

food and agri business

INDUSTRY INSIGHTS. REALISTIC VIEWS.

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industry views

WHY IS CHINA BUYING THE WORLD'S SEEDS?

"China is gobbling up major seed businesses to satisfy its growing appetite for food firms. Two weeks ago, state-owned ChemChina finalized its US\$44 billion purchase of the Swiss pesticides and seeds giant, Syngenta. It was China's biggest foreign takeover of all time."

You can read the whole article [here](#).

Comment by Mr. Senen U. Reyes,
Senior Management Specialist, CFA-UA&P

Latest data from FAO indicate that in 2014, China accounted for 16.9 percent of world seed production of some of the most important crops. This includes maize, potatoes, rice (paddy), soybeans, sweet potatoes and wheat with a total of 101.2 million tons. China was followed by the Russian Federation (13.4 percent), India (11.1 percent), Ukraine (7.6 percent), and USA (6.7 percent). In the same year, China also imported 57,000 tons of seeds for sowing valued at US\$297 million based on statistics from the International Seed Federation.

Leave your comments [here](#).



GENETIC ENGINEERING TOOL GENERATES ANTIOXIDANT-RICH PURPLE RICE

"Many sectors, including construction, fisheries and agriculture face labor shortages due to the new labor law. More than five million migrants are working in Thailand, but only half are documented."

You can read the whole article [here](#).

Comment by Prof. Rolando T. Dy, Ph.D
Executive Director, CFA-UA&P

Filipinos like white rice. It is an acquired taste. Hopefully, as awareness and incomes rise, they shift to red and black rice. The latter costs twice more.

Leave your comments [here](#).

FURNITURE PRODUCERS RELOCATE TO VIETNAM DUE TO CHEAP LABOR COSTS, BUSINESS-FRIENDLY REGULATIONS

"Six foreign furniture companies with combined annual exports of \$300 million have relocated their factories to Vietnam from Indonesia over the past 18 months due to cheaper labor costs and lax business regulations."

You can read the whole article [here](#).

Comment by Prof. Rolando T. Dy, Ph.D
Executive Director, CFA-UA&P

Labor cost and business-friendly policies are key. The Philippines must go for high value designs to compete.

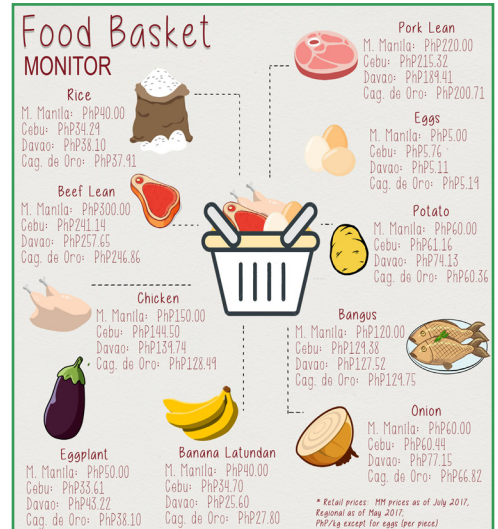
Leave your comments [here](#).

SERVING WASTED FOOD CREATES PROFITS WITHOUT AN ENVIRONMENTAL PRICE

"IT IS AMAZING how the Loop restaurant has turned food waste from supermarkets into a business by convincing its customers that ingredients that would otherwise be thrown out at the end of the day can still taste good."

Pauli Hakala, chef and founder of the Loop in Helsinki, Finland, gets vegetables, mushrooms and other raw food materials from supermarkets for free. He only has to pay for the logistics."

You can read the whole article [here](#).



Click the photo to view the data
Photo credits: shutterstock, 123rf, freepik

Comment by Prof. Rolando T. Dy, Ph.D
Executive Director, CFA-UA&P

Will Filipinos take up this challenge for cheaper but tasty food? There are "expired" fruits and vegetables from supermarkets.

Leave your comments [here](#).

FNRI-EAST-WEST SEED: COLLABORATE TO PROMOTE VEGGIE PLANTING AND CONSUMPTION

by Mr. Zac Sarian
Editor, Agriculture Magazine of Manila Bulletin

East-West Seed has started collaborating with the Food and Nutrition Research

Did you know that...

Coconuts kill more people than sharks every year. So do cows.

~ ABC News

continued on page 3

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Lowering Rural Poverty in Pacifica: The CEO's Challenge

Prof. Rolando T. Dy, Ph.D.

University of Asia and the Pacific

Pacifica is a country bordered by Western Pacific, Celebes, and South China Seas. The country has serious poverty concerns.

