

VISION AND ASPIRATIONS FOR PHILIPPINE AGRICULTURE

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Abstract

This paper describes the Department of Agriculture's vision of prosperous rural communities built on profitable farms that provide surplus for agro-industry and food security. Two major goals which the Department has focused on are (1) searching and developing 2 million ha of agribusiness land and aquamarine areas and (2) converting surplus production to lower prices of food items. For goal 1, 350,000 ha have been identified of which 70,000 ha have been developed with private sector, generating 124,000 new jobs. For Goal 2, the Department has expanded the supply and reduced the cost of basic food items by establishing efficient logistics and marketing system. Further, the Department has recommended a shift in focus from big farmers to small farmers and a change of program model from one that is supply-driven to one that is demand-driven and which is based on the principles of good governance based on transparency, accountability and predictability and allowing meaningful participation by stakeholders.

Keywords: Philippine agriculture, market-based, sustainable, agribusiness, food security

It is a great honor that as I end my term as Secretary of the Department of Agriculture (DA), you find it fitting to accord me this honor to be your keynote speaker and more especially, that you have placed agriculture at the center of this year's meeting of the Academy.

I hope that after this two-day meeting, you would have concretized your long-term plan which is market-driven, private sector-led, anchored on aggressive infrastructure and technology development, and which would require good governance by the DA family, local government units (LGUs), and other concerned stakeholders, including the private sector. During

my inaugural address in August 2004, I asked that all agriculture and fisheries stakeholders join me in bringing into reality the vision of prosperous rural communities built on profitable farms that provide surplus for agro-industry and food security. I believe this is a very critical plan that can contribute significantly to attaining such aspirations for our agricultural sector.

At the end of the day, for me it is not only food that is important, because if food is our only goal, then we can say that Philippine agriculture today must already be prosperous. This year, we see rice production growing from 11–12 to 13–14 million metric tons (mt) and we are targeting 14.8 to 15.1 million mt. Corn production is increasing from 3–4 to 5.5 million mt, and our target is 5.7 to 5.8 million mt. Philippine fisheries production is increasing geometrically. But somehow, rural poverty has not changed. For the past 30 years, the percentage of poverty incidence has remained the same. And therefore, when I came in, I was not just looking at the production component but at a prosperous rural community, prosperity built on profitable farms that provide a surplus for agro-industry and for food security.

Last month, we convened the National Agribusiness Summit participated in by the LGUs. During this summit, the LGUs pledged PhP700 million while DA pledged PhP280 to 300 million. The battlecry was that DA should concentrate on steering agriculture at the national level, provide the infrastructure and build a very strong research-based regulatory road mapping-based DA so that when the local governments make a decision, such decision is supported by the proper law or regulation. The LGUs should have a free hand to work on their plans and the details of their plans.

Since the second half of last year, we have been focusing our efforts to attain two major goals as spelled out by President Gloria M. Arroyo. The first goal is to search for and develop additional 2 million ha of agri-business land and aquamarine areas. As the President calculated, every one hectare that is opened is equivalent to one job created and which will eventually result in more jobs. This strategy will also help in decongesting the major urban centers. For the second goal, the President wants to convert the surplus production to lower the prices of food items like rice, sugar, vegetables, fish, poultry, pork, and maize in the major urban centers. The lowering of the price of maize will also benefit the livestock and poultry industry. Attaining this goal will also lead us to sustained farm and fisheries production, higher income and stable supplies.

Regarding the first goal, we have identified 350,000 ha out of the 2 million ha target. Of these, we have developed only 70,000 ha. This has

generated about 124,000 jobs already and I wish to highlight that this was done in tandem with San Miguel Corporation. We will develop the land only if the market is ready — if there is a ready market for cassava, for maize, for livestock, coffee or coconut or fruit crops. We are emphasizing here a market-based and sustainability-based agriculture. When I came into agriculture from the outside, this was what I first saw, the lack of market for agricultural produce. And I am really glad that PA 2020 is grounded on market-based and sustainability based-agriculture.

Some of the things we have done for Goal 1 are: a thousand hectare cassava contract-growing with San Miguel in Kalinga, a 500-ha coffee nursery and techno-demo farm in Maguindanao which is connected to the coffee outlets and coffee growers and exporters, 400 ha of cassava, banana, cardaba for banana chips and sweet potato in Quezon. In Bondoc Peninsula, we opened 13000 ha connected to the banana chips export, cassava and corn requirements of San Miguel. We likewise opened 60 ha for milkfish growing, deboning and processing plant in Capiz, a 150-ha seaweed nursery project in Pangasinan. We have also opened 1,500 ha in Southern Tagalog, in the Mt. Banahaw area. This is important because if the typhoons hit Central Luzon, this new area in Southern Luzon could supply the needed vegetables.

