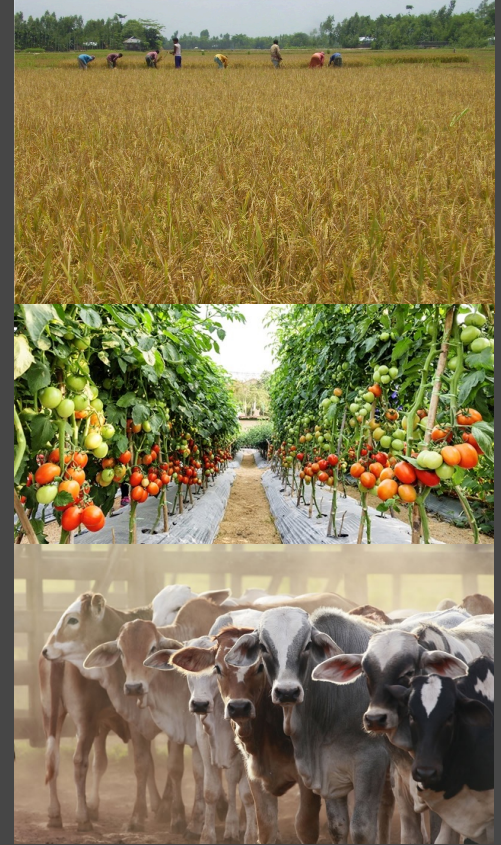


# Perspectives on Food Security in the Philippines

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Agricultural Development for Food Security Conference  
ADB Headquarters, Manila, Philippines

November 6, 2024

# Outline

- ❑ Food Security: What it is, what it's not
- ❑ Approaches to Food Self-Sufficiency
- ❑ Food Insecurity, Malnutrition & Education: Interlinked Crises
- ❑ New Directions
  - ❖ Ease trade policy
  - ❖ 'Provincialize' agriculture



# What is Food Security?

*“When all people, at all times, have **physical and economic access to sufficient, safe and nutritious food** that meets their dietary needs and food preferences for an **active and healthy life.**”*

**- UN-FAO/World Food Summit**



Adequacy,  
food safety &  
nutrition

# What is Food Security?

Availability  
+  
affordability

*“When all people, at all times, have **physical and economic access to sufficient, safe and nutritious food** that meets their dietary needs and food preferences for an **active and healthy life.**”*

- UN-FAO/World Food Summit

Centered on  
human  
wellbeing



# Global Food Security Index (GFSI)

## Assessment Categories

- **Affordability** – ability of consumers to purchase food (prices & incomes)
- **Availability** – sufficiency of food either domestically produced or imported; risk of supply disruption, national capacity to expand farm output
- **Quality and Safety** – variety and nutritional quality of average diets; safety of food
- **Sustainability & Adaptability (New)** – exposure to impacts of climate change; susceptibility to natural resource risks; and adaptive capacity to these risks

# Food Security in ASEAN

(GFSI, 2022)

COUNTRY	Rank	Overall Score	Affordability	Availability	Quality & Safety	Sustain. & Adapt.	Stunting %
Japan	6	79.5	85.8	81.2	77.4	66.1	5.5
China	25	74.2	86.4	79.2	72.0	54.5	4.7
Singapore	28	73.1	93.2	77.8	69.7	44.3	2.8
South Korea	39	70.2	76.8	71.5	71.5	58.5	2.2
Malaysia	41	69.9	87.0	59.5	74.7	53.7	20.9
Vietnam	46	67.9	84.0	60.7	70.2	52.2	22.3
Indonesia	63	60.2	81.4	50.9	56.2	46.3	31.8
Thailand	64	60.1	83.7	52.9	45.3	51.6	12.3
Philippines	67	59.3	71.5	55.2	65.3	41.8	28.7
Myanmar	72	57.6	62.1	53.5	64.4	49.0	25.2
Cambodia	78	55.7	74.3	54.5	54.0	33.9	29.9
Laos	81	53.1	53.1	59.7	51.7	47.0	30.2

# Food Security ≠ Food Self-Sufficiency

## COUNTRY P

- Ample domestic food supply; largely self-sufficient
- High food prices; strongly regulated imports; low average incomes; weak access to adequate food (stunting 28.7%)
- **Food self-sufficient**, but not food secure

## COUNTRY S

- Little domestic food production (lacks land, natural resources)
- Low prices of (mostly imported) food; unrestricted trade; high average incomes; food widely available/accessible (stunting 2.8%)
- Far from food self-sufficient, but ranked among most **food secure**

# Food Security ≠ Food Self-Sufficiency

## PHILIPPINES

- Ample domestic food supply;

## SINGAPORE

- Little domestic food production

**Food Self Sufficiency is neither a necessary nor sufficient condition for Food Security:**

- Can be food secure without being food self-sufficient
- Can be food self-sufficient, yet not food secure

- **Food self-sufficient**, but *not* food secure

- Far from food self-sufficient, but ranked among most **food secure**



# Pursuing Self-Sufficiency: Two Approaches

## (Briones 2016)

### Supportive

- Provide meaningful, effective support to producers to raise productivity and achieve cost competitiveness
- Does not make the good more expensive; can possibly make it even cheaper with the right support

### Protective

- Maintain import barriers (QRs, high tariffs, controlled imports)
- Ban or quota limits domestic supply, pushes price up
- Higher price reduces  $D$ , induces more  $S \rightarrow$  eliminates shortage, attains self-sufficiency... but
- Consumers pay a higher price.

