

Joint Foreign Chambers of the Philippines



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CANADIAN



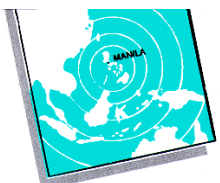
EUROPEAN



JAPANESE



KOREAN



PAMURI

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

May 12, 2011

Mr. Proceso J. Alcala
Secretary
Department of Agriculture
Elliptical Road, Diliman
Quezon City 1100

Dear Secretary Alcala:

On March 30 the Joint Foreign Chambers hosted the Seven Big Winner Sectors Workshop at the Asian Institute Management Conference Center in Makati to revalidate 283 Seven Big Winner Sectors recommendations in the *Arangkada Philippines 2010* report. Sponsored by the Joint Foreign Chambers, *Arangkada Philippines 2010* presents a path for the Philippines to become a middle-income economy with robust investment levels, high levels of job creation, modern infrastructure, and rising government revenues to pay for enhanced social services.

At the Workshop expert moderators from the private and public sectors led Breakout Sessions with industry and government participants that prioritized near and medium term recommendations for Investment Climate reforms. We would like to share the status of the recommendations identified in the Breakout Session on **Agribusiness**, in which Assistant Secretary Salvador Salacup generously participated.

Highest Priority Recommendations. The Breakout Session affirmed the following *Arangkada Philippines* reform recommendations to be of the highest priority:

- 1) Strengthen the cooperative system:
 - credit;
 - capacity building;
 - replicate the Unifrutti-la Frutera and Philsurin models;
 - LIMCOMA;
 - value adding; and
 - study Malaysian model.
- 2) Increase research and development programs and spending:
 - information dissemination;
 - extension of the incentive system; and
 - ramp up agricultural education and training programs. Create a stronger agribusiness development curriculum.
- 3) Enhance agricultural infrastructure:
 - encourage more tube wells powered by pumps and small windmills;
 - transportation;
 - power; and

- the cabotage provisions of Philippine marine law should be reviewed, joint ventures between Filipino and foreign shippers should be duplicated, and the RO-RO system completed and expanded to increase competition and reduce domestic shipping costs.

Ongoing Recommendations. The Breakout Session identified the following *Arangkada Philippines* reform recommendations as ongoing:

- 1) Information on Philippine Agribusiness best practices should be better disseminated.
- 2) Several legislative reforms should be undertaken:
 - CARP should end in five years and limits on landholding lifted;
 - the Farm Land as Collateral law should be passed to allow agrarian reform beneficiaries to sell or mortgage their land;
 - mandated lending policy in the Agri-Agra law should be made optional;
 - re-Nationalization versus reformation of extension mechanisms; and
 - anti-smuggling.
- 3) Explore market opportunities that AFTA and other new FTAs present for both traditional and new agricultural exports.
- 4) Encourage ASEAN to develop common rules for their agricultural markets and reduce behind-the-border barriers.
- 5) Increased efforts must be made to reduce the cost of farm inputs.

Recommendations Not Under Way. The Breakout Session categorized the following as an *Arangkada Philippines* reform recommendation that is not yet under way:

- 1) Crafting of roadmaps and master plans for all critical agricultural and fisheries commodities.
- 2) To reduce costs and increase efficiencies there must be increased integration – backwards and forwards – in priority agriculture subsectors.
- 3) Encourage firms and NGOs to engage in upstream “fair trade” development for upland farming communities.
- 4) Development of new export crops and products must continually be encouraged.
- 5) More zoning of agricultural lands should be done in selecting the most suitable crops, with priority given to export winner crops, such as banana, mango, pineapple, and other fruits and vegetables.
- 6) A detailed study of the agricultural supply chain should be made, followed by actions to reduce redundant and unjustified costs.
- 7) Put in place a more effective network of analytical and testing laboratories in key regions.

- 8) Farmer groups need support to establish strong cooperatives, especially through development of competent managers and financing.
- 9) Study the Agribusiness Investment Fund concept.

The Workshop affirmed that a good start has been made on the reforms needed to accelerate investment and job creation. A considerable number of recommended reforms are under way. Results of the improved Investment Climate should begin manifesting themselves in 2011, and even more in 2012.

But major challenges remain - including unanticipated ones - and other important reform recommendations are still in initial stages of implementation. Be assured that we remain committed to a partnership with the Aquino Administration to achieve the goal of an accelerating economy for the benefit of the Filipino people.

We look forward to another opportunity to discuss these issues with you in the months ahead.

Best Regards,



AUSTEN CHAMBERLAIN
President
American Chamber of Commerce
of the Philippines, Inc.



JOHN CASEY
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SHAMEEM QURASHI
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Philippine Association of Multinational Companies
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Cc:

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