For Goal 2, we have addressed the expansion of supply and reduced the cost of basic food items. Thus, we are establishing an efficient logistics and marketing system that would facilitate the movement and distribution of products to the markets and eventually to consumers. As part of the strategy, we established the *Huwarang Palengke* or Model Markets. Initially, we opened ten markets for our farm producers. Many of you probably know that not all of the so-called “Baguio vegetables” come from Baguio or from Benguet or the Cordilleras. Some of these vegetables are actually produced in Region 1 or 2 and are brought to Baguio and brought back again to the lowland! Thus, carrots which sell at PhP 10, potato at PhP 10 or 15 per kg in the Cordillera, when brought to Manila will cost PhP40 to 50 per kg. The average layering of vegetables is 5, thus the price hike as they get to the consumers. We have the same situation with produce from Mindoro, from Palawan etc. We have the resources and the products but what we lack is proper market linkage.

In these model markets, you can buy basic food items which are easily PhP 5 to 10 per kg lower than the regular markets because of the more direct connections between producer and vendor. We are also constructing

more farm-to-market roads and we provide refrigerated trucks which can be rented. We are connecting them to the Ro-Ro. Right now, the President is studying a new Executive Order (EO) which will convert noncommercial ports to private commercial ports. We are looking into the possibility of opening 380 new ports. Why will one wait for the government to construct ports when right now, there are 380 private noncommercial ports which are not being used? When the President signs this new EO, there will be 380 new destinations and this can further spur investments in domestic shipping. Incidentally, the Development Bank of the Philippines has laid aside PhP5 billion for the deregulation of domestic shipping industry to aid investors. However, there have been no takers because of the few destinations available. Thus, it is critical that this EO be signed to open up the new destinations.

To further help our producers link up to the markets, we have interceded with logistic movers like the Aboitiz Group to drop their 15% tariff for food transportation. We have asked the Metro Manila Development Authority to provide a food lane for pre-agreed routes so that food can be transported around the city unhampered. We have also linked our agricultural producers with supermarkets such as SM, Rustan's, Shopwise, WalterMart, Landmark and Hi-Top.

We are also trying to address the high costs of fish. We observed that at the Navotas fish port, when a *banyera* (large basin) of *galunggong* is first brought, it costs only PhP 25 per kg. By the time it gets to the market, the cost is already PhP 55 per kg. We want to reduce the cost of fish from source to the final market place. We are trying to build this chain. This is critical in the implementation of PA 2020.

The first pillar of PA 2020 is managing agriculture as a business way of life, as a livelihood which is what we have been trying to impart to stakeholders. We are doing our best to influence our farmers not just to sell to the first buyer that comes. If what we want is to build a constant supply of food at affordable prices, you must guarantee the market, including going into processing food. And so, one market strategy that we have adopted is packaging mixtures of vegetables for different viands, such as for *chopsuey*, for *kare-kare*, for *pinakbet*, and even including the sauce mixes. We devised these packages with the National Nutrition Council. However, the regular markets have not accepted these packs because they claim that such packs compete with their own retailed products. Thus, we are selling them now in supermarkets and in three weeks we sold 60,000 packs on a trial basis.

What we are discovering is that you must control your point of sale if you want to help market linkage. For PA 2020, to really help the farmer constituents, you also need to find a way to link them up to the market and open up your own market. Unless you control your point of sale, whatever gains and benefits made along the supply chain will be confiscated by the market player at that point. And they are not going to pass the savings on to the consumers.

We are also coming up with other projects on pork, vegetables and fish, giving them attractive names such as “Fish be with You” and new packaging. We want to inspire our farmers and fisherfolks by showing them how things are done. There is no dole out in our programs. They pay rent for trucks, they pay the fare on the Ro-Ro, and they pay the packagers. Not only do we increase the development of agri-business lands. We bring them to really small communities.

To close my talk, I also wish to inform you that we are recommending a shift in focus from big farmers to small farmers and a change of program model from one that is supply-driven to one that is demand-driven. It is a model based on the principles of good governance based on transparency, accountability, and predictability, and allowing meaningful participation by stakeholders.

On Friday, I am turning over the reigns of leadership of the Department to Secretary Domingo Panganiban. Most of the things that I have discussed with you are in the terminal report which I will submit to the new secretary and which is part of the Economic Policy Reform Agenda that has been developed by Dr. Cielito Habito, former National Economic Development Authority Secretary and now Director of the Ateneo Center for Economic Research and Development.

I would like to end by thanking many of you whom I have had the honor, pleasure and privilege to have known and to have worked with. Many of you have been selfless and generous in giving ideas and inputs. I hope to continue meeting with a lot of you and taking your ideas and initiatives into the Department of Agriculture as we make this long quest, this journey to transform Philippine agriculture toward the creation of prosperous communities and food security for our country as our contribution to nation building.

