam, Thailand and the United States, he added.

Such practice is currently present locally, albeit, in limited terms, such as the provision of drone spraying and seeding services.

"If they provide good services then the farmers will be repeat customers. If the farmers are not happy then the franchise of the enterprise will not be renewed," he said.

Tolentino's proposal attempts to achieve two things: relieve the government from procurement of machines and provide farmers with freedom to choose the service appropriate to their farms.

One of the major issues of RCEF implementation was the struggle of the Philippine Center for Postharvest Development and Mechanization to procure machinery. The agency was overwhelmed with the P5-billion budget given to it to implement the mechanization program.

Greater seed component

Experts said the RCEF seed component must be retained and expanded as it is one of, if not, the most successful components of the program to date.

Tolentino proposed the allocation of the seed component to increase and widen its coverage toward distribution of hybrid seeds and climate-resilient rice varieties such as those tolerant to drought, floods and salinity.

RCEF should also support community-based seed production according to a study by Ricardo Dizon, Hazel Tanchuling and Raul Montemayor titled *The Gains and Losses of Producers and Consumers in the Implementation of Rice Tariffication Law: An Integrated Impact Analysis*.

The seeds produced from this program

must be "promoted" to help farmers cope with rising production costs, according to their study published last year.

The authors also suggested that rice farmers "must be encouraged" by the government to venture into "niche" rice production and supply markets for heirloom rice, organic rice and other specialty rice varieties.

Real-time monitoring required

The establishment of a real-time publicly available monitoring system is also necessary moving forward.

Observers said that such a mechanism has been absent, albeit, too late to be established by the RCEF implementing agencies.

The implementing rules and regulations (IRR) of RCEF mandated the creation of a website that would allow the public to monitor the progress of each component. Part of the website should be the Rice Fund Impact Monitoring System which the Department of Agriculture should have established a year after the IRR took effect or last March 5, 2020.

"That monitoring platform was not followed," Philippine Chamber of Agriculture and Food Inc. president Danilo Fausto said.

The putting in place of a "robust" monitoring and evaluation (M&E) system was one of the recommendations by the Adrianos. They pointed out that the M&E system needs to be "efficient, rules-based, transparent and accountable."

Irrigation, fertilizer missing

Experts also said the RCEF must have an institutionalized allocation for small-scale irrigation and fertilizers. These two components, they argued, are critical to raising farm productivity and yet were absent in the original mix of RCEF components.

At present, the government provides fertilizer subsidies but is dependent on existing market conditions, such as the ongoing Ukraine-Russia war. Including fertilization as an RCEF component would ensure that farmers would be able to apply the necessary amount of farm input, they said.

"Science would tell us that the greatest impact to productivity are seeds and fertilizers," Reyes said.

Fermin Adriano, a former agriculture undersecretary, proposed that the subsidy must be in the form of vouchers or direct cash grants to allow farmers to choose the necessary input for their

farm.

Small-scale irrigation systems can also be funded via RCEF to complement the large irrigation systems constructed by the government.

Small-scale irrigations are critical in supporting farmers' to plant high value crops, especially during dry season, and combat the ill effects of El Niño.

Fausto suggested that a portion of excess rice tariff collections be used to bankroll crop diversification programs for uncompetitive rice farmers, fulfilling the original wisdom of the provisions of the Rice Trade Liberalization Law.

Farmers' experience

Nhel Victor Verastigue, a rice farmer, for his part, said RCEF gave farmers like him some relief.

According to the Philippine Rice Research Institute (PhilRice), Verastigue, a farmer in Atimonan, Quezon, has doubled his rice yield to 6.6 metric tons per hectare from 3.3 metric tons per hectare using seeds distributed under RCEF.

"Receiving free certified inbred seeds was a big relief for us. We no longer worry about sourcing seeds because we're assured that new, high-quality inbred seeds with good yields will be provided through the program," Verastigue was quoted as saying by PhilRice, the main implementer of the RCEF seeds component.

For Joselyn Anda, another farmer-beneficiary, RCEF seeds component alone doubled her income to P30,000, based on the report by PhilRice.

Anda reduced her expenses by P1,800 after following the recommended seeding rate of 40 kilograms for one hectare of land, PhilRice said.

"Joining RCEF has led to a 50 percent reduction in our expenses, dropping from P20,000 to P10,000 per hectare," Juanito Oliquiano of Polillo, Quezon was also quoted as saying in a separate report.

But the same may not be said for all farmers.

Industry experts said the future of RCEF must embrace flexibility to address the emerging and unforeseen issue of all Filipino rice farmers.

As the experts noted, it will be a "challenge" for the reviewers to determine the success of RCEF – and its future beyond 2024.

"After all the funds and interventions, it seems that rice farmers are still poor," Ditas Macabasco, a senior agribusiness specialist at UA&P-CFA said.



Inflation quickens to 3.4% in Feb

By LOUELLA DESIDERIO

Inflation quickened to a two-month high of 3.4 percent in February from 2.8 percent in January, snapping four straight months of decline amid faster upticks in food prices such as rice and meat and transport costs.

The February inflation print, however, was lower than the 8.6 percent booked in the same month last year and was within the 2.8 percent to 3.6 percent forecast of the Bangko Sentral ng Pilipinas (BSP).

Prior to the pick-up last month, the rate of increase in the average prices of consumer goods and services has been declining since September 2023.

National Statistician Dennis Mapa said in a press briefing yesterday the uptrend in inflation was driven by food and non-alcoholic beverages, which posted an inflation rate of 4.6 percent in February from 3.5 percent in the previous month.

Food inflation went up to 4.8 percent from 3.3 percent due to higher rice and meat prices.

Rice posted a higher inflation rate of 23.7 percent in February from the previous month's 22.6 percent.

Mapa said the February rice inflation was the highest since the 24.6 percent recorded in February 2009.

World market prices of rice have been rising and all three classifications of the staple tracked by the Philippine Statistics Authority also posted increases, Mapa said.

"Assuming no reduction in the price,

Headline Inflation Rates in the Philippines, All Items (2018=100)



Source: Philippine Statistics Authority, Retail Price Survey of Commodities for the Generation of Consumer Price Index

and the movement will continue, we should be expecting high rice inflation until July or August this year," Mapa said.

Meat recorded a 0.7 percent increment in February after easing by 0.7 percent in January.

The transport commodity group was cited as another driver of the higher headline inflation rate as the index registered a 1.2 percent increase from a 0.3 percent decline.