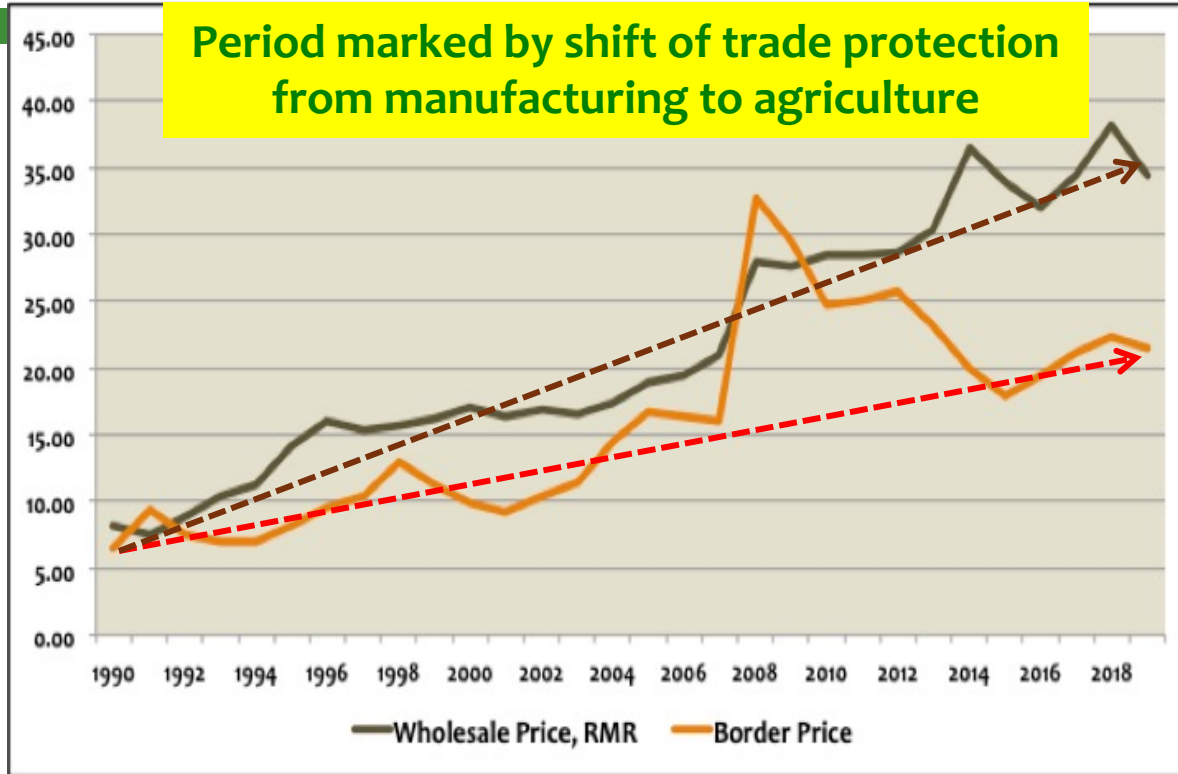
# Food self-sufficiency pursued via protection route led to food insecurity



- Rice prices (production cost) progressively moved away from border prices over time

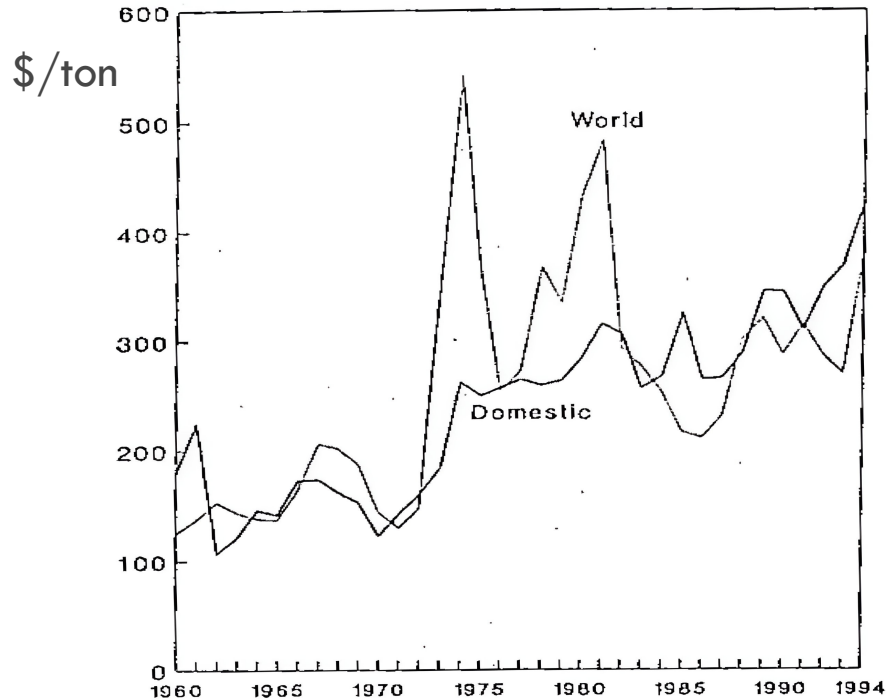


# PH rice price spread kept widening over time



- Over the past 30 years, the spread between border price and domestic price kept widening (except for the abnormal 2008 crisis episode)
- PH actually helped induce the abnormal 2008 price spike
- Reflects rising inefficiency, falling competitiveness thru time

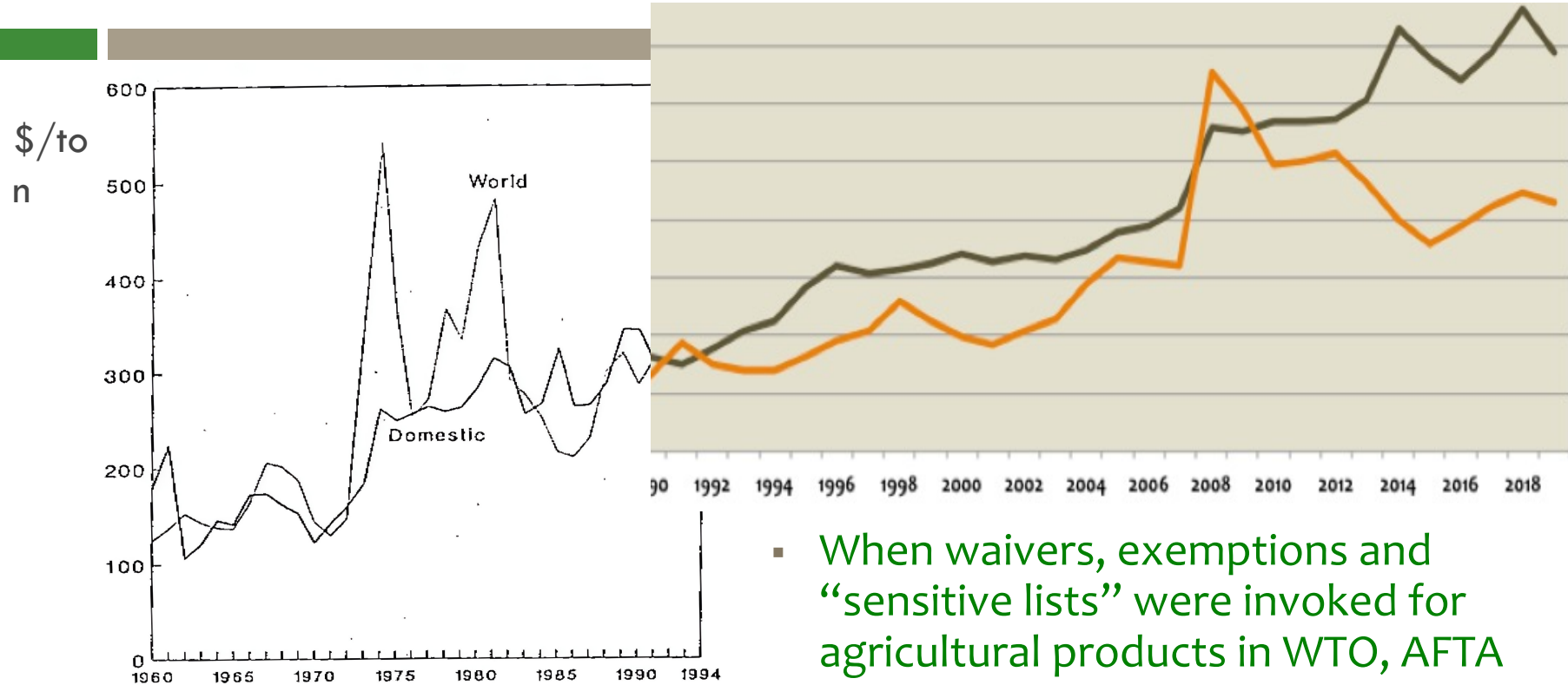
# ... even as domestic price kept abreast or was lower up to early 1980s



