

# **The Impact of GATT/WTO Agreement on Agriculture on the Income of Small-scale Rice Farmers: The Philippine Experience during the Ramos Administration**

**An undergraduate thesis  
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And to the Faculty  
Of the Department of Social Sciences  
University of the Philippines-Manila**

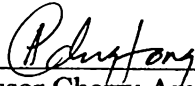
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**APPROVAL SHEET**

This undergraduate thesis entitled “The Impact of GATT/WTO Agreement on Agriculture on the Income of Small-scale Rice Farmers: The Philippine Experience during the Ramos Administration” is hereby submitted for approval.



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*Ad majorem dei gloriam.*

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## CHAPTER I

### INTRODUCTION

#### A. Background of the study

*"Food security is a human right which must take precedence over macroeconomic and trade concerns, militarism and the dictates of the marketplace."*

-World Food Summit, 1996

#### 1. Importance of Rice

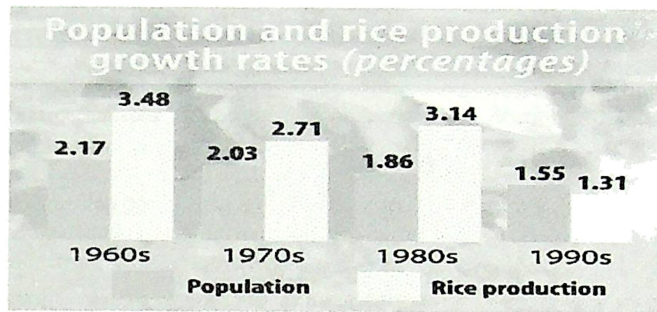
Food, especially rice, is a basic necessity. Among the three leading food crops—rice, maize, and wheat—people consume 85% of the total rice production, 60% of wheat and 25% of maize (Hossain & Sombilla, 1999). Rice is grown in 113 countries; in Asia and Africa alone, about 100 million household depend on rice cultivation as a source of income; over half of the 840 million people suffering from chronic hunger live in areas dependent on rice for income and employment; and 27 percent of dietary energy supply and 20 percent of dietary protein intake in the developing world is provided by rice ("Rice is life", [www.fao.org](http://www.fao.org)). Thus, rice is a very important element for food security.

#### 2. Population and food supply

Rice, however important, has faced problems of production. The food problem is a predicament as old as history itself ("The food problem of the developing countries", 1968). According to the OECD, one of the factors which account for the problem of food supply is the increasing rate of population growth relative to food production. Population increase should be met with increasing food supply; thus, in the 1960s the Green Revolution was adopted. It increased the productivity of most developing countries by providing new crop varieties, pesticides, and fertilizers (Weiss, 2000).

The new farming techniques brought about by the Green Revolution affected rice production in the 1960s, 1970s and 1980s; it enabled rice to keep up with the growing population, figure 1 illustrates this realization. (“Bridging the gap in rice production”, www.fao.org).

**Figure 1**

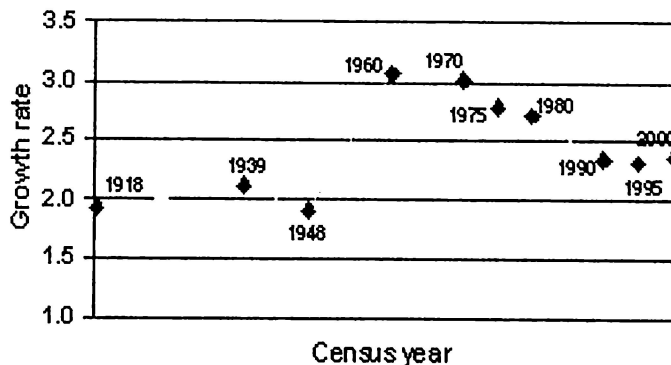


Source: FAOSTAT, 1998.

However, anxiety regarding food availability vis-à-vis population growth resurfaced in the 1990s; figure 2 below shows this relationship. The Philippines’ population registered a 2.36 growth rate from 1995 to 2000

**Figure 2**

Figure 1  
Intercensal Population Growth Rates,  
Philippines: 1918-2000



Source: NSO, 2000 Census of Population and Housing

This figure was 0.04 percent higher than the rate from 1990 to 2000. According to the National Statistics Office, if this average annual growth rate continues then

the Philippine population will double in 29 years (“Philippines: population expected to reach 100 million Filipinos in 14 years”, [www.cesnsus.gov.ph](http://www.cesnsus.gov.ph)). In turn, the growing population is expected to increase the demand for rice; table 1 below show the government’s projections.