In rural areas, the structure is semi-feudal and farmers are tradition-bound. Insurgency and extortion exist in the south islands. Agriculture lags behind its progressive neighbors.

This is a management case. Any semblance to reality is coincidental.

STRATEGIC OBJECTIVE

The Pacifica Development Plan (PDP) intends to reduce rural poverty incidence to 20 percent in 2022 from 30 percent in 2015. This means reducing the rural poor from 16.7 million in 2015 to 12 million in 2022, or a decline of 4.7 million people.

KEY PLAYERS

The chief executive officer (CEO), the chief planning officer, the sector chief officers of agriculture, land reform, natural resources, and chief local government officers.

CASE FACTS

1. Some 55 percent of the national population of 101 million in 2015 were rural, or 55.6 million.
2. About 16.7 million rural folk are poor compared to the 4.9 million who lived in urban areas. About three quarters of the poor reside in the rural areas.
3. Rural poverty incidence is almost three

times that of urban poverty incidence: 30 percent vs. 11 percent.

4. Coconut, corn, and fishery folk are among the poorest of the poor.

5. Pacifica prides itself with talented people but many have migrated due to lack of economic opportunities.

6. Pacifica's agricultural productivity and diversification lag relative to its peers.

Will Pacifica ever become a developing economy like its neighbors?

7. There are products with market potentials if Pacifica's sectors become competitive and allocate its scarce resources judiciously.

8. Most of the local politicians have little concern for inclusive rural growth.

COMPARATORS

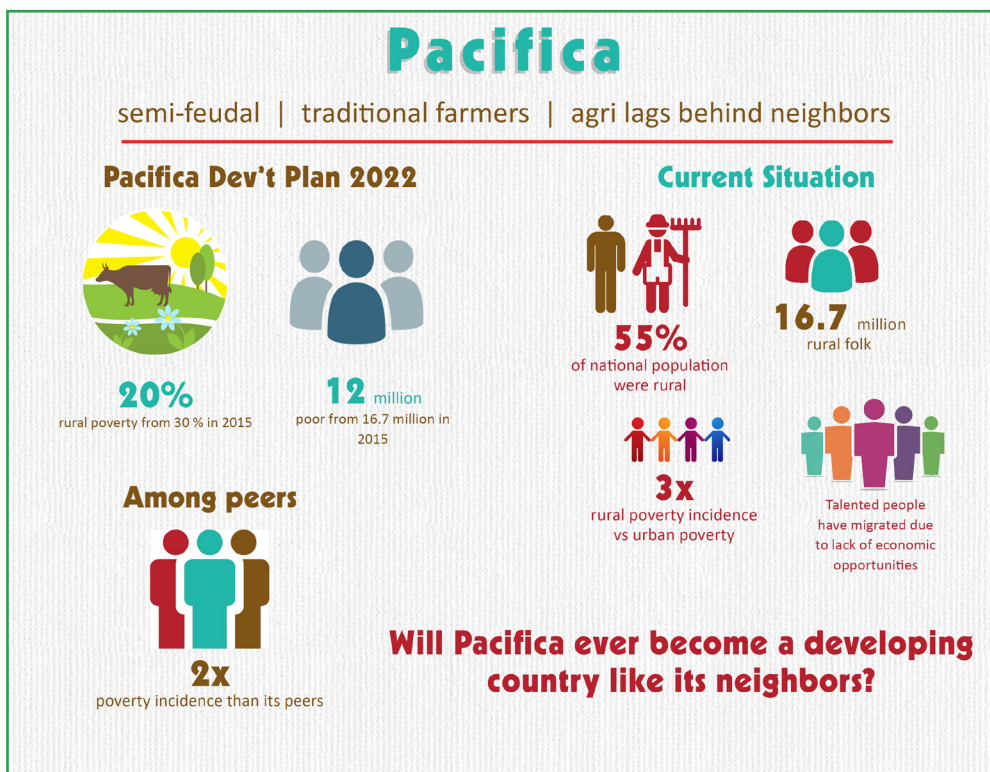
Pacifica has the highest poverty incidence among peers. Overall poverty incidence is about twice the norm. Rural poverty is more than two-times the comparators.