Source: David & Balisacan 1995

- Domestic rice price was moving with world price through the 1960s
- Was lower than world price in the 1970s to early 1980s when world price spiked
- Was lower around 1990, but began diverging after that (when protection switched in favor of agriculture)

# Divergence between domestic price and world price started with switchover of protection from Industry to Agriculture



Source: David & Balisacan 1995

- When waivers, exemptions and “sensitive lists” were invoked for agricultural products in WTO, AFTA

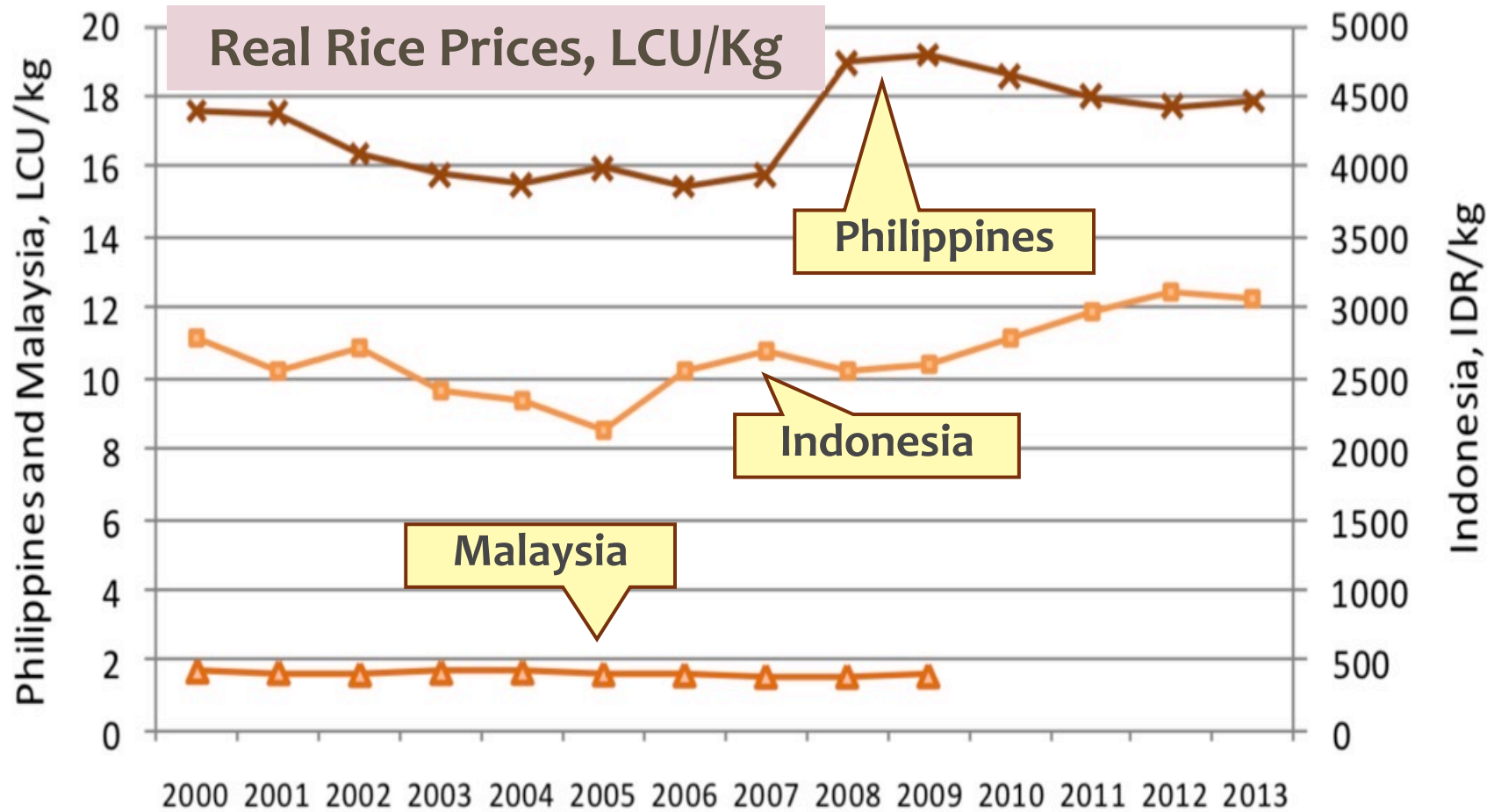
# A Tale of Two Rice Industries

## Philippines

- Pursued 100% self-sufficiency
- Rice consistently dominates agriculture budget (but spent on the wrong things)
- Even marginal lands kept in rice to maximize production at all costs
- Domestic rice price was volatile due to NFA judgment errors
- **Rice price kept rising over time**

## Malaysia

- Targeted only a minimum 65% self sufficiency (1<sup>st</sup> to 10<sup>th</sup> MPs)
- 100% actually attainable, but gov't felt it wiser to use arable lands for industrial crops to raise farm incomes more
- Gave focused support to rice production (Bumiputra bias)
- **Deliberately kept rice price stable**



# Food self-sufficiency pursued via protection route led to food insecurity



- Rice prices (production cost) progressively moved away from border prices over time
- As priority staple, costlier rice crowds out proteins & vegetables from the food budget
- Pushes a large segment of the population into food insecurity and malnutrition
- *Great Irony:* our constant pursuit of rice self-sufficiency (*in the name of food security*) had the reverse unintended consequence of *reducing* Filipinos' food security



# Our Silent Crisis of Child Stunting

- *Fact:* **One in every 3 Filipino children 5 years old & below is severely malnourished**, manifested in stunting (2 standard deviations or more shorter than median height for their age)
- *Fact:* **90% of brain development happens before age 5** (most critical stage in a person's life); height is not the issue, but **brain development**
- A stunted 5 year-old is **damaged for life** and will never reach the maximum physical/mental potential; will grow up with lower cognitive and learning ability



# Philippine Education is in Crisis

- PH ranks 2<sup>nd</sup> lowest in creative thinking

## Comparing countries' and economies' performance in creative thinking

  Statistically above the OECD average  
  Not statistically different from the OECD average  
  Statistically below the OECD average