**Table 1**

Projected population and rice requirements, Philippines 2000-2020							
Year	Population (million)			Rice Consumption (Kg/year)	Rice requirement (million ton)		
	Low Variant	Medium Variant	High Variant		Low Variant	Medium Variant	High Variant
1995	69.98	70.27	70.42	140	9.8	9.84	9.86
2000	77.29	78.41	79.01	146	11.28	11.44	11.54
2005	83.87	86.32	87.67	180	12.58	12.94	13.15
2010	89.62	93.87	96.26	183	13.71	14.36	14.72
2015	95	100.95	107.7	150	14.25	15.14	157.1
2020	105.3	107.45	112.9	145	15.27	15.58	16.38

Sources: NSO (Population); Hossain and Sombilla (Rice Consumption), 1999

### **3. 1995 Philippine rice crisis**

A problem in rice supply was felt in the Philippines in the mid-1990s. The rice crisis lasted from July to December of 1995; during that time rice prices were exorbitant, it recorded price increases at 60% to 80% for low grade rice and 100% for middle and high grade rice (Hongfang, 1999). Several factors account for this incident: the inadequacy of the government’s rice production policies and programs, monopoly of grain by a few Binondo traders, ineffective intervention in grain trading by the National Food Authority, continued landlessness of millions of farmers, and the tendency to resort to importation of grains to ensure sufficient food supply (Hongfang, 1999, qtd. from Philippine Peasant Institute). In addition, Hongfang said that the Ramos administration highlighted industrialization over rice production; the privatization of NFA (National Food Authority) lead to its minimal control over financial subsidies and rice procurement; farmers lacked the

initiative to produce rice because of the low and unstable rice prices; the Green Revolution disrupted ecological balance and consequently led to the unsustainable development in the agriculture sector; finally, the Department of Agriculture and NFA were inefficient and was not able to perceive the rice shortage. Furthermore, certain ecological problems threaten the supply of food: deforestation, soil erosion/degradation, depletion of marine resources, and degradation of freshwater resources (The Philippine Group & Regalado, [www.philsol.nl](http://www.philsol.nl)). The abovementioned problems disabled the capacity of rice production to keep up with the large and growing population.

#### **4. Rice and Liberalization of Trade**

Trade liberalization increased the debate between food security and food self-sufficiency. Food security is “the availability and affordability of food to all the citizens in a country; its essential elements are the availability of food and ability to acquire it” (Cabanilla, 1999; qtd from World Bank 1986, p. 2). This concept, in contrast to food self-sufficiency, allows for the procurement of food from the international market if domestic production is not enough. Trends in trade liberalization are leaning towards food-security.

Rice imports and exports have changed with the implementation of the Uruguay Round-General Agreement on Tariffs and Trade (UR-GATT). The UR-GATT agreement on agriculture aims at establishing a fair and market-oriented agricultural trading system (“WTO ANALYTICAL INDEX: Agreement on Agriculture”, [www.wto.org](http://www.wto.org)). The Philippines’ ratification of the GATT produced a massive change in agricultural policy (Bello, “The GATT Agricultural Accord and Food Security: The Philippine Case”). Under the new GATT-WTO, the Philippines committed to remove all the quantitative restriction or quotas on agricultural products with the exception of rice in theory. The reduction and elimination of the barriers to trade brought about by trade liberalization will increase the demand for agricultural exports; consequently, world prices of agricultural commodities will grow thereby increasing agricultural earnings.

Despite the quota left to rice imports, Philippines granted a “minimum access” to the said commodity—“Department of Agriculture estimates put the access volume of rice at 30,000 MT in 1995, rising to 227,000 in 2004”. According to Bello, despite the restrictions, rice imports exceeded the minimum access value (MAV): in 1995, partly as a response to the rice crisis, imports amounted to 245,000 MT which was followed by an 884,000 MT rice import in 1996. Thus, by virtue of the abovementioned, Bello saw the trend in agricultural policy towards deregulation and trade liberalization.

“Philippine’s quantitative restriction on rice importation represents the country’s final frontier—its last stand—against rapid agricultural trade liberalization...but now this frontier is being threatened” (Bernabe, “Rice Trade Liberalization: Endangering Food Security”). According to Bernabe, several bills have been passed in the legislature proposing for the removal of the quantitative restriction of rice. Advocates of this import liberalization argue that the removal of the quantitative restriction will provide the consumers with cheaper rice, and such an act is disputable since rice imports have been growing steadily since 1992 thus, it is better to remove the quantitative quota and replace it with tariffs to provide the government additional revenues.

## **B. Statement of the problem**

Do the GATT/WTO policies on agriculture impact the income of small-scale rice farmers?

## **C. Significance of the Study**

Globalization utilizes trade as the stimulant for growth which is manifested through the GATT/WTO. In essence, GATT/WTO allows trade between and among countries to occur with lesser restrictions such as tariffs, import quotas, and subsidies. It claimed that with a relatively open ground for trade, different countries can utilize their production capabilities and provide the demands of the different markets.

As it is, GATT/WTO allows the Philippines to import cheaper commodities than domestic production. As the country continually lean towards the importation of basic necessities it places the Philippines at the mercy of foreign products—a situation which can adversely affect both producers and consumers.

#### **D. Scope and Limitation**

This study is limited to the following:

❖ **General:**

The impact of the open-market agriculture policy of GATT/WTO on the income of small-scale rice farmers in the Philippines.

❖ **Specific:**

The impact of the open-market agriculture policy of GATT/WTO in the Philippines during the Ramos administration (1995-1998).