Housing, water, electricity, gas and other fuels also contributed to the uptrend as it recorded a faster uptick of 0.9 percent in February from the previous month's 0.7 percent.

National Economic and Development

Authority Secretary Arsenio Balisacan said the government would continue to monitor food supply and prices and implement policies to ensure affordable and adequate food especially for the most vulnerable sectors.

"As we navigate the economic landscape, it is imperative that we remain vigilant and proactive in our approach to managing inflationary pressures. While we have seen some relief from certain inflation risks, we must not become complacent. The potential impact of a strong El Niño weather pattern on food prices is a significant concern for our community," Balisacan said.

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Inflation From B1

Balisacan said the government is coming up with strategies to respond to the challenges.

While international rice prices have started to ease and local supply is expected to increase with the dry season harvest beginning this month through April, he said the Department of Agriculture is working closely with the International Rice Research Institute to increase the country's rice production.

The NEDA also said the next phase of the test for the African swine fever vaccine is awaiting Food and Drug Administra-

tion approval.

This vaccine, once proven effective, will be rolled out to help ensure adequate pork supply in the country.

ING senior economist Nicholas Mapa said the February inflation print was driven in large part by another supply side shock with food inflation reversing to accelerate.

For the coming months, he said "the direction of inflation will be driven largely still by supply side factors and thus we will have to brace for episodes of sharp shifts and reversals as supply constraints remain unaddressed."

Oxford Economics economist Makoto

Tsuchiya said the latest inflation outturn is not seen as the start of a significant re-acceleration in prices, as the upside came from the supply side.

Tsuchiya said the demand side inflationary pressures are limited.

"With the economy set to slow this year amid soft external demand and the lagged impact of monetary policy, we don't see a strong risk of demand-pull inflation," he said.

Diwa Guinigundo, former BSP deputy governor and now country analyst at GlobalSource Partners, said the central bank is likely to avoid moving too fast in easing its current monetary stance.



HIGH RICE PRICES CITED IN 3.4% FEB INFLATION

By CAI U. ORDINARIO
X@caiordinario

POOR Filipinos disproportionately bore the burden of high rice prices in February, according to Tuesday's latest inflation data released by the Philippine Statistics Authority (PSA).

Inflation for All Income Households accelerated to 3.4 percent (See: <https://businessmirror.com.ph/2024/03/05/inflation-faster-at-3-4-in-february/>) while the increase in commodity prices for the Bottom 30 percent reached 4.2 percent in February 2024.

National Statistician Claire Dennis S. Mapa said rice prices accounted for 49 percent or 1.6 percentage points of the inflation of all income households and 79 percent or 3.3 percentage points of the 4.2 percent inflation experienced by the poorest Filipinos.

"Because, of course, as I've been explaining in the past press conferences, rice has a huge weight on the bottom 30 percent compared to the all-income households," Mapa said. "The increase in rice price really has a big impact on our headline inflation and the inflation for the bottom 30 percent," he added, speaking partly in Filipino.

Rice has a weight of 8.87 percent in the Consumer Price Index (CPI) of All Income Households and 17.87 percent in the index for the Bottom 30 percent of Filipino households.

In February, Mapa said rice inflation increased 23.7 percent and 26.3 percent for All Income and Bottom 30 percent households, respectively.

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Inflation...

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"Assuming there is no reduction in the price, and the movement will continue, we should be expecting high rice inflation July or August this year," Mapa said.

"[Rice inflation in] July 2023 is about 4.2. August 2023 is 8.7, slightly higher. And then, in September, that's when we saw double digit. So, well, I thought, July, August, better if it is early," he added.

In terms of price per kilo, Mapa said regular-milled, well-milled, and special rice categories all exhibited double-digit increases year-on-year and single-digit growth month-on-month.

For regular milled rice, the average price in February 2024 was P50.44 per kilo, a 27.2-percent increase from the P39.65 per kilo posted in February 2023.

On a month-on-month basis, regular milled rice prices increased 1.6 percent from the average of P49.65 per kilo in January 2024.

Mapa said well-milled rice prices increased 27.1 percent to P55.93 per kilo in February 2024 from P43.99 per kilo in February 2023. The increase was 1.9 percent from the P54.91 per kilo recorded in January 2024.

Special rice, meanwhile, averaged P64.42 per kilo in February 2024, a 19.5-percent

growth from the P53.89 per kilo average price recorded in February 2023. There was also an uptick of 0.8 percent from the P63.9 per kilo average posted in January 2024.

"Well, first, as I mentioned, and it's still... we can still see that rice prices in the world market continue to rise. So, that's where prices are really going up. Of course, we have a tight supply, but it would follow the movement of rice prices in the world market," Mapa said.

DTI, DOF chiefs weigh in

BACKED by "robust" fiscal and monetary policies, the Philippines is "well-prepared" to weather inflationary pressures, according to Trade and Industry Secretary Alfredo E. Pascual.

"While the uptick in inflation rate requires our attention, it is crucial to understand it within the broader context of our dynamic global and domestic economic environments," Pascual said in a statement on Tuesday.

"Underpinned by robust fiscal and monetary policies, we are well-prepared to navigate through these inflationary pressures. We remain steadfast in our balanced approach to economic management — sustaining economic growth while ensuring price stability," added the Trade chief.

The Trade department said the February inflation figure is still within the government inflation rate target which is within 2 and 4 percent.

For his part, Finance Secretary Ralph G. Recto announced government's proactive tack to prepare for further inflationary pressure from the impact of the El Niño phenomenon. **Full story in B3 Banking, "DOF preps vs dry spell's inflation jolt."**

Maintaining rates

THE Bangko Sentral ng Pilipinas (BSP) said the latest inflation print is within its expectations, which ranged from 2.8 percent to 3.6 percent.

However, the central bank expects the El Niño phenomenon to impact the country's agricultural production adversely. Besides food, factors that would increase inflation in the second quarter of 2024 include higher transport charges, electricity rates and oil prices.

In February 2024, transport inflation increased to 1.2 percent on the back of the increase in passenger transport services, which grew by 2.8 percent.

Mapa said this is not only due to high oil prices but also toll facilities which posted an inflation of 7 percent, and inflation in other passenger transport by road, at 2.9 percent. Motorcycle inflation also increased by 2.9 percent.

"The risks to the inflation outlook have receded but remain tilted toward the upside," BSP said on Tuesday. "The implementation of government measures to mitigate the impact of El Niño weather conditions is the primary

downside risk to the outlook."