	Mean score		Mean score	
Above the OECD average	Singapore	41	Uruguay	29
	Korea	38	United Arab Emirates	28
	Canada*	38	Qatar	28
	Australia*	37	Costa Rica	27
	New Zealand*	36	Greece	27
	Estonia	36	Ukrainian regions (18 of 27)	27
	Finland	36	Romania	26
	Denmark*	35	Colombia	26
	Latvia*	35	Jamaica*	26
	Belgium	35	Malaysia	25
No difference	Poland	34	Mongolia	25
	Portugal	34	Moldova	24
	Lithuania	33	Kazakhstan	24
	Spain	33	Brunei Darussalam	24
	Czechia	33	Cyprus	24
	Chinese Taipei	33	Peru	23
	Germany	33	Brazil	23
	France	32	Saudi Arabia	23
	Netherlands*	32	Panama*	23
	Israel	32	El Salvador	23
Below the OECD average	Macao (China)	32	Baku (Azerbaijan)	23
	Hong Kong (China)*	32	Thailand	21
	Italy	31	Bulgaria	21
	Malta	31	Jordan	20
	Hungary	31	North Macedonia	19
	Chile	31	Indonesia	19
	Croatia	30	Palestinian Authority	18
	Iceland	30	Dominican Republic**	15
	Slovenia	30	Morocco	15
	Slovak Republic	29	Uzbekistan	14
Mexico	29	Philippines	14	
Serbia	29	Albania**	13	

\* Caution is required when interpreting estimates because one or more PISA sampling standards were not met (see Reader's Guide, Annexes A2 and A4).

\*\* Caution is required when comparing estimates with other countries/economies as a strong linkage to the international PISA creative thinking scale could not be established (see Reader's Guide and Annex A4).

Countries and economies are ranked in descending order of the mean performance in creative thinking.

Source: OECD, PISA 2022 Database, Table III.B1.2.1.

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Source: OECD, PISA 2022 Database, Table III.B1.2.1.

# Our Successor Generation is in deep trouble.

91%

of 10-year-olds in the  
Philippines are not  
proficient in reading.

We face severe  
learning poverty.

(World Bank)

Less than 1 out of 10 Filipino  
Grade 3 pupils can read *and*  
*understand* what they are  
reading



# Our Successor Generation is in deep trouble.

Less than 1 out of 10 Filipino

**It's not just about schools and teachers, but also traces to malnourished & hungry children**

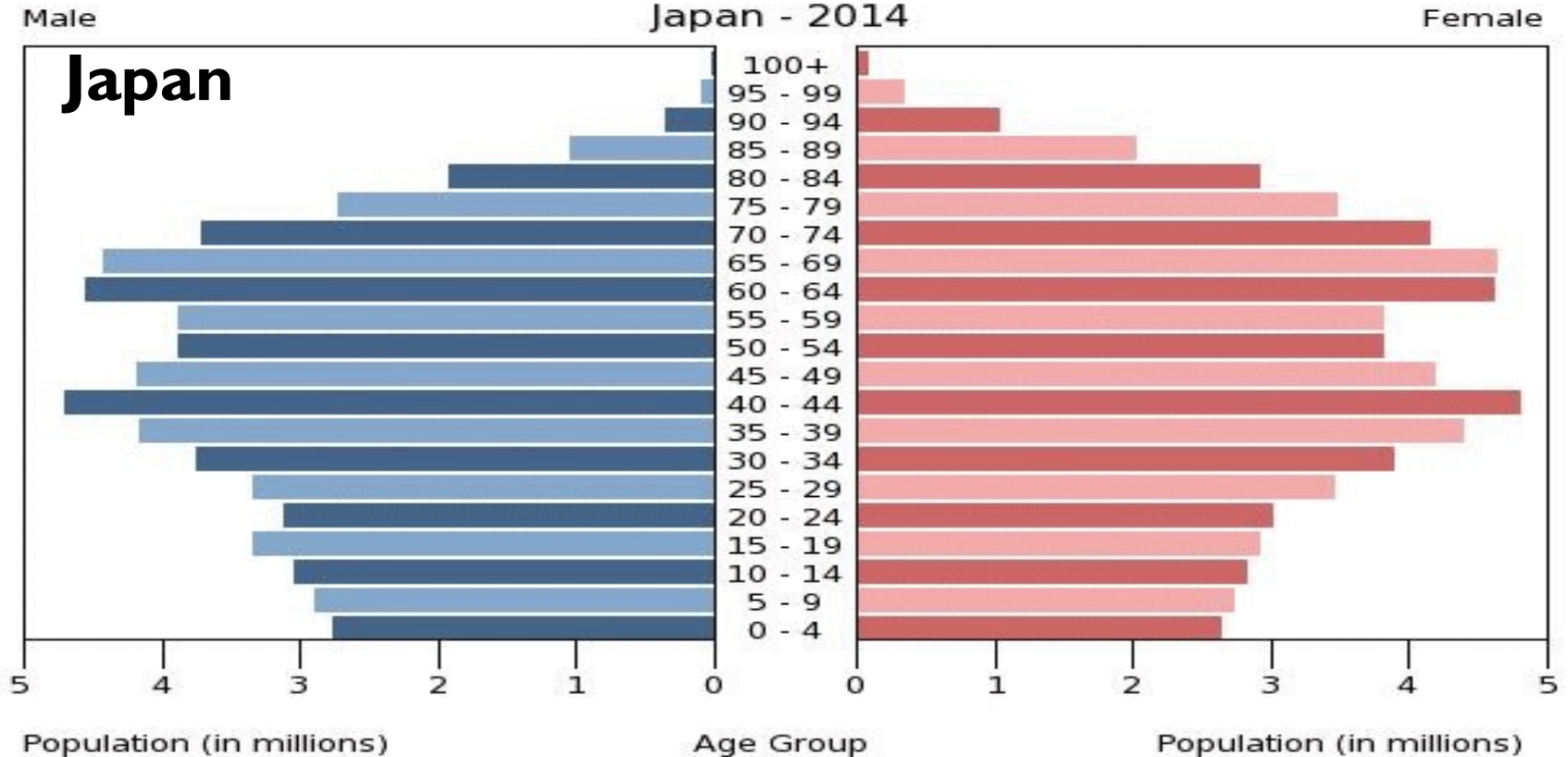
- But malnutrition traces fundamentally to poverty and high cost of food
- Ultimately, solving our education crisis rests on the shoulders of DA and LGUs, as much as DepEd

learning poverty.

