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Philippines

Agricultural Situation

National Socio-Economic Summit

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Report Highlights:

A matrix of agricultural and rural development issues and recommended actions was the result of a high level inter-department and private sector working panel during a National Socio-Economic Summit held last Dec. 10, 2001. The matrix will set the direction of future agricultural policy in the Philippines.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1], RP

Last December 10, 2001 a National Socio-Economic Summit was held and was attended by prominent government and business executives, foreign embassies and international organizations. President Gloria Macapagal-Arroyo, in her keynote address underscored the need for measures that would help the poor, including land reform, subsidized housing, job training, health benefits, and access to credit.

There were twelve working panels, nearly all headed by cabinet secretaries. Each panel submitted its own "Matrix of Issues and Action Agenda" which outlined major issues and specific measures or actions to be taken. The working panel on agriculture and rural development identified 13 common issues classified under 4 major categories: job creation, food security, financing and governance. Specifically, the issues and specific measures are:

On Job Creation

1. Increase market access of exporters by aggressively working towards the removal of tariff/non tariff barriers in non-traditional markets abroad.

Specific Measures:

a- Creation of inter-agency trade facilitation group to harmonize efforts of Department of Trade and Industry (DTI), Department of Foreign Affairs (DFA) and Department of Agriculture (DA) towards expanding market access; and

b- Adoption of 3-year market access agenda specifying dates of bilateral meetings and defining specific market access issues in countries such as China, Korea, EU countries & Canada, e.g., bilateral fishing agreements with Pacific countries, expansion of mango quarantine areas, removal of tariff on canned tuna, access of fresh fruits in Taiwan, Korea, U.S. & Canada.

2. Tariff Protection.

Specific Measures:

a- Suspension of tariff reduction measures for foreign-sourced agricultural products, where appropriate

b- Accord maximum allowable protection to sensitive agricultural products for the next three years.

3. Declare AgriParks to stimulate employment in unutilized lands..

Specific Measures:

Declare agriparks in Davao City, Poro Point, AgriTech (Sta. Cruz, Laguna), Phividec and Cebu City.

4. Smuggling.

Specific Measures:

- a- The GOP should exercise strong political will by apprehending smugglers and immediate seizure of goods and vessels.
- b- A Special Prosecution Team should be created with the following features:
 - Members shall include the private sector, including businessmen, farmers, fisherfolk, and non-government organizations (NGO's);
 - A group of enforcers at the provincial level who will be authorized to access the resources of government
- c- There should be an established integrated system that will enhance the anti-smuggling effectiveness such as:
 - A reward system for informers and payment made once goods are distributed to the Department of Social Welfare and Development (DSWD) or sold in the case of vessels;
 - A hotline system with 24 hour service;
 - A computerized monitoring and tracking system, and
 - An information campaign on the economic evils of smuggling.

On Food Security

1. Application of technology in achieving food security.

Specific Measures:

Promote the use of hybrid seeds in rice and corn production. Target Area: 135,000 hectares for rice

2. Increase local content of selected food/non-food products.

Specific Measures:

- a- Adopt the use of abaca fiber in land titles, passports, birth/marriage certificates, diplomas and other security papers.
- b- Forge marketing contracts between agricultural producers and business corporations (e.g. coffee - Starbucks, Figaro; cassava/corn - San Miguel Corporation/La Tondena; lettuce, tomato, bell pepper - McDonalds, Dole, Lapanday, del Monte., etc.
- c- To intensify the delivery of extension services to farmers especially those involved in the production of high value crops.

3. Reduce domestic sea transport cost.

Specific Measures:

- a- Exempt trucks carrying cargo (other than container trucks) in roll-on/roll-off (RO-RO) vessels from cargo handling charges;
- b- Allow the establishment of private commercial ports with option for commercialization within 5 years;
- c- Call for the revision of the Philippine Ports Authority (PPA) charter to allow representation of the agri-fisheries sector in the PPA Board, greater participation of the private sector in port administration, decentralization of the port system to promote inter-port competition.

