

Looking Back, Looking Forward:

What to do with Philippine Agriculture

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Outline

I Overview

- Looking Back
- Looking Forward
- Broad Assessment
- Strategic Directions

II Reform of the Bureaucracy at the Department of Agriculture

III Meaningful Participation of Stakeholders in the Governance of Agriculture



Outline

IV Continuing Investments in Rural Institutions and Infrastructure

V Closure on Very Important Contentious Issues



I. Overview

□ Looking Back

- National poverty at 26%, worst among ASEAN 5
- Severe among farmers and fisherfolk
- Agriculture growth consistently less than GDP; barely matching population growth
- Anemic agriculture exports compared with ASEAN 5



I. Overview

□ Looking Back

Table 1. Poverty incidence in ASEAN (%)

Country	2009	2014
Indonesia	14.2	11.3
Malaysia	3.8	0.6
Philippines	26.3	25.8
Thailand	17.9	10.5
Vietnam	17.2 (2012)	13.5

- Filipinos poorest among ASEAN 5
- Only Philippines not making progress



I. Overview

□ Looking Back

Table 2. Rural poverty in ASEAN (%)

Country	Percent
Indonesia	13.8 (in 2006)
Malaysia	8.4 (in 2009)
Philippines	40.0 (in 2014)
Thailand	13.9 (in 2013)
Vietnam	17.4 (in 2010)

- Poverty severe among farmers and fisherfolk
- Worst among ASEAN 5



I. Overview

□ Looking Back

Table 3. Philippine GDP, agriculture and population growth rates (%)

	GDP	Agriculture	Population
1960s	4.9	4.3	3.1
1980s	1.8	1.1	2.7
2000s	2.8	2.9	1.8
2011-2014	4.2	1.6	1.6
2015	5.9	0.2	1.6

- Agriculture dragging down GDP growth
- Since 1980s, agriculture barely matched population growth

I. Overview

□ Looking Back

Table 4. Agri-food trade in ASEAN, 2014 (in US\$B)

	Exports	Imports	Trade Balance
Indonesia	39	18	+ 21
Malaysia	26	18	+ 8
Philippines	7	9	- 2
Thailand	38	13	+ 26
Vietnam	25	13	+ 11

- Lowest exports among ASEAN 5
- Lone net importer of food among ASEAN 5.

I. Overview

□ Looking Back

Table 5. ASEAN AGRI-Food exports

Country	Export (US\$)	Farmland (M Hectare)	Export Per Hectare (US\$)
Philippines	4.0	11.8	340
Indonesia	31.4	48.1	650
Malaysia	27.7	7.9	3520
Thailand	34.5	19.7	1760
Vietnam	11.0	10.1	1093

I. Overview

□ Looking Back

- Small uneconomic-sized farms
 - Lack economies of scale from land preparation to input sourcing, postharvest, markets
- Poor linkage of primary production with markets and rest of value chain
- Failure to diversify to other higher value products
- Inability to capitalize on country's fisheries and aquatic resources



I. Overview

□ Looking Forward

- Moderate tropical environment
- Adequate annual rainfall of 2,400 mm
- Vast but only partially tapped fisheries and water resources
- Freedom from serious poultry and livestock diseases
- Mega-biodiversity



I. Overview

□ Looking Forward

- Fairly educated workers
- Modest higher education and scientific infrastructure in agriculture
- Small but increasingly competitive food and beverage industry
- Progressive legislations, policies and appropriations largely in place



I. Overview

□ Looking Forward

- Progressive legislations, policies and appropriations largely in place
 - AFMA
 - Fisheries Code
 - Forestry Code
 - CARP
 - Local Government Code



I. Overview

□ Broad Assessment

Root Causes of Rural Poverty and Underperformance

- Small, un-economic-sized farms
 - Lack economies of scale from land preparation to input sourcing, postharvest, markets
- Poor linkage of primary production with markets and rest of value chain



I. Overview

□ Broad Assessment

Root Causes of Rural Poverty and Underperformance

- Failure to diversify to other higher value products
- Inability to capitalize on country's fisheries and aquatic resources



I. Overview

□ Strategic Directions

- Operate farms as larger management units as coops, IAs and ARCs (persevere in coop development)
- Link farmers with markets and the rest of the value chain (contract growing; inclusive agribusiness)
- Declare victory in agrarian reform; grant land titles to beneficiaries; lift limits to land ownership to free land markets



I. Overview

□ Strategic Directions

- Further intensify rice production in favorable areas to drive down costs (hybrids, fertilizers, mechanization)
- But shift rainfed lowland and upland areas to higher value crops (multiple cropping and diversification into fruits, vegetables, industrial tree crops, ornamentals)
- Create more processing/value adding in the countryside



I. Overview

□ Strategic Directions

- Dramatically raise investments in fisheries and aquaculture
- Secure feeds raw materials for poultry and livestock and stop smuggling; strengthen quarantine services



II. Reform of the Bureaucracy at the Department of Agriculture

- Return of NIA, NFA, PCA and FPA to DA
- Separate Department of Fisheries and Aquatic Resources
 - Scientific stock assessments
 - Marine protected areas and closed seasons
 - Aquaculture – seaweeds, fin fishes, crustaceans



II. Reform of the Bureaucracy at the Department of Agriculture

- Reconstitution of old Bureau of Agriculture Extension as Apex Coordinating Agency for Extension
- Reconfiguration of BPI, BAI and BSWM into research institutes like PhilRice



II. Reform of the Bureaucracy at the Department of Agriculture

- Decoupling R&D from Finance and Regulation
 - Reconstitute PHILCORIN, PHILSUGIN and National Tobacco Research and Training Center as stand-alone research units
- Massive staff recruitment and human resource development



III. Meaningful Participation of Stakeholders in the Governance of Agriculture

- Empowerment of the Agriculture and Fisheries Councils
- Integrated Agri-industry Road Maps
- Promotion of Contract Farming and Other Inclusive Agribusiness Models



IV. Continuing Investments in Rural Institutions and Infrastructure

- Strengthening Coops, IAs, and ARCs
- All-weather farm-to-market roads (FMRs)
- Farm Mechanization and Post Harvest Facilities
- Irrigation and Drainage
- Credit to the Unbankable and Underserved



IV. Continuing Investments in Rural Institutions and Infrastructure

- Establishment of Dedicated Research and Extension Units in Strategically Located SCUs to provide technical support to DA Regional Offices and LGUs



**V. Closure on Very Important ,
Contentious Issues**

- **Intelligently Managing Our Obsession with Rice**
- **Moving on Beyond Agrarian Reform**
- **Subsidized Interest Rates for Small Farmers and Fisherfolks**
- **Conventional Farming, Organic Agriculture and GMOs**
- **What to Do with the Coconut Levy Funds**



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