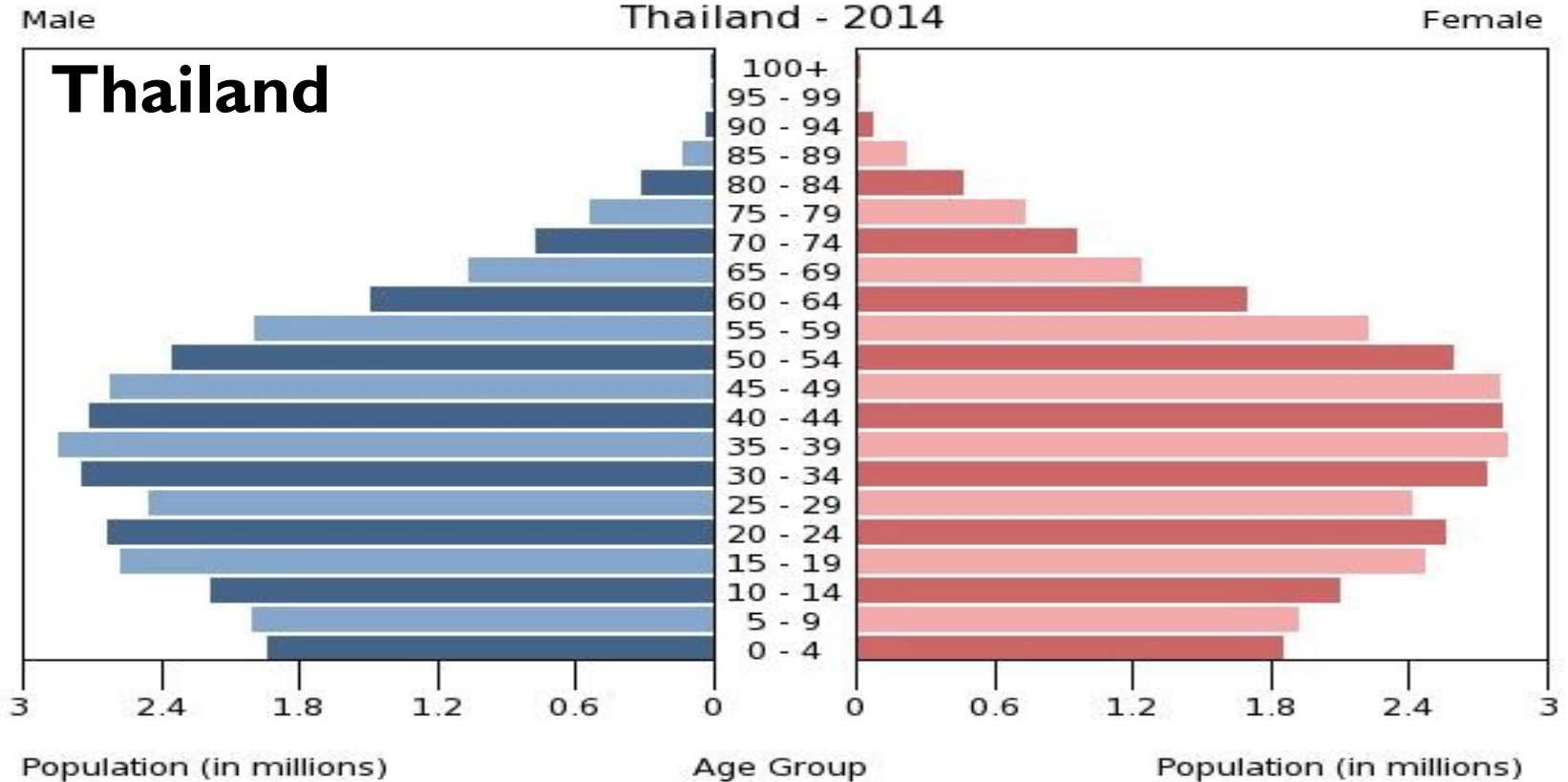
(World Bank)