On Financing**1. Re-engineer the ACEF (Agricultural Competitiveness Enhancement Fund).****Specific Measures:**

- a- Government to allocate 75 percent of the regular ACEF for the use of small farmers and fisherfolk, preferably farmers cultivating traditional crops (i.e. rice, corn, and coconut) with farm size of 3 hectares and below.
- b- Create a Review Committee to analyze the effectiveness of AO No. 39 and to make the necessary amendments to consider the following:
 - Reduce equity to 10 percent and peg the minimum amount ACEF assistance to P300,000;
 - Increase farmer and fisherfolk representation;
 - Relax documentary requirements on farmers and fisherfolks track record;
 - Secure at least 10 percent of the regular ACEF for capability building;
 - Submission of a simple financial statement; and
 - Simplify the feasibility study.
- c- Review Committee to submit findings regarding utilization of ACEF including the recommendations to improve fund management.

2. Institute reforms in the Land Bank of the Philippines (LBP).**Specific Measures:**

- a- Debt restructuring measures to enable small farmers/fisherfolk to avail loans;
 - LBP to submit a proposal for a transparent publicly disseminated program for debt restructuring.
- b- Develop a technical assistance program to reduce credit risk of farmers/fisherfolk;
 - QuedanCor to submit a joint DA-ACPC-QuedanCor-LBP Technical Assistance program pooling all existing manpower and programmed resources targeting 50,000 farmers in 2002, 75,000 in 2003 and 100,000 in 2004; and
 - National Economic and Development Authority (NEDA) Secretariat to submit

listing of all DA, Department of Agrarian Reform (DAR) foreign assisted projects with technical assistance component including indicative amounts.

- c- Accredit NGO's to help farmers prepare the required feasibility studies;
 - DA to convene LBP, QuedanCor and National Agricultural and Fishery Council (NAFC) and make a compendium of all existing modules for feasibility study preparation and also seek possibility of NAFC facility to fund feasibility study to be prepared by State Universities and Colleges (SUC's).
- d- LBP to raise the proportion of lending funds going to agriculture and agri-based enterprises from the current 60 percent to at least 75 percent but retaining consistency with accepted bases of credit decisions;
 - LBP allocation of at least 75 percent of total loan funds possible.
- e- Reduce interest rates by 6 percent by opening a special credit window provided by ACEF can be blended with LBP or QuedanCor credit funds (50 percent-ACEF, 50 percent QuedanCor or LBO)

3. No budget cuts in 2002 for programs on agriculture, fisheries, indigenous peoples, agrarian reform, community-based forest management, and watershed protection and management.

Specific Measures:

Secure the commitments from the budget bicameral committee and Department of Budget and Management (DBM) for programs on agriculture, fisheries, indigenous peoples, agrarian reform, community-based forest management and watershed protection and management.

On Governance

1. Convergence/Unified Extension in Selected Provinces.

Specific Measures:

- a- Creation of an LGU-DA-DAR-DENR clearinghouse at the Provincial level for a unified planning, project development, and implementation in the delivery of support services such as irrigation facilities, farm-to-market roads, post-harvest facilities like warehouses, drying, milling, storage, as well as nurseries, hatcheries and breeding stations; and
- b- Participate in monitoring and evaluation activities.

2. Expedite government transactions in procurement.

Specific Measures:

Apply Information Technology (IT) in bidding and purchasing of capital goods like irrigation and agriculture inputs and equipment, post harvest facilities, and other related

infrastructure.

3. Reduce red tape in securing licenses and permits.

Specific Measures:

Simplify procedures to reduce processing of papers by half.

- Issuance of Environmental Compliance Certificate (ECC) for projects on housing, infrastructure, school buildings and telecommunication; and
- Number of permits and licenses for the importation of planting materials.