Recent statements by BSP Governor Eli M. Remolona Jr., Global Source Partners Country Analyst Diwa Guinigundo, already gave a clue to the stance of the BSP on key policy rates.

Guinigundo said he expects the BSP to continue maintaining its tight monetary policy. He said "El Niño is a game changer" that affected the country's food production, leading to more expensive food items.

"We believe that BSP will remain steadfast and consistent with data-driven perspective—that it will avoid moving too fast in easing its current monetary stance unless the evidence is clearcut that the downtrend is fully established," Guinigundo said.

"The BSP will only move when the forecasts for the next 12 months to 18 months convincingly fall within the 2 percent to 4 percent official target," he added.

HSBC economist for the Asean Aris Dacanay expects as much and said the BSP's inflation 2 to 4 percent target may be reached by the third quarter of 2024.

Dacanay said the second quarter of the year "will likely still be a sensitive period" and may keep the country's key policy rate pegged at 6.5 percent longer than expected.

"Market jitters may add up as inflation nears the upper-bound target of 4 percent, more so with risks tilted to the upside as authorities mull a potential P100 across-the-board wage hike," Dacanay said.

"Growth isn't providing any pressure on the BSP to rush its easing cycle, with the Philippines being the fastest-growing economy in Asean for 2023," he added.

Efforts underway

DESPITE the uptick in inflation, BSP said it supports the national government's efforts to contain the rise in commodity prices.

The National Economic and Development Authority (Neda) assured the public that the government is intensifying its efforts to mitigate the effects of the El Niño and help keep the inflation rate within target.

Balisacan said the government will continue monitoring food supply and prices. It will implement policies and strategies to ensure affordable and adequate food for Filipino families, especially those from the most vulnerable sectors.

"While we have seen some relief from certain inflation risks, we must not become complacent. The potential impact of a strong El Niño weather pattern on food prices is a significant concern for our community. Rising transportation costs, electricity rates, and volatile oil markets are putting pressure on household finances," Balisacan said.

"Our team is actively formulating robust strategies with the concerned agencies in response to these challenges. We must be agile, adaptive, and forward-thinking," he added.

He added that international rice prices have started to ease, and local supply is expected to increase with the dry season harvest, beginning this month through April.

Balisacan also said the Department of Agriculture (DA) is collaborating closely with the International Rice Research Institute to increase the country's rice production.

Meanwhile, the next phase of the vaccine test for African Swine Fever (ASF) is awaiting Food and Drug Administration approval.

Once the ASF vaccine is proven efficacious, the government will roll out a vaccination campaign to help ensure adequate pork supply in the country. **With Andrea E. San Juan**



editorial

Challenges plague PHL fisheries sector as growth target remains elusive

MORE than a decade ago, the government considered a modest increase in fisheries production a feasible target. The former chief of the Bureau of Fisheries and Aquatic Resources (BFAR) in 2008 told this newspaper that the agency attached to the Department of Agriculture (DA) expected fisheries output to increase by around 7 percent. The only major threat to the target seen by the government at the time were natural disasters, such as typhoons, which could destroy fish pens and small- and medium-sized fishing vessels.

Prior to the onslaught of Typhoons Frank, Karen, and Nina, the DA had even projected that fish production in 2009 would grow by 10 percent to 5.7 million metric tons (MMT). Because of the typhoons, BFAR had to scale down the target. This is because scores of commercial fishing vessels in Region 6 were destroyed by the typhoons.

A double-digit growth target for Philippine fisheries output these days is almost like an impossible dream, based on the performance of the subsector in recent years. Data from the Philippine Statistics Authority (PSA) showed that the total volume of fisheries production in 2023 declined by nearly 2 percent to 4.26 MMT, from 4.34 MMT in 2022. PSA noted decreases in the catch of commercial, marine, municipal fisheries, and inland fisheries subsectors and that only aquaculture reported an increment in production.

A combination of factors led to the current state of the country's fisheries subsector. Apart from natural calamities, policies such as fishing bans and the utilization of harmful fishing equipment have had an impact on the catch of fishermen. Furthermore, the proliferation of illegal, unregulated, and unreported (IUU) fishing practices has intensified the challenges faced by our local fishermen.

To stem the tide against illegal and overfishing and protect the country's remaining marine and aquatic resources, the Philippine government submitted Manila's ratification of the World Trade Organization Fisheries Subsidies Agreement (FSA). The Philippines is the 70th member to accede to the FSA, which aims to safeguard the world's depleting fish stocks and curb harmful subsidies. (See, "**PHL accedes to WTO accord against harmful fish subsidies**," **BUSINESSMIRROR**, February 29, 2024). The country's Instrument of Ratification was submitted to WTO Director-General Ngozi Okonjo-Iweala at the 13th WTO Ministerial Conference (MC13) in Abu Dhabi on February 27.

Article 3.1 of the Agreement on Fisheries Subsidies Ministerial Decision provides that "no member shall grant or maintain any subsidy to a vessel or operator engaged in illegal, unreported and unregulated fishing or fishing related activities in support of IUU fishing." It also indicates that no member will grant or maintain subsidies for fishing or fishing-related activities for an overfished stock.

For the fishing pact to enter into force, two-thirds or 110 of WTO members must formally accept the Protocol of the Agreement on Fisheries Subsidies by depositing an "instrument of acceptance" with the intergovernmental organization. The WTO needs 40 more countries to ratify and formally accept the agreement before it goes into effect. Countries that rely on their marine resources for food would have to wait a little longer before they can tap the FSA to protect their fish stocks.

This even though negotiations on removing harmful subsidies at the WTO were conducted for more than two decades. The world has already missed the 2020 deadline for eliminating IUU subsidies and for prohibiting certain forms of fisheries subsidies that contribute to overcapacity and overfishing under the Sustainable Development Goals of the United Nations. We hope it would not take another 20 years for the WTO agreement to come into force and arrest the decline in the world's marine resources.