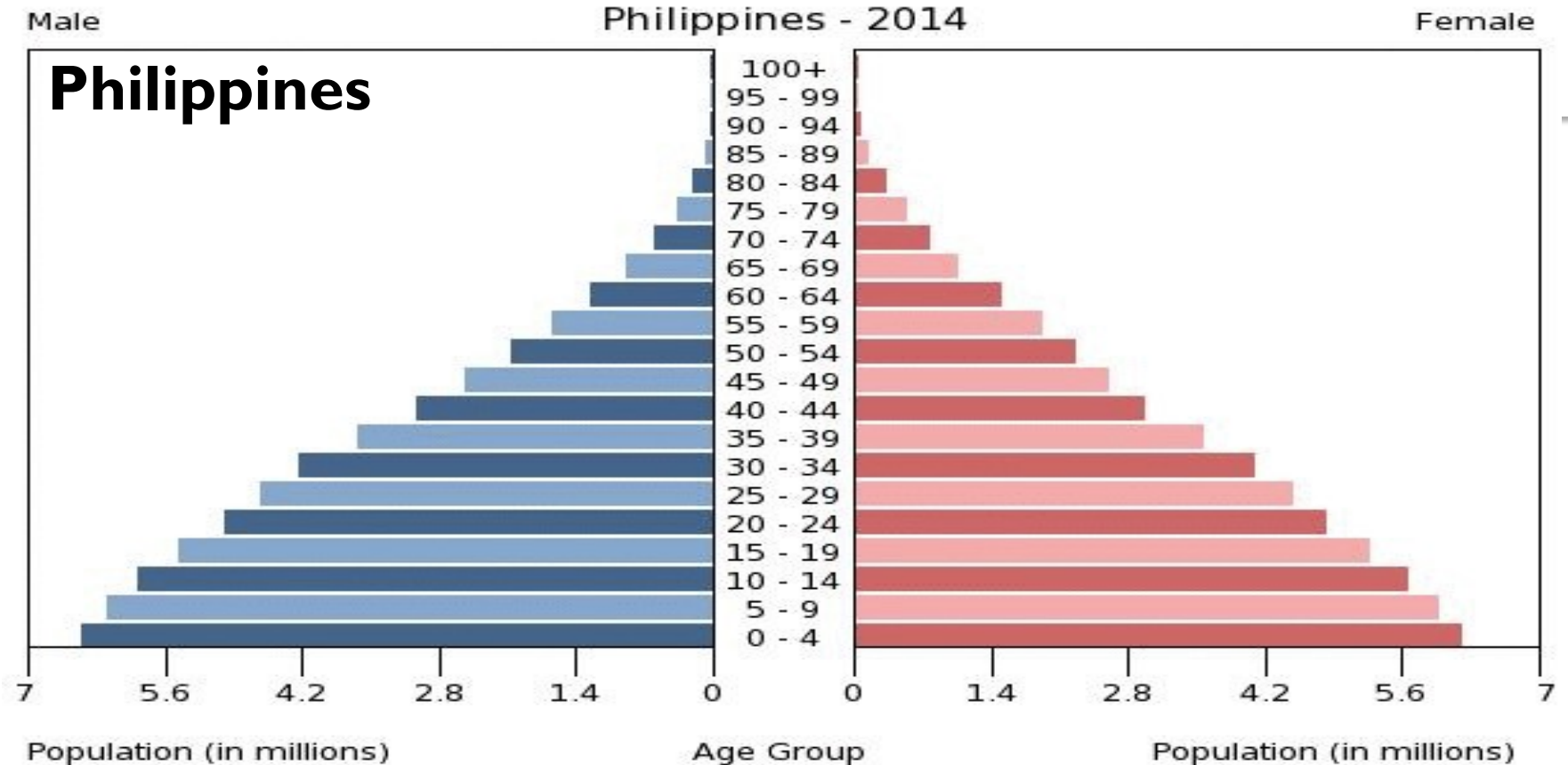
# Population Age Profile, 2014



# Population Age Profile, 2014

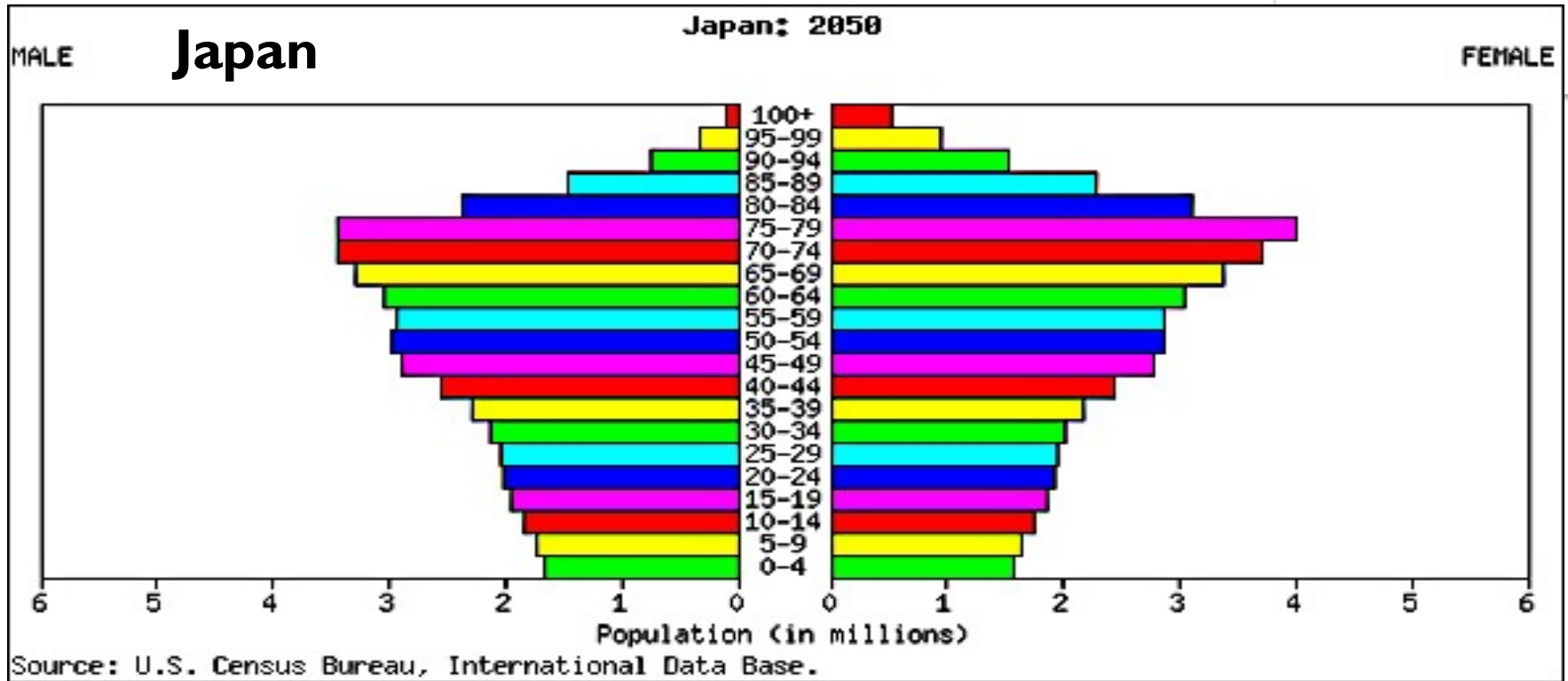


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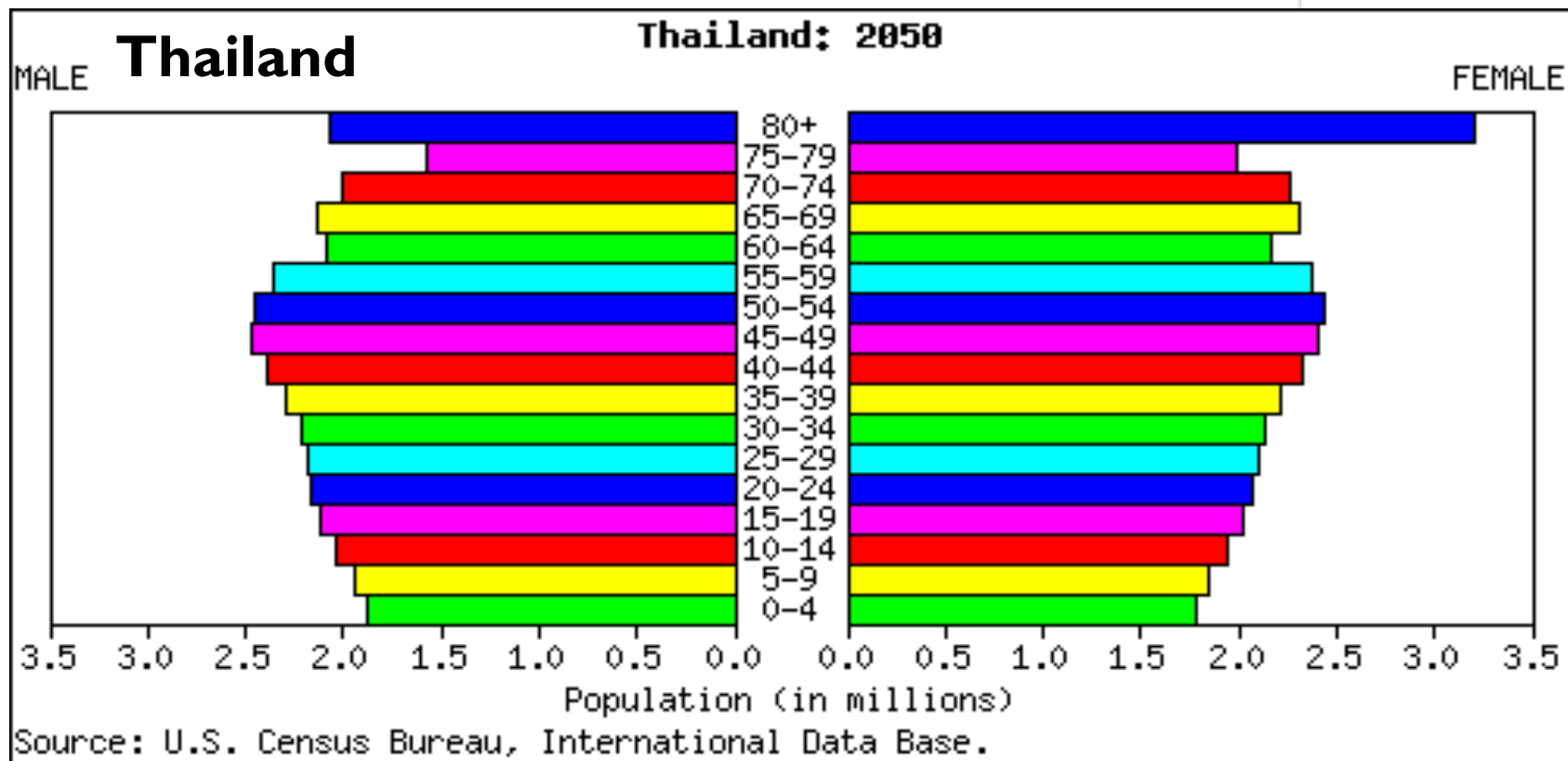




