



Stop Inflation Now (SIN): Issues and solutions

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Sectoral Meeting with the President
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Headline inflation for January 2023 rose to **8.7 percent**

Main Drivers of Inflation



Electricity, gas
and other fuels



Increased Food
and Commodity
Prices

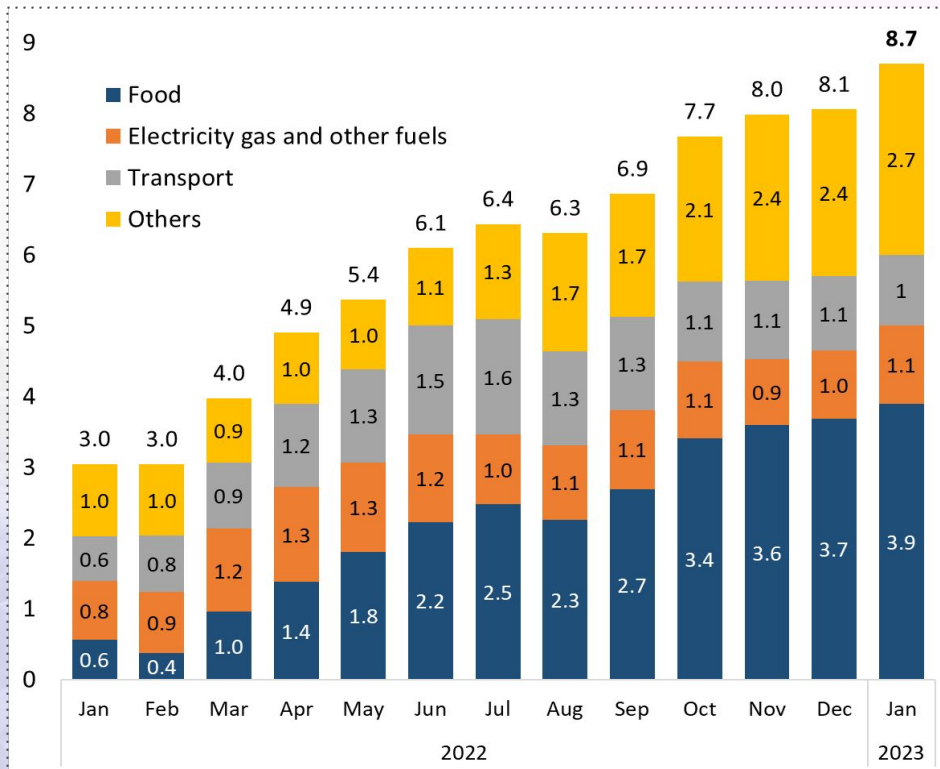


Food and
beverage serving
services



January 2023 inflation reached 8.7 percent with further increases in inflation of major food items

Jan 2023 headline inflation and contribution of major commodities, in percent and percentage point



Commodity	Weights	Inflation (%)	Contribution to inflation (ppt)
All Items		8.7	
Food	34.78	11.2	3.88
o.w. Vegetables	2.80	37.9	1.06
Meat	6.43	7.0	0.45
Sugar	1.05	38.8	0.41
Fish	5.66	6.7	0.38
Bread	2.97	11.3	0.34
Rice	8.87	2.7	0.24
Corn	0.48	16.0	0.08
Electricity, gas and other fuels	6.74	15.9	1.07
Food and beverage serving services	9.47	7.7	0.73

