

DevPulse

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Overcoming the **FOOD CRISIS**

Filipinos are now faced with the rapid rise in food prices. Government is doing all that it can to make food available, affordable and accessible for all.

Because of the global nature of the crisis, the government cannot solve this alone: all sectors should contribute to overcome this problem.

Causes of food crisis

High oil prices, a weak US dollar, tighter food supply, trade protectionism and rising demand for food are the primary causes for rising food prices, according to economists.

NEDA Deputy Director General (DDG) Augusto B. Santos said that as oil becomes more costly in the international market, retailers such as Petron, Shell and Total are forced to increase their prices. "Higher retail prices thus make transporting of food products and their inputs such as seeds, fertilizers, and pesticides more expensive," he explained, adding that the weaker dollar also pushes up the price of oil.

Specifically, international rice prices continue to surge from (a) increasing frequency of climatic disturbances hitting supply; (b) high cost of inputs; (c) increasing demand for rice brought about by rapid income growth in China, India and other Asian countries; (d) shortage of international rice supplies due to trade restrictions; and (e) decreasing global carryover stocks due to imposition of export restrictions by Vietnam,

Cambodia, China, India and Egypt, among others, to avert domestic supply shortages and food inflation.

Notably, Thai rice prices, considered as the global benchmark, hit as much as US\$1,200/ton last April 2008 – the highest quotation received by NFA in the last 20 years. And since the Philippines imports a lot of rice, these phenomena significantly pressed domestic market prices.

The country's troubles do not end there. At present, 10 percent of the Philippines' rice supply is imported and 90 percent comes from local production.

This means the country's domestic rice production could not keep pace with population growth and consumption requirement. From 2002-2007, local rice production rose by 4.15 percent annually while domestic consumption increased at an annual average of 4.77 percent.

Domestic rice production has been pulled back by climatic aberrations such as floods, typhoons and droughts. To make things worse, problems remain such as inadequate post harvest facilities, and inefficient infrastructure support like irrigation and farm-to-market roads. Furthermore, there are also market movements such as the shift to more profitable, short-gestating commodities and land use conversion from agriculture to nonagriculture uses such as industrial, commercial and settlements.

Securing food for all

It would require everyone's participation to guarantee food, specifically, rice supply and accessibility.

For its part, government is implementing quick-response interventions to ensure adequate rice supply and cater to the proper distribution of rice in the market.

"Rice importation was opened up to the private sector to free up government resources. The government aims to double NFA rice importation from 150,000 metric tons (MT) to 300,000 metric tons (MT) this June. The rice will be distributed nationwide at a subsidized price," DDG Santos added.

But according to the NEDA official, "with high rice prices in the world market, we need to rely more on our domestic rice growers to bridge the supply gap."

To achieve rice sufficiency by 2010, the government through the Department of Agriculture (DA) will implement the Rice Self Sufficiency Program Plan for 2009-2010. The Plan envisions a 100 percent rice sufficient economy by 2010 through improved rice productivity and increased income of rice farmers.

DDG Santos emphasized the importance of long-term measures such as the agriculture-based programs, projects and activities of the Rural Sector Support Projects (RSSP) and FIELDS.

Interventions under the RSSP are focused on helping farmers achieve higher yields by addressing production constraints such as lack of irrigation, low or poor quality seeds, ineffective cultural management practices, lack of access to ineffective extension support services, and out-dated technologies. Delivery of these interventions shall be undertaken through: (a) provincial champions (governors); (b) clustering approach; (c) local rice self-sufficiency plans; and (d) production incentive system.

On the other hand, the government has allotted PhP43.7 billion for the FIELDS program which covers (a) fertilizer assistance, (b) repair, restoration and rehabilitation of irrigation

facilities, (c) construction and improvement of farm-to-market roads and roll on/roll off ferry ports, (d) improvement of research and technology adoption through education and training, (e) increasing farmers' access to credit, (f) the establishment of appropriate integrated processing and trading centres, and (g) procurement and distribution of rice hybrid seeds, among others.

To prevent rice hoarding and price manipulation, the NEDA chief cited the involvement of the National Bureau of Investigation (NBI) and the National Food Authority (NFA) in strictly monitoring traders.

Also, last May, President Gloria Macapagal-Arroyo signed Administrative Order No. 226 suspending the processing and approval of all applications for conversion of all agricultural lands.

In addition to rice, government also promotes corn productivity in the country. According to DDG Santos, the DA and the House of Representatives already signed a Memorandum of Agreement (MOA) in May this year for a PhP1 billion funding for rice and corn productivity program.

At the same time, government also aims to stabilize prices of commodities by promoting cheaper costs of production. "Production cost can be lessened by using cheaper raw and packaging materials and by continuing to monitor prices of commodities in the market," Santos pointed out.

Other programs that the government is presently undertaking to assist the poor include the *Tindahan Natin*, *Botika ng Barangay*, Food for School program, *Pantawid Pamilyang Pilipino* program, *Pantawid Kuryente* and Student Assistance Fund for a Strong Republic, among others.

But ordinary citizens can do a lot as well. The following tips may help: (a) avoid stocking up too much on food. If a lot of households would keep too much rice, they may not only significantly lessen available stocks in the market but also cause retailers to raise prices; (b) report suspected hoarders to authorities; and (c) ask for receipts for purchases to make sure that taxes are remitted to government.