Higher food prices push inflation to 3.1%

BY JIMMY CALAPATI

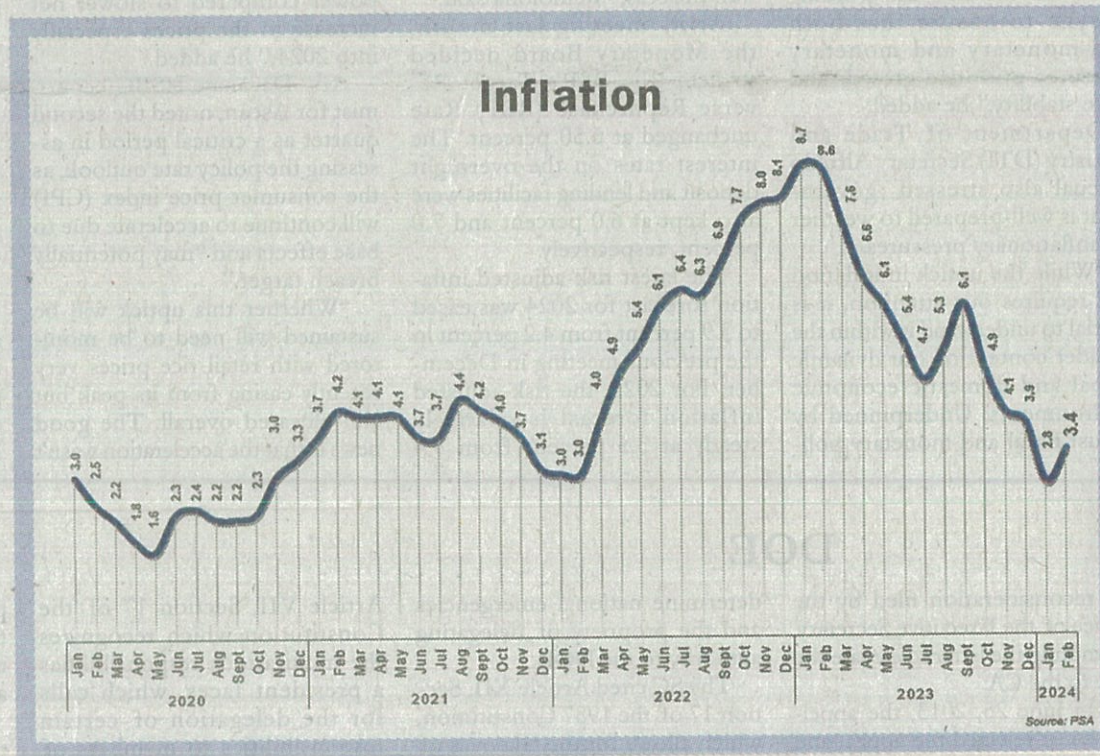
PRICES of food and non-alcoholic beverages increased at a faster pace in February, bringing inflation to 3.4 percent, higher than the previous month's 2.8 percent.

The Philippine Statistics Authority said the uptrend in the overall inflation was primarily influenced by the higher year-on-year increase in the heavily weighted food and non-alcoholic beverages index.

Claire Dennis Mapa, national statistician and civil registrar general, said the index jumped to 4.6 percent last month from 3.5 percent in the previous month.

He added that annual increase of transport and utilities also contributed to the uptrend.

"The top three commodity groups contributing to the February 2024 overall inflation were food and non-alcoholic beverages with 52.1 percent share,



restaurants and accommodation services with 15.3 percent share and housing, water, electricity, gas and other fuels with 5.8 percent share," Mapa said.

In contrast, seven commodity groups registered lower inflation rates during the month — clothing and footwear; furnishings, household equipment and routine household maintenance; health; information and communication; recreation, sport and culture; restaurants and accommodation services; and personal care, and miscellaneous goods and services.

"The indices of education services and financial services retained their previous month's annual increment of 3.8 percent and annual decrease of 0.6 percent, respectively," Mapa said.

Core inflation, which excludes selected food and energy items, slowed down to 3.6 percent in February 2024 from 3.8 percent in the previous month.

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HIGHER

Possible acceleration

Eli Remolona, Bangko Sentral ng Pilipinas (BSP) governor, said the inflation outturn is consistent with the central bank's expectations inflation will likely remain within the target range of between 2 and 4 percent due largely to negative base effects, but could temporarily accelerate from the second quarter due to the adverse impact of El Niño weather conditions on agricultural production.

"The risks to the inflation outlook have receded but remain tilted toward the upside. The upside risks to the inflation forecasts are linked mainly to higher transport charges, increased electricity rates, higher oil and domestic food prices, and the additional impact on food prices of a strong El Niño episode. Meanwhile, the implementation of government measures to mitigate the impact of El Niño weather conditions is the primary downside risk to the outlook," Remolona said.

National Economic and Development Authority Secretary Arsenio Balisacan, however, said the government is intensifying its efforts to mitigate the effects of the El Niño phenomenon and help keep the inflation rate

within target.

"As we navigate the economic landscape, it is imperative that we remain vigilant and proactive in our approach to managing inflationary pressures. While we have seen some relief from certain inflation risks, we must not become complacent. The potential impact of a strong El Niño weather pattern on food prices is a significant concern for our community. Rising transportation costs, electricity rates, and volatile oil markets are putting pressure on household finances. Our team is actively formulating robust strategies with the concerned agencies in response to these challenges. We must be agile, adaptive, and forward-thinking," the government's chief economic planner stated.

He added international rice prices have started to ease, and local supply is expected to increase with the dry season harvest beginning this month through April.

Balisacan also said the Department of Agriculture is collaborating closely with the International Rice Research Institute to increase the country's rice production.

El Niño 'til May

Finance Secretary Ralph Recto

said the government is proactively preparing to mitigate the effects of El Niño on inflation, which is forecasted to peak this month and persist until May.

"The government has a comprehensive plan in place – the Reduce Emerging Inflation Now or REIN – to keep the prices of goods and services stable and affordable. The deliberate implementation of REIN will help us keep the inflation rate within manageable levels, especially with the looming threat of El Niño," Recto said.

"...reducing inflation and protecting the purchasing power of Filipinos is a top priority of this administration. The government and the BSP are working in sync to ensure that both non-monetary and monetary measures prioritize growth and price stability," he added.

Department of Trade and Industry (DTI) Secretary Alfredo Pascual also stressed government is well-prepared to weather the inflationary pressures.

"While the uptick in inflation rate requires our attention, it is crucial to understand it within the broader context of our dynamic global and domestic economic environments. Underpinned by robust fiscal and monetary poli-

cies, we are well-prepared to navigate through these inflationary pressures. We remain steadfast in our balanced approach to economic management – sustaining economic growth while ensuring price stability," Pascual said.

To keep or to cut

Remolona said the policymaking Monetary Board deems it appropriate "to keep the BSP's monetary policy settings unchanged in the near term" amid the improvement in inflation conditions.

"The BSP also continues to support the National Government's non-monetary measures to address supply-side pressures on prices and sustain the disinflation process," Remolona said.