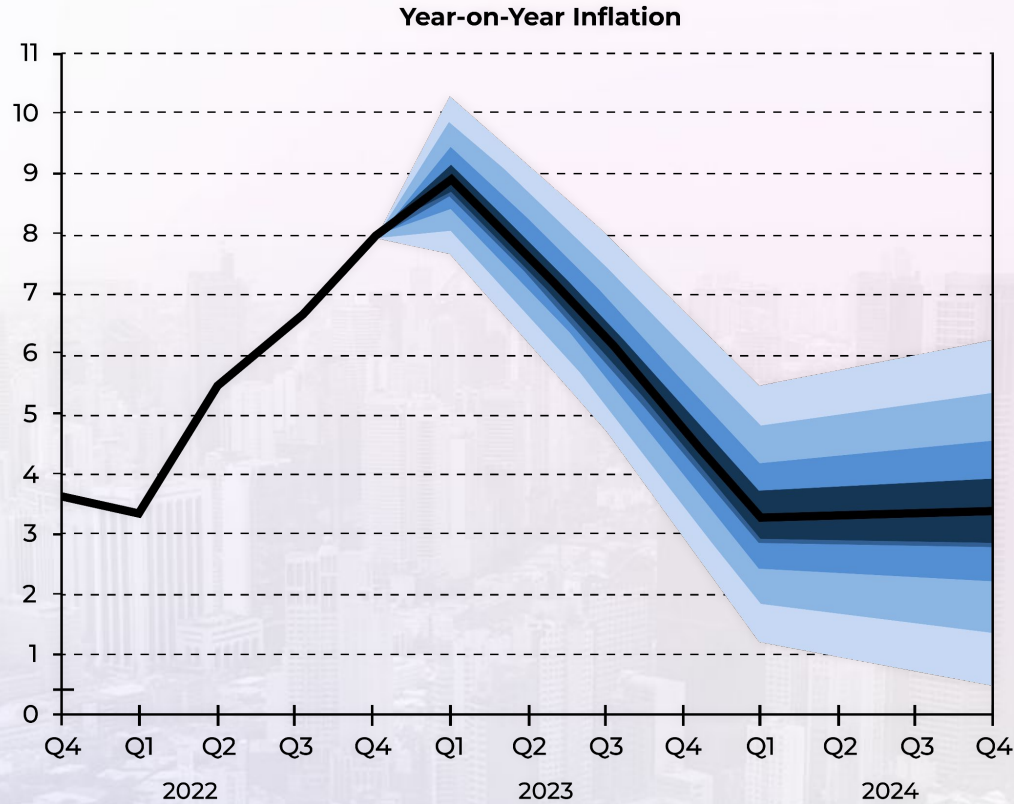
Source: Philippine Statistics Authority

All regions posted higher inflation in 2022 and in January 2023

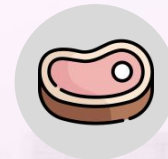
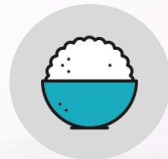
Rank	Region	2022	Jan 2023	Rank	Region	2022	Jan 2023
1	Western Visayas	6.6	10.3	10	Bicol Region	5.3	8.3
2	Central Luzon	6.5	9.8	11	CARAGA	6.1	8.1
3	Davao Region	7.4	9.4	12	Cagayan Valley	5.2	8.1
4	Ilocos Region	5.9	9.3	13	Cordillera Administrative Region (CAR)	6.4	7.9
5	MIMAROPA	6.1	8.9	14	BARMM	3.8	7.8
6	National Capital Region	5.1	8.6	15	SOCCSKSARGEN	5.6	7.4
7	CALABARZON	5.2	8.5	16	Central Visayas	6.6	7.2
8	Zamboanga Peninsula	7.0	8.5	17	Eastern Visayas	6.6	6.9
9	Northern Mindanao	5.8	8.4				

Source: Philippine Statistics Authority

Inflation is expected to remain above target in the near term



Estimates of deficits based on domestic production and inventory of key commodities emphasize the need to continue augmentation



Deficit	Rice	Yellow corn	Refined sugar	Pork	Fish
Number of days	42.0	124.6	23.5	62.5	65.9
% to total demand	10.4	34.7	6.4	17.1	18.1

Note: *Estimated supply gap in days of consumption enclosed in parentheses; assumes no importation.
Sources: Department of Agriculture (DA) and DOF staff estimates

**To tackle inflation,
we must pursue an
all-of-government
approach.**



Addressing high inflation is the top priority of the economic team



The BSP hiked its policy rate by 50 basis points to help maintain price stability.