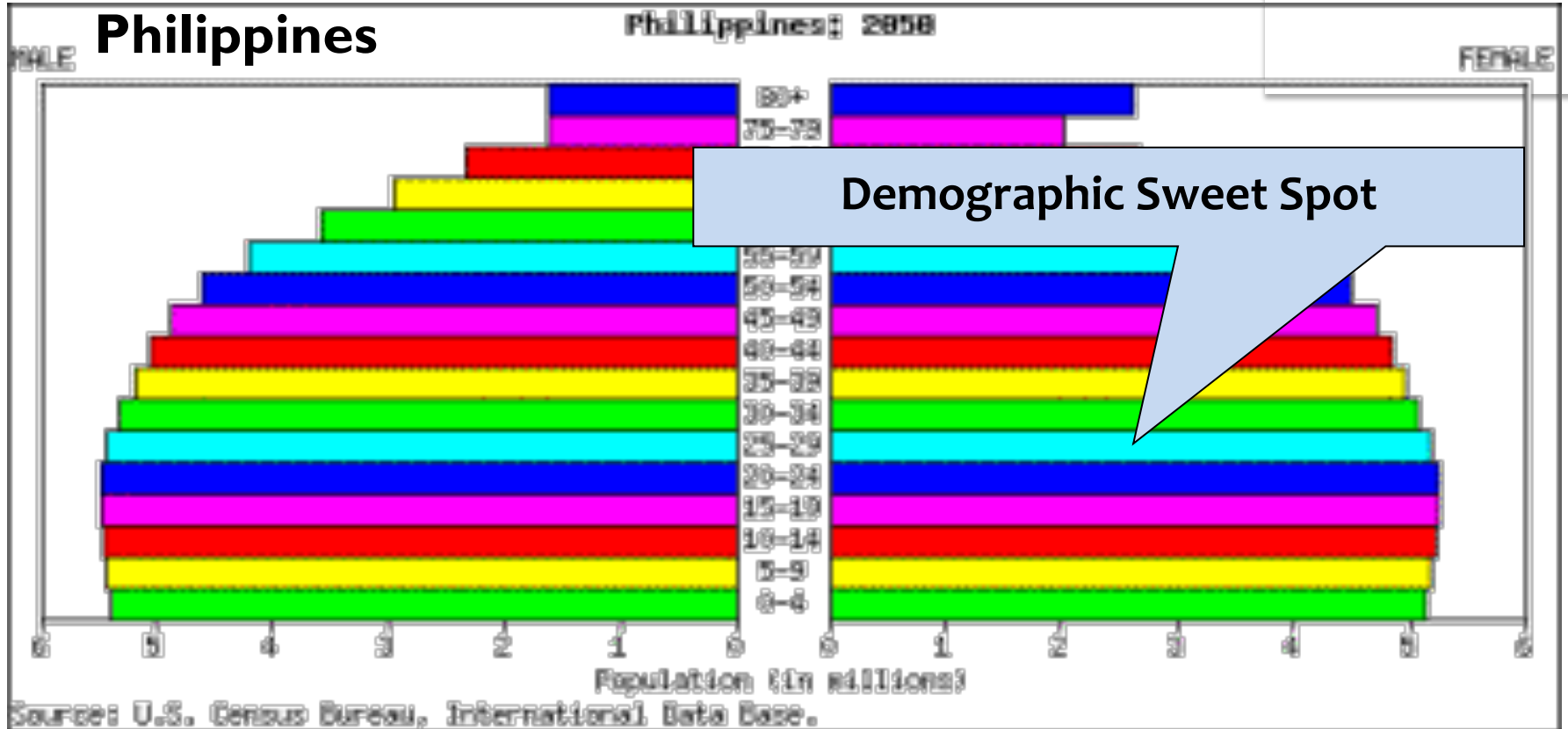
# Projected Population Age Profile, 2050