QUESTIONS

1. Given the facts, how will the CEO achieve the strategic objective of inclusive growth?

2. What sectors/industries will have the largest impact on poverty reduction?

3. What are industries with high expansion potentials given market potentials?



Pacifica Data

Pacifica Rural Poverty Profile, 2015

Industry	Estimated Pop. (million)	Estimated poverty incidence (%)	No. of rural poor (million)	Ave. farm productivity 2015, (tons/ha)
Palay/rice	15.0	20	3.0	3.98
Coconut	12.0	35	4.2	4.19
Corn	5.0	40	2.0	2.93
Sugarcane	5.0	30	1.5	53.0
Other crops	5.0	30	1.5	(a)
All crops	42.0		12.2	
Livestock and Poultry	2.0	10	0.2	na
Fisheries	10.0	40	4.0	na
Others	1.6	20	0.3	na
Total Rural	55.6	30	16.7	na

(a) Banana 20.5 tons/ha; coffee 320 kilos beans per ha
Source: Philippine Statistics Authority

Pacifica Market Growth Potentials

	Domestic	Export	Remarks
Rice	Low	Low	Demand will slow down with poverty reduction
Coconut	Medium	High	Scarcity of supply for processing
Corn	Medium	High	Good productivity status
Sugar	Low	Medium	High Asian demand
Coffee	High	Medium	Import substitution
Rubber	Medium	Medium	Import substitution/exports
Palm oil	High	Medium	Import substitution
Cacao	High	Medium	Import substitution, niche exports
Swine	High	Low	Feed costs and technical and scale efficiencies need to be addressed

Rural and National Poverty Rates by Country

National Poverty Lines	Indonesia	Malaysia	Pacifica	Thailand	Vietnam
National (Year)	11.3 (2014)	0.6 (2014)	21.6 (2015)	10.9 (2013)	13.5 (2014)
Rural	14.2	1.6	30.3	13.9	18.6
Urban	8.3	0.3	11.3e	7.7	3.8
At \$1.90/capita/day at 2011 prices					
National (Year)	8.25 (2014)	0.28 (2009)	13.11 (2012)	0.04 (2013)	3.06 (2014)

Source: World Bank

Benchmarking Crop Productivity

Crop	Irrig. Rice	Yellow corn	Coconut	Sugarcane	Coffee Robusta	Cacao	Cassava	Rubber
Pacifica ave.	4.3	4.1	4.2	60	0.5kg/tree	0.5kg/tree	11.7	600 kg/ha
ASEAN "best" ave.	5.8	4.8	9.9	77	2.0 kg/tree	0.8e	23.4	1,700 kg/ha
Best Pacifica farm	Vietnam 8.0	Indonesia 8.5	Vietnam 17	Thailand 100-140	Vietnam 1.5	2.0	Indonesia 50	Vietnam 2,500
Upside, % Ave to ave	+35	+17	+136	+28	+300	+300	+100	+183

Source FAO

4. How will scarce budget be allocated given benefit-cost ratios?

5. What are the major binding constraints?

The above questions need answers. Will Pacifica ever become a developing economy like its neighbors? ❌

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Institute (FNRI) to promote proper nutrition, especially among young children.

The seed company is the East-West Seed which has been developing improved varieties of vegetables that can contribute to the supply of nutritious vegetables that can be grown in farms as well as in home gardens.

With the use of improved seeds and growing techniques, several favorite vegetables are now yielding bountiful harvests of eggplant, okra, tomatoes, ampalaya, sitao, patola, pechay, pumpkin and others. In addition, flowering ornamentals and culinary herbs are also grown in the ground as well as in containers.

Encouraging more people to eat vegetables, from the very young to adults, is

deemed to significantly contribute to the proper nutrition of Filipinos who are suffering from malnutrition. Malnutrition results in stunting as well as in obesity. Stunting, which means the individual is growing below the standard, is the result of prolonged inadequate intake, improper feeding practices and recurrence of illness, according to the FNRI report.

What worries experts is that the occurrence of stunting is getting higher. For instance, the prevalence of stunting among children less than 5 years old has increased from 2013 to 2015. Among one-year-old, stunting was recorded at 31.5 percent in 2013 increasing to 36.2 percent in 2015; among 2 years old, 35.7% in 2013 to 38.4 percent in 2015; 35.4 percent in 2013 among three years old to 38.6 percent in 2015; and among 4 to 4.99 years old, 32.7 percent in 2013 to 36.8 percent in 2015.

Dr. Capanzana explains that giving children rice alone (usually in the form of porridge or "lugaw") does not give a balanced diet. This is because rice does not have sufficient lysine content which promotes growth and muscle development. On the other hand, giving only mungbean is not enough because although it has adequate lysine, it has

only minimal sulfur-containing amino acid. But the combination of the two makes it an ideal food product.

Today, a number of companies are commercially producing instant rice-mungo mix in sachets that are very convenient to prepare by just adding boiling water. To further enhance nutritional value and palatability, mashed pumpkin, chocolate or chicken soup may be added to the mixture. Other food products developed by FNRI are noodles enriched with pumpkin, polvoron fortified with vegetables and milk, and fortified rice.

You can read the original article [here](#).

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