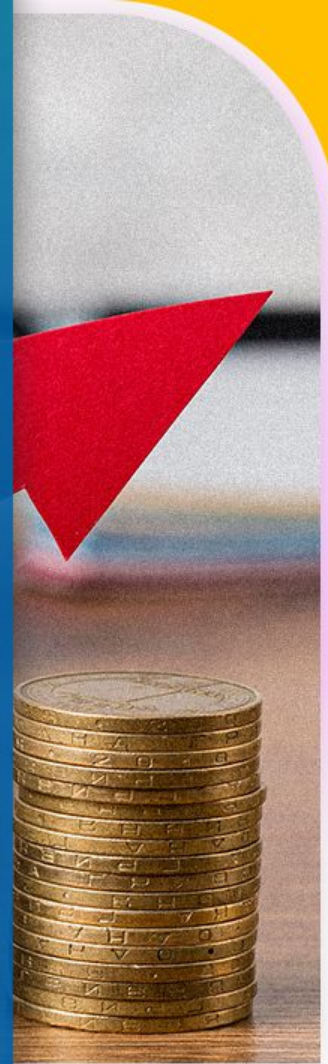
The government will intensify the timely implementation of non-monetary policy measures to curb inflationary pressures.



The government will continue to implement interventions to cushion the impact to vulnerable sectors such as targeted cash transfers and the KADIWA Program.

Short-term measures to mitigate inflation

- A. Addressing supply issues by stage in the supply chain
- B. Strengthening ground monitoring and assessment
- C. Protecting the vulnerable sectors
- D. Ensuring affordable and reliable energy supply



Short-term interventions to mitigate inflation

A. Addressing Supply Issues



Production

- Balanced Fertilization including provision of organic and bio-N fertilizers
- Financing agreements or development assistance for the importation of fertilizers
- Increase distribution of seeds and seedlings
- Intensify hog repopulation program
- Boost measures to improve production of pork, rice, corn, fish, poultry, sugar, and high-value crops.



Importation and anti-smuggling efforts

- Improve timing of importation
- Simplify procedures in releasing imports
- Enhance intelligence and enforcement operations



Post-harvest

- Agricultural Machinery, Equipment, Facilities, and Infrastructure Program (AMEFIP)
- Rice Competitiveness Enhancement Fund (RCEF) - Mechanization Program



Transport of goods

- Stricter implementation of the suspension of pass-through fees for the transport of goods and products



Distribution

- Data mapping of agricultural products
- Strengthen linkages of farmers to buyers through e-commerce (Deliver-e)



Warehousing and storage

- Improve warehousing/storage system and conduct regular inspection to avoid artificial scarcities

Expediting the process of securing financing agreements or development assistance for fertilizers

- **Fertilizers from Saudi Arabia.** The Department of Agriculture (DA) is currently initiating discussions with Saudi Fund for Development (SFD) specifically for the supply of urea fertilizer in 2023.
- **Fertilizers from China.** The Department of Foreign Affairs will provide China another Note Verbale for the development assistance for fertilizer imports.

Ensuring adequate supply and agricultural productivity to ease price pressures

- Intensified implementation of programs to boost agricultural productivity
 - INSPIRE or the hog repopulation program;
 - National Rice program; and
 - RCEF Mechanization program, among others.

Improving sugar supply to ease inflation pressures

- Sugar inflation remained persistently high in January 2023 as the DA estimates a sugar supply deficit by the end of August 2023.
- **Study the removal of quantitative import restrictions** through an Executive Order (EO) to ease supply pressures.

Fast-tracking government processes on clearances for agricultural goods

- Study the removal of the Certificate of Necessity to Import (CNI) for fish
- Digitalize and centralize the Sanitary and Phytosanitary Import Clearance (SPSIC) system
- Implement the equivalence principle of the Sanitary and Phytosanitary (SPS) agreement
- Remove the required Authority to Release Imported Goods (ATRIG) on fertilizers and feeds ingredients.