At its meeting last month, the Monetary Board decided to keep the BSP's Target Reverse Repurchase (RRP) Rate unchanged at 6.50 percent. The interest rates on the overnight deposit and lending facilities were also kept at 6.0 percent and 7.0 percent, respectively.

The latest risk-adjusted inflation forecast for 2024 was eased to 3.9 percent from 4.2 percent in the previous meeting in December. For 2025, the risk-adjusted inflation forecast is relatively steady at 3.5 percent from 3.4

percent.

Michael Ricafort, Rizal Commercial Banking Corp. chief economist, said further local policy rate pause or even rate cut could already be possible for the coming months.

"Supply-side inflation factors would be better addressed by non-monetary measures to increase the supply and to lower tariffs and prices of local food and other agricultural products," Ricafort said.

"Inflation already back to within the central bank's target range of 2 percent to 4 percent would further support the economic recovery narrative, amid the faster growth in purchasing power compared to slower net increase in the prices especially into 2024," he added.

Aris Dacanay, HSBC economist for Asean, noted the second quarter as a critical period in assessing the policy rate outlook, as the consumer price index (CPI) will continue to accelerate due to base effects and "may potentially breach target."

"Whether this uptick will be sustained will need to be monitored with retail rice prices very recently easing from its peak but still elevated overall. The good news is that the acceleration wasn't

broad based. Most of the other components of the CPI basket decelerated except for transport, which was widely expected to accelerate due to unfavorable base effects," Dacanay said.

"We do expect headline CPI to climb even further and potentially breach the BSP's 2-4 percent target band sometime in the second quarter. Market jitters may add up as inflation nears the upper-bound target of 4.0 percent, more so with risks tilted to the upside as authorities mull a potential P100 across-the-board wage hike. That said, the February CPI figure poses an upside risk to our baseline forecast of the BSP beginning its easing cycle at the same time as the Fed in June," added Dacanay.

However, Dacanay said if inflation tilts to the upside again or risks to inflation materialize during that period, the central bank may instead cut after the Fed, keeping the BSP rate at 6.50 percent for a longer period than expected.

"Supporting this view is the fact that growth isn't providing any pressure on the BSP to rush its easing cycle with the Philippines being the fastest growing economy in Asean for 2023," Dacanay said.



Prices of rice, pork to go down soon: DA

THE Department of Agriculture (DA) expects retail prices of rice and pork to stabilize soon.

The DA said peak of harvest season of palay nears while vaccines against African swine fever (ASF) are expected to arrive soon. This is seen encouraging local hog raisers to increase production.

Arnel de Mesa, DA spokesperson, said at the Bagong Pilipinas Ngayon public briefing yesterday, the prevailing price of regular milled and well-milled rice last January stood at P52 per kg and went down to around P49 per kg in February.

"We expect rice prices to further go down. Local harvest of rice has started this March and

will peak until April. We expect the farm gate price of palay to go down and eventually, retail price too," de Mesa added.

The DA said the effect of the prevailing El Niño to local crops, particularly rice, is still minimal.

De Mesa said based on latest data, 6,000 to 7,000 hectares or about 0.5 percent of the total area planted to rice has been affected by El Niño which is "very small in terms of total rice area."

"In terms of production, that is only about 0.11 percent. The effect is not that much since we are already harvesting. The... worst effects did not occur during

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PRICES

the productive stage of palay," de Mesa said.

The DA is hopeful ASF vaccine from the United States and Vietnam will pass the standards of the Food and Drug Administration within the year until early 2025 to allow its widespread use in the country.

"Still, it is expected that price of pork will stabilize. Based on data from the PSA (Philippine Statistics Authority), local production of pork is good as more raisers have already recovered from their losses even with the continued spread of

ASF in the country," de Mesa said.

"ASF is still present and movement protocols are becoming an issue, especially in the Visayas and in Mindanao. However, this was already discussed in a previous meeting with stakeholders to resolve movement protocols," de Mesa added.

Based on DA's monitoring of public markets in the National Capital Region, the price as of yesterday of local well-milled rice is between P45 and P58 per kg and regular milled, P50 per kg.

The price of imported well milled rice is at P50 to P55 per kg, while the price range of imported regular milled rice is at P50 to P51 per kg.

Imported rice ranges from P57 to P65 for the special variety and P50 to P65 for premium.

For local rice, the special variety costs P56 to P65 per kg and premium, P50 to P61 per kg.

Price ranges of pork kasim and pork liempo are at P290 to P370 per kg and P340 to P420 per kg, respectively.



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Sulat kay Editor

Presyo ng bigas

Dear Editor,
Muling tumaas sa 3.4% ang inflation nitong Pebrero mula sa 2.8% noong Enero, ayon sa ulat ng Philippine Statistics Authority (PSA) nitong Martes. Ang inflation ay ang bilis ng pagtaas ng presyo ng biling at serbisyo sa bansa. Sabi ng ahensiya, muling sumirit ang inflation dahil sa naitalang 23.7% inflation rate ng bigas nitong Pebrero. Nakalulungkot isipin na ang presyo ng bigas ang itinuturong dahilan ng pagsirit ng inflation gayung napakalawak ng ating mga bukirin para pagtaniman nito.

Ang isa pang nakakadis-maya ay ang National Food Authority (NFA) na nakaladkad sa kontroberya ng pagbenta ng stock ng bigas sa dalawang trader. Umaabot sa 75,000 sako ng bigas ang kanilang binenta sa halagang P93.75

milyon na katumbas ng P1,250 bawat sako. Ipina-rebag daw ito upang walang tatak ng NFA kapag binenta na ito sa publiko. Isinagawa ang transaksyon nang walang bidding, ibig sabihin ay pinili lamang ang dalawang mapalad na rice trader.

Noong mga nagdaang administrasyon, pinangarap na maging self sufficient sa bigas ang Pilipinas upang hindi na tayo umangkat nito sa abroad. Pero nang ipairal ang Rice Tariffication Law, bumaha na ang mga imported na bigas pero hindi pa rin ito nagpababa sa presyo nito sa pamilihan. Ibig sabihin nito, may mali sa sistema at habang hindi ito nasosolusyunan ay patuloy na tataas ang presyo nito sa pamilihan. Kawawang mga Pinoy!

Concerned citizen



Inflation accelerates to 3.4% in Feb.

By Luisa Maria Jacinta C. Jocson
Reporter

HEADLINE INFLATION accelerated for the first time in five months in February as prices of food, particularly rice, rose faster than expected, according to pre-

liminary data from the Philippine Statistics Authority (PSA).