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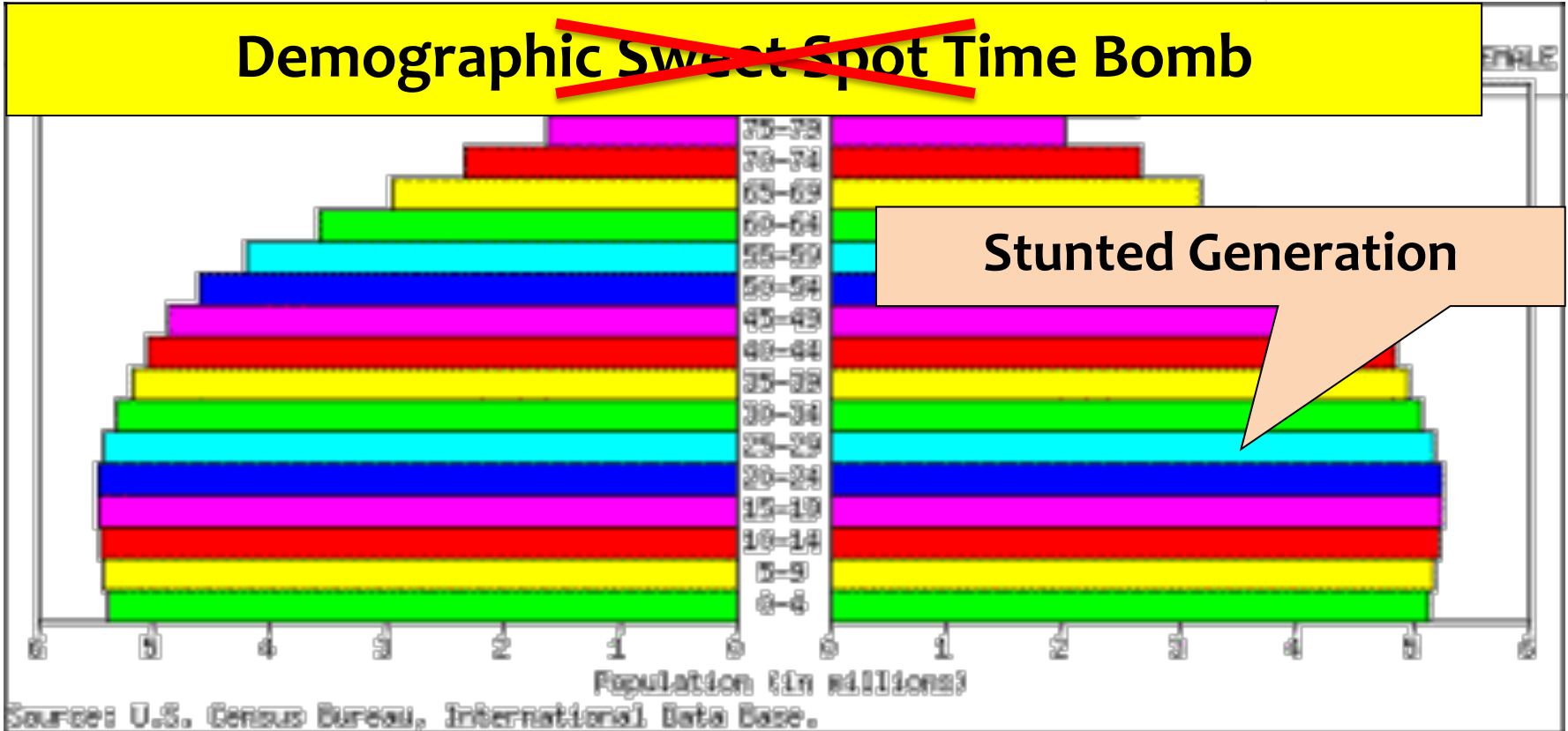


# Projected Population Age Profile, 2050



# PH Population Profile in 2050

~~Demographic Sweet Spot Time Bomb~~



## New Directions:

# Ease overly protective trade policy

- Competition pushes productivity, widens choices, curbs profiteering
- Trade controls curbed competition, killed impetus for productivity & lower costs, fostered cartels, raised prices
- **Myth:** ‘Unbridled liberalization’ kept Philippine agriculture underdeveloped
- **Reality:** Persistent waivers, exemptions, ‘sensitive’ lists and exceptionally high tariffs bridled agricultural trade
- **Result:** Complacency, low productivity, uncompetitiveness, **food insecurity**



## ... Ease overly protective trade policy



- **The fix:** Calibrated use of tariff – not trade control/regulation – as transparent instrument of trade policy (*Rice Tariffication*)
- Active pursuit of PTAs (RCEP, bilateral FTAs); PH has least number in ASEAN; permits collective negotiation vs. distortive subsidies of the West
- Ensure active and fair competition, contestable markets (foils cartels)
- Best weapon vs. homegrown inflation

## New Direction:

# 'Provincialize' agricultural development

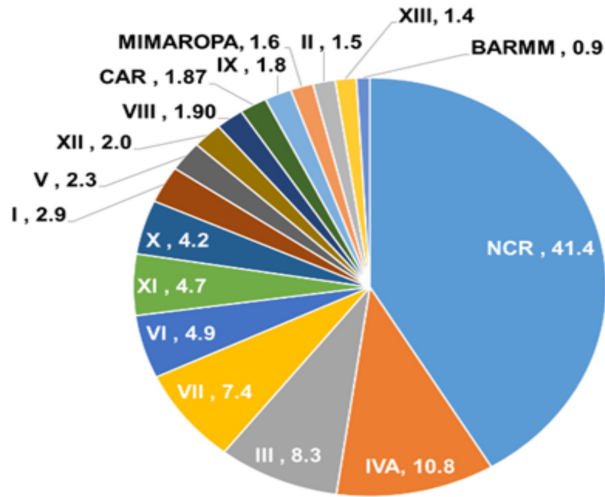
- Agriculture is the backbone of the PH economy



# Backbone of Our Economy: Agriculture & Agribusiness

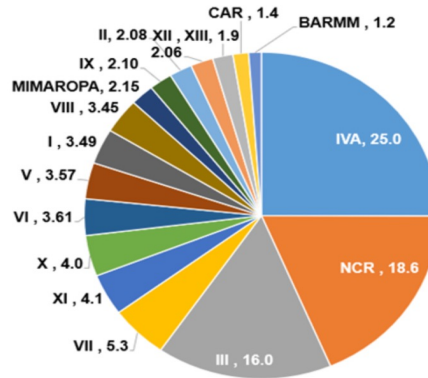
## Regional GDP Shares in Major Sectors

1. Metro Manila
2. Calabarzon



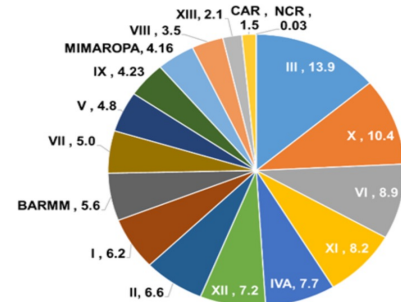
Services

1. Calabarzon
2. Metro Manila
3. Central Luzon



Industry

1. Central Luzon
2. N Mindanao
3. W Visayas
4. Davao Region
5. Calabarzon
6. Soccsksargen



Agri, Fishery &  
Forestry



## New Direction:

# 'Provincialize' agricultural development

- Agriculture is the backbone of the PH economy
- `Devolution in agriculture was a good idea badly executed
- Centralized, top-down governance of the sector never worked (*Bgy. Lopero, Jose Dalman, Zamboanga del Norte*)
- Agri is underbudgeted relative to our ASEAN peers... but absorptive capacity of DA is the hurdle to getting more; budget utilization highly flawed



## ...“Provincialize” agricultural development



- **The fix:** Work with & thru the provincial LGUs; download funds via matching grants
- Allocate budget for provincial capacity building; make it a DA KRA
- Sustain the scale-up of Province-led Agriculture and Fisheries Extension System (PAFES)
- Make agri performance a shared accountability of DA & provincial LGUs
- **Coops, farm finance critical**

# Summary (Take Aways)



1. Food security involves a combination of food availability, affordability, quality & safety, and resilience against risks.
2. A nation can be food self-sufficient yet food insecure, and can be food secure even if not food self-sufficient.
3. Philippines' pursuit of food self-sufficiency thru trade protection has led to the undesired effect of greater food insecurity
4. High levels of malnutrition due to high food costs have far-reaching effects on the nation's economic future.
5. Food self-sufficiency is best pursued via meaningful and effective support for farmers to improve productivity and competitiveness.
6. Trade openness with strong productivity support via province-led devolution is the way to **food security**



**Thank You!**

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