Short-term interventions to mitigate inflation



B. Strengthening ground monitoring and assessment

- Create an Inter-agency Committee on Inflation and Market Outlook (IAC-IMO)
- Improve supply-demand situation analysis and policy formulation
- Improve the system for monitoring the supply of agriculture products to ensure immediate intervention
- Protect the AFF sector and consumers against price manipulation and anti-competitive policies

Creation of the Inter-agency Committee on Inflation and Market Outlook (IAC-IMO)

- We recommend the creation of the IAC-IMO with the following composition:

Position	Agency
Chairperson	DOF and NEDA
Vice-chairperson	DBM
Members	DA, DTI, DOE, and DOST
Resource institutions	BSP and PSA

Boost monitoring of prices, supply, and demand of agricultural goods

- **Creation of an agriculture monitoring dashboard** which contains the prices, supply, and demand of key commodities for the President and relevant government agencies
- **Implementation of the Farmers and Fisherfolk Enterprise Development Information System (FFEDIS)** to determine supply and distribution areas of the enterprises
- **Reconstitution of the Local Price Coordinating Councils (LPCC)**
- **Institutionalization of the Sub-task group on Economic Intelligence** to monitor warehouses against hoarding and profiteering
- **Continuous monitoring of the suspension of pass-through fees**

Short-term interventions to mitigate inflation



C. Protecting the vulnerable sectors

- Improve and expand the Kadiwa Program
- Continue the provision of fuel discount to farmers and fisherfolk (FDFF)
- Extend the Targeted Cash Transfer (TCT) program for 2023

Continued provision of subsidies for the vulnerable sector

Program	Agency	Amount (PHP billion)
2023 General Appropriations Act (GAA)		
Fertilizer Discount Voucher (FDV) Program	DA	13.3
Fuel Discount to Farmers and Fisherfolk (FDFF) program	DA and BFAR	1.0
Fuel Subsidy to Transport Sector Affected by Rising Fuel Prices	DOTr	3.0
Extension of the Targeted Cash Transfer (TCT) program	DSWD	9.3
Total		26.6

Short-term interventions to mitigate inflation



D. Ensuring affordable and reliable energy supply

- Ensure the timely completion of major transmission projects to improve energy access in the country
- Implement energy conservation efforts to urge households in practicing the culture of energy efficiency

Legislative priorities for the agriculture sector

Bill	Status in the House of Representatives	Status in the Senate
New Agrarian Emancipation Act	Approved on 3rd reading on December 12, 2022	Approved on 2nd Reading on February 28, 2023
National Land Use Act	Pending in the Committee on Land Use	Pending in the Committee on Environment, Natural Resources and Climate Change
Livestock Development and Competitiveness bill	Pending in the Committee on Agriculture and Food	Pending in the Committee on Agriculture, Food and Agrarian Reform
Amendments to the Philippine Crop Insurance Corporation (PCIC) Charter	Approved by the Committee on Government Enterprises and Privatization	Pending in the Committee on Government Corporations and Public Enterprises

Creation of the Economic Development Group

- We recommend the creation of the Economic Development group with the following composition, similar to the previous Economic Development Cluster:

Position	Agency
Chairperson	DOF
Members	PMS, NEDA, DTI, DBM, DA, DPWH, DOTr, DICT, DOE, DOST, DOT, DILG, and DOLE
Secretariat	NEDA

Medium to long-term interventions to mitigate inflation



Ensure Food Security

- Fast-track consolidation/clustering of farms, labor, and other inputs to take advantage of economies of scale in production
- Formulation of the National Logistics Strategy (NLS), Food Logistics Plan, and the National Network of Farm-to-Market Roads Development Program
- Access to credit and insurance to MSMEs, fisherfolk, and farmers
- Address absence of modern ship port and facilities



Ensure Energy Security

- Ensure expeditious issuance of local permits for energy projects of national significance
- Accelerate renewable energy (RE) development to improve energy mix and formulation of strategic plan to ensure sustainable energy supply



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