Data released by the PSA on Tuesday showed that the consumer price index (CPI) quickened to 3.4% in February from 2.8% in January but slower than the 8.6% print a year ago.

The February print was above the 3% median estimate in a

BusinessWorld poll of 16 analysts conducted last week.

However, it settled within the Bangko Sentral ng Pilipinas' (BSP) 2.8-3.6% forecast for the month and marked the third straight month that inflation was within the 2-4% target range.

Month on month, inflation quickened by 0.6%. Stripping out

seasonality factors, month-on-month inflation rose by 0.9%.

For the first two months of 2024, headline inflation averaged 3.1%. This was lower than the BSP's 3.6% full-year baseline forecast.

"This inflation outturn is consistent with the BSP expectations that inflation will

likely remain within the target range in the first quarter of 2024 due largely to negative base effects," the central bank said in a statement.

"However, inflation could temporarily accelerate above the target range in the second quarter 2024 due to the adverse impact of El Niño weather con-

ditions on agricultural production and positive base effects," it added.

Core inflation, which excludes volatile prices of food and fuel, rose by 3.6% in February year on year. This was slower than 3.8% in the previous month and 7.8% a year ago.

Inflation, S1/3



Inflation, from SI/1

National Statistician Claire Dennis S. Mapa said February inflation was mainly driven by the faster annual increase in the heavily weighted index for food and nonalcoholic beverages.

The index accelerated to 4.6% in February from 3.5% in the previous month but was slower than the 10.8% clip a year earlier.

Food inflation alone quickened to 4.8% from 3.3% in January, mainly driven by rice. However, this was slower than the 11.1% logged in 2023.

RICE PRICES

"Rice inflation, just to give you an idea, contributed 1.6 percentage points of the 3.4% (headline inflation), so that's about 47%. Almost half of our inflation is from rice," Mr. Mapa said.

Rice inflation surged to 23.7% in February from 22.6% in January and 2.2% in the same month a year ago. It also marked the fastest print for rice inflation since the 24.6% recorded in February 2009.

"This is the major contributor to overall inflation and inflation of the bottom 30% income households," Mr. Mapa added.

Prices of regular milled, well-milled and special rice also saw faster price increases on a year-on-year and month-on-month basis, according to the agency.

The average price of a kilogram of regular milled rice rose to P50.44 in February from P49.65 in the previous month and P39.65 a year earlier; well-milled rice increased to P55.93 from P54.91 a month ago and P43.99 in the previous year; and special rice averaged P64.42 from P63.9 in January and P53.89 a year ago.

Mr. Mapa said rice inflation continued to quicken due to tight supply and continued high prices in the world market as well as base effects.

Manulife Investment Management and Trust Corp. Head of Fixed Income Jean Olivia De Castro said rice prices may continue to spike in the coming months.

"While lower tariff rates, an increase in rice imports, and the harvest season should help cap the continued rise in prices, we expect them to remain elevated as export restrictions remain from India, the world's biggest supplier, and as importing countries increase purchases to combat the effects of El Niño, which could last until mid-year," she said in a commentary.

The acceleration of food inflation was also overall driven by the cereals and cereal products index, which jumped to 17% from 16.3% in the previous month and 5.2% a year ago.

Meanwhile, inflation of vegetables, tubers, plantains, cooking bananas and pulses saw a 11.1% decline during the month from the 20.8% drop in the previous month. In 2023, the index accelerated by 33.1%.

The index for meat and other parts of slaughtered land animals inched up to 0.7%, slower than the 6.5% print a year ago.

"One of the contributors to this inflation is the price of pork. Last month, the index posted negative inflation and now there is positive inflation," Mr. Mapa added.

PSA data showed that transport inflation also contributed to the uptrend in February inflation.

Transport inflation rose to 1.2% during the month from the 0.3% decline in January but was much slower than the 9% print in the year prior.

Mr. Mapa said this was driven by an uptick in the operation of personal transport equipment, which includes fuel and toll facilities, as well as passenger transport services and purchase of vehicles, namely motorcycles.

In February alone, pump price adjustments stood at a net increase of P1.05 a liter for gasoline, P1.55 a liter for diesel and P0.35 a liter for kerosene.

Inflation for housing, water, electricity, gas and other fuels also rose to 0.9% in February from 0.7% a month earlier but was slower than the 8.6% a year ago.

Manila Electric Co. (Meralco) earlier said that the overall rate for a typical household rose by P0.5738 to P11.9168 per kilowatt-hour (kWh) in February from P11.3430 in the previous month.

Bank of the Philippine Islands in a commentary said that the increase in the cost of utilities and transport has been "marginal" as global oil prices have remained stable in recent months.

Meanwhile, the inflation rate for the bottom 30% of income households rose to 4.2% in February from P3.6% in the previous month. However, this was slower than the 9.7% a year ago.

In the first two months, the inflation rate averaged 3.9% for the bottom 30%.

In the National Capital Region (NCR), inflation quickened to 3.2% in February from 2.8% in January. Inflation in areas outside NCR accelerated to 3.5% from 2.8%.

POLICY SIGNALS

With the uptick in February inflation, the BSP said it sees the need to keep policy settings steady in the near term.

"Looking ahead, the Monetary Board deems it appropriate to keep the BSP's monetary policy settings unchanged in the near term amid the improvement in inflation conditions," it said.

The BSP has kept its benchmark rate steady at a near 17-year high of 6.5% in February for a third straight meeting. The cen-

tral bank has raised borrowing costs by 450 basis points (bps) from May 2022 to October 2023.

BSP Governor Eli M. Remolona, Jr. earlier said that any policy easing moves in the first semester may be "too soon."

BPI said that the acceleration in February inflation affirms the BSP's hawkish stance in the past months.

"While inflation has gone down recently, there are lingering risks on the upside. Maintaining a hawkish tone is crucial in order to temper inflation expectations and prevent a cycle of rising prices, especially considering ongoing supply issues affecting rice," it said.

The central bank may keep rates steady for the first half before possibly cutting rates by the second semester once inflation is firmly within target, it added.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said that February inflation will likely prompt the BSP to extend its pause.

"Mr. Remolona has been telegraphing an eventual rate cut towards the latter half of the year, likely waiting for inflation to show 'convincing' signs of staying well within target," he said in a note.

"If inflation manages to stay relatively subdued and the Fed finally starts to ease, we expect the BSP to likewise begin its easing cycle to give economic growth added support in the face of challenging global headwinds," he added.

HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris Dacanay said that if inflation quickens or risks to inflation materialize in the second quarter "there is a risk that the BSP will instead cut after the Fed, keeping the BSP rate at 6.5% for a longer period than we expect."



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DTI says gov't remains focused on price stability as inflation hits 3.4%

THE Department of Trade and Industry (DTI) said on Tuesday that the government is "prepared" to deal with the inflation uptick to 3.4% in February and assured that it remains focused on keeping prices stable.

"While the uptick in the inflation rate requires our attention, it is crucial to understand it within the broader context of our dynamic global and domestic economic environments," Trade Secretary Alfredo E. Pascual said in a statement.

"Underpinned by robust fiscal and monetary policies, we are well-prepared to navigate through these inflationary pressures. We remain steadfast in our balanced approach to economic management — sustaining economic growth while ensuring price stability," he added.

The Philippine Statistics Authority reported on Tuesday that consumer price index growth accelerated to 3.4% in February from 2.8% in January, due to higher food prices, particularly rice.

"This inflation figure is still within the government inflation target, which is within 2% to 4%," the Trade department said.

Earlier this year, the DTI said that it expects prices of basic necessities and prime commodities (BNPCs) to increase 6% this year, lower than the 10% in 2023.

The DTI is working on the price adjustment applications for 63 SKUs (stock keeping units), including canned sardines, processed milk, coffee, bread, instant noodles, bottled water, canned meat, condiments, soap, candles, batteries, and other items covered by the suggested retail price (SRP) scheme.

On Jan. 12, the DTI announced the completion of the review of price adjustment applications for nine SKUs, while another round of approvals was rolled out for nine SKUs on Jan. 17.

The DTI hopes to approve all the pending price adjustment applications this month, which is also when it plans to release an updated SRP bulletin. — **Justine Irish D. Tabile**



LOSSES AT P58M; AID READIED FOR FARMERS

DROUGHT, PEST RUIN CROPS IN PAMPANGA

CITY OF SAN FERNANDO— The drought and pest infestation triggered by the El Niño weather phenomenon damaged crops worth P57.5 million in Pampanga, a local official reported on Tuesday.

In a report, provincial agriculturist Jimmy Manliclic said the drought and brown plant hoppers (BPH) affected 814 rice and vegetable growers cultivating 1,230 hectares in the province.

The drought alone ruined P7.6 million worth of crops grown by 158 farmers in 254.8 ha in Mexico, Minalin, Apalit, Macabebe and Sta. Rita towns.

BPH infested 33 barangays

in San Luis, Mexico, Sta. Ana, Candaba, San Simon, Apalit and Floridablanca, damaging P49.9 million worth of crops in 975.2 ha tended by 656 farmers.

"Drought stress also weakens crops, making them more susceptible to pest infestations," Manliclic said in the same report.

The provincial disaster risk reduction and management council (PDRRMC) approved the realignment of P20 million to the El Niño response program, raising the initial budget to prepare and respond to impending disaster to P51 million, said Pineda, the PDRRMC chair. —**TONETTE OREJAS INQ**



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'Inflation uptick far from over'

By LOUISE MAUREEN SIMEON

The uptick in inflation is far from over as more expensive commodity prices could last until the second quarter, with the government ramping up efforts to ensure food security amid threats of El Niño.

In a recent commentary, Manulife Investment Management and Trust Corp., a subsidiary of insurance firm Manulife, said inflation may continue accelerating again as base effects dissipate, at least until end-June.

Inflation rose to 3.4 percent in February from 2.8 percent in January, effectively halting four straight months of decline. Nonetheless, this was within the target band of the Bangko Sentral ng Pilipinas (BSP).

Manulife head of fixed income Jean de Castro explained that upside risks to inflation may stem from elevated rice prices and continued increases in global oil prices.

Oil prices have increased by over eight percent in the past two months due to supply cuts by the Organization of Petroleum Exporting Countries, conflict in the Middle East and Houthi attacks on shipping lines in the Red Sea.

"While lower tariff rates, an increase in rice imports and the harvest season should help cap the continued rise in prices, we expect them to remain elevated,"

De Castro said.

"This as export restrictions remain from India and as importing countries increase purchases to combat effects of El Niño, which could last until mid-year," she said.

Factors such as El Niño have impacted major rice-exporting countries such as Thailand and importers alike, creating supply-demand imbalances.

Additionally, export curbs in India, the largest rice exporter, contributed to a surge in global prices.

As such, the Department of Finance maintained that the government is proactively preparing to mitigate the effects of El Niño on inflation, which is forecast to peak this month and persist until May.

Finance Secretary Ralph Recto said the implementation of the Reduce Emerging Inflation Now (REIN) plan will help keep inflation within manageable levels.

Recto said that the quick execution of the 2024 budget would enable the timely implementation of measures aimed at enhancing agricultural production.

The government will likewise continue the distribution of fertilizer discount vouchers to sustain crop production while it continues to explore more rice trade agreements for a stable supply of rice.

Apart from ongoing rice trade deals with India and Vietnam, the government

is in talks with Cambodia.

"We are also ensuring timely and sufficient imports of key commodities based on more frequent analysis of demand and supply conditions while combating anti-competitive practices," Recto said.

Further, the government will soon release the guidelines for the implementation of the toll hike exemption for trucks catering to agricultural goods.

Manulife head of equities Mark Canizares, for his part, maintained that easing inflation will be positive for the country's macroeconomic growth as stable prices would give the BSP room for its policy settings to be more accommodative.

"It would create a more conducive environment for corporations to expand businesses while consumer spending can further accelerate," he said.

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Presyo ng bigas nagpasirit sa inflation

TUMALON sa 3.4% ang inflation nitong Pebrero mula sa 2.8% ng Enero, ayon sa Philippine Statistics Authority (PSA).

Sabi ni PSA Undersecretary Dennis Mapa, umakyat ang inflation dahil sa pagsirit ng presyo ng bigas. Nagtala ng inflation rate na 23.7% ang bigas nitong Pebrero, ang pinakamataas nito mula Pebrero 2009 nang umabot sa 24.6% ang inflation rate ng bigas.

"Yong bigas, siya

'yong trigger talaga. It was already high in January,

nakita nating mas mataas pa ngayong Pebrero," sabi ni Mapa kahapon.

Ang inflation rate ay ang bilis na pagtaas ng presyo ng mga bilingin at halos kalahati ng inflation nung Pebrero ay dahil lamang sa bigas.

Babala ni Mapa, mananatiling mataas ang inflation ng bigas hanggang sa Hulyo o Agosto

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sapagkat mataas pa rin ang presyo ng bigas sa world market at ipit pa ang suplay nito sa bansa.

Sumirit ang inflation rate ng bigas nitong Pebrero sa 23.7%, ang pinakamataas na inflation rate ng bigas mula Pebrero 2009 nang itinala ito sa 24.6%, sabi ni Mapa. **(Eileen Men-cias)**



2ND BIGGEST PRODUCER

India's wheat ravaged by rain

MUMBAI- Untimely rainfall and hailstorms have battered winter-sown crops, including wheat, rapeseed, and chickpeas in India's main producing areas, delaying harvesting, industry and government officials told Reuters.

Adverse weather could limit growth in wheat production and complicate the government's efforts to build stocks.

This year's wheat harvest is critical for India, the world's biggest producer of the grain after China. Hot and unseasonably warm weather cut India's wheat output in 2022 and 2023, leading to a sharp drawdown in state reserves.

A third straight poor harvest will leave no choice for India but to import some wheat. The government has so far resisted calls for wheat imports - a seemingly unpopular step ahead of a general election early this year.

"The entire wheat crop has been flattened due to heavy rainfall and hailstorm. It was nearly mature, and we could have harvested it in two to three weeks," said Mukesh Kumar, a farmer from Uttar Pradesh, the country's largest producer of the grain.

The hailstorm will not only lead to production losses but will also increase harvesting expenses, as the crop cannot be harvested with a combine and instead need laborers, Kumar said.

Wheat production will certainly



A farmer working in a wheat field near Jaipur. (Reuters Photo)

be affected, as damage is reported in all wheat-producing states, from Punjab and Haryana in the north to Madhya Pradesh in central India, said a New Delhi-based trader with a global trade house.

The government last week said wheat production could rise by 1.3 percent from a year ago to a record 112 million tons, but traders now say production will be much lower than the estimate.

"Production could be down by

at least 2-3 million tons just because of one week's bad weather. Hot weather is expected in the second half of March. We don't know how much further stress it would put on the crop," said a Mumbai-based trader.

Like wheat, rapeseed and chickpeas were also cultivated mainly in northern states. Lower-than-expected rapeseed production may force the world's biggest edible oil importer to continue expensive

overseas purchases of palm oil, sunflower oil and soybean oil.

Rapeseed production is expected to be at least 5 percent lower than what the industry had anticipated before the crop was damaged by rainfall, said Anil Chatar, a trader based in Jaipur in the north-western state of Rajasthan.

"Rapeseed harvesting had begun in many places, but now it will be delayed due to the rainfall," he said. -Reuters



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World's biggest palm oil exchange to launch soy oil futures contract

KUALA LUMPUR- Bursa Malaysia Derivatives Exchange (BMD), the world's leading exchange for crude palm oil futures, will launch a soy oil futures contract on March 18 to facilitate arbitrage between soy oil and palm oil contracts, its chairperson said at an industry conference on Tuesday.

This would be the first non-palm based edible oil futures to be listed on Malaysia Bursa Derivatives, said Abdul Wahid Omar, after an

agreement with Dalian Commodity Exchange (DCE).

"Soy oil contract will enable market participants to seamlessly arbitrage between soybean oil and palm oil prices on the same platform," he said.

The BMD will use the settlement price of the soy oil futures contract on the DCE as the basis for calculating the settlement price for its new US dollar-denominated soy oil futures, he added.

Price movements in palm oil,

soy oil, sunflower oil and rapeseed oil depend on the price trends of other competing edible oils.

Currently, traders and refiners hedge their risk in various edible oils on different exchange platforms.

Currently, Chicago Mercantile Exchange (CME Group) which merged with the Chicago Board of Trade (CBOT), offers one of the most liquid soy oil futures contract that is used by the industry as a

benchmark.

The BMD's new soy oil contract appears attractive, but it may not be easy for BMD to garner large participation due to the already very active existing soy oil contracts offered by CBOT and DCE, said a Mumbai-based dealer with a global trade house.

"The new contract needs to bring a lot of participation and liquidity, which will eventually attract more people to trade the contract," the dealer said. - *Reuters*



Trader behind sugar prices falling to new lows, analysts say

NEW YORK- Sugar prices hit a 2024 low on Monday, with traders saying the move by Asian commodities trader Wilmar to deliver more than a million metric tons of sugar at ICE's March contract expiry last week, along with its following comments, were behind the slide.

Raw sugar prices have fallen sharply since the last trading day of the March contract on Feb. 29 and in the two following sessions, sinking to their lowest since Dec. 29 on Monday at 20.55 cents per pound.

"They (Wilmar) are trying to knock down the market, they are super bearish," said a top executive for a rival commodities trader, who asked not to be quoted as the theme is sensitive.

"They don't have all that sugar

to deliver," the executive added, referring to the fact that Wilmar, although an integrated player in other parts of the world, does not own sugar plants in Brazil where the delivery will take place.

"No doubt this delivery brings a negative tune to the market in the short term," said a second executive with another trade house.

Wilmar said it does not comment on its futures' trading.

Its head of sugar analysis, however, did comment earlier this month about the supply and demand situation.

Karim Salamon said Wilmar sees an increase supplies as sugar crops in India and Thailand are performing better than expected, and Brazilian mills are boosting sugar industrial capacity ahead of the new crop. - *Reuters*



Workers harvesting sugarcane in Kolhapur district in the western state of Maharashtra, India, November 30, 2023. (Reuters photo)



Soybeans, corn decline

BEIJING- Chicago soybean futures slipped on Tuesday, surrendering gains from the previous session, as bountiful supply from South America weighed on the market.

Corn and wheat futures also failed to sustain an overnight rise fueled by bargain buying.

The most-active soybean contract on the Chicago Board of Trade (CBOT) was 0.3 percent lower at \$11.51-1/2 a bushel, after rising 0.3 percent in the previous session.

Wheat fell 0.22 percent to \$5.62-3/4 a bushel after rising 1.1 percent on Monday.

CBOT corn fell 0.06 percent to \$4.29-3/4 a bushel after rising 1.2 percent in the previous session.

Corns and beans are getting support from dry forecast in South America while lower Russian and EU wheat prices continue to weigh on US wheat prices, Bergman Grains Research said in a note.

"The outlook for beans is more bearish than corn as US acres are expected to grow considerably and South American hedge pressure continues to weigh, but if corn can add value, beans will likely follow along," Bergman Grains added. - *Reuters*