## CHAPTER II

### ANALYTICAL FRAMEWORK

#### A. Review of Related Literature

GATT/WTO Agreement on Agriculture was a controversial topic. Proponents claim that the local economy will benefit from its liberalization policies while others argue that it will produce a negative impact on the local agriculture sector.

##### 1. Pre-GATT Philippines

Since the Philippine colonial history, the country was already producing export crops (Guzman, 2000). During the Spanish time, large Haciendas were oriented towards producing export crops—a pattern also followed during the American colonial period. According to Guzman, huge export-oriented plantations were owned by U.S. transnational corporations in partnership with Filipino landlords.

Trade liberalization, as it is, was a post-WWII dictate of the financial institutions—World Bank and International Monetary Fund—through its structural adjustment programs (Guzman). In 1962, the Philippines took a \$300 million loan in exchange for the elimination of import and foreign exchange controls which resulted to the devaluation of the Philippine peso. The devaluation, in turn, lead to the “shift in agricultural land use away from food production for the local market and increasingly in favor of the production of plantation crops for export...” (Guzman).

In 1974, a rice crisis took place which impelled President Marcos to implement a rice and corn program with the use of High Yield Varieties (HYVs): Green Revolution. The program necessitated modern irrigation and modern technology, both unaffordable to small-scale farmers. The program eventually failed to meet its goals.

The first comprehensive trade liberalization program incorporated within the Structural Adjustment Program (SAP) was enforced in 1979. It had three major components: “1) the 1981-1985 Tariff Reform Program; 2) Import Liberalization Program; and 3) the complementary realignment of the indirect taxes” (Guzman). In general, the program reduced tariffs and eliminated non-tariff restrictions.

In 1983 another \$300 million dollar loan was received from the World Bank in exchange for agricultural reforms (Guzman). The reform included the elimination of credit subsidies for farmers which resulted to higher interest rates. Furthermore, in pursuit of the liberalization of the sugar and coconut industry, local traders such as the National Sugar Trading Corporation (NASUTRA) and United Coconut Mills (UNICOM) were eliminated. For the rice and corn sector, price controls were eliminated and the private sector was given exportation rights. Most of the Import Liberalization Program was realized during the Aquino administration. During the first four years of her term, a total of 2,472 items were liberalized. Also, during her term, another Tariff Reform Program (TRP) was launched in 1991 promoting further tariff reduction and elimination of quantitative restrictions. A temporary halt in trade liberalization occurred when the Magna Carta (Republic Act 7607) for Small Farmers and the Seed Law (Republic Act 7308) were implemented (Guzman). The former was necessary to promote the security of local producer’s vis-à-vis foreign imports while the latter was to regulate the importation of seeds and planting materials. Despite RA 7607 and 7308, another TRP was implemented and reduced tariffs on the manufacturing sector, capital equipment, machinery, textiles, garments, chemicals, and non-sensitive components of the agriculture sector. According to Guzman, the SAP eliminated more of the agricultural tariffs relative to the non-agricultural sector. Overall, pre-GATT Philippines is already less stringent on its protectionist policies.

## 2. Benefits from the GATT

President Ramos was “convinced that the Philippines must develop differently from its neighbors” (Almonte, 1999). In addition, the Ramos government acknowledges its role as the instrument in which people’s enterprise can flourish. “From the beginning, President Ramos—making a virtue of necessity—decided that simply giving businessmen free rein was his government’s best strategy” (Almonte). The economic reform instituted by Ramos was on bringing down the “protectionist” policy of the government.

The major change brought about by President Ramos was the Philippine concurrence to the World Trade Organization in January of 1995. The WTO provided for the General Agreement on Tariffs and Trade (GATT). Prior to the ratification of the GATT, Senator Blas Ople, Senate Committee on Foreign Relations Chairman and Senate Committee on the Whole on the GATT accords Chairman; and Senator Gloria Macapagal Arroyo, Committee on Economic Affairs Chairperson and Committee on the Whole on the GATT Accords Co-chairperson delivered sponsorship speeches on the ratification of the GATT. According to Ople, the Philippines’ benefits under the GATT are expansion of the country’s exports, increase of employment, rise in wages and incomes, it will make Philippines an attractive avenue for investments, and it will encourage international competitiveness of domestic products, to name a few. Ople acknowledged the prevailing fear that GATT will expose the domestic producers to the unfair practices of foreign competitors and eventually throw them out of the market or force them to slow down production. With respect to the reduction of tariffs in the agriculture, Ople says that these reduction range only from 10-50%; thus, for the said products reductions are only minimal and, Ople added, most of the products with reduced tariffs are for export or close substitute of export products; consequently, they do not need protection. With regards to Non-Tariff Barriers in corn, sugar, livestock and poultry, garlic onions, potatoes, cabbage, and seeds, he said that the required tariffs under the GATT are even higher than the actual domestic tariff or the ones prescribed by law. Given the fact that the

binding rates under the GATT are higher than the domestic prescription, this means that the government is not bound to reduce tariffs, in fact, it can raise them. The abovementioned bases, to name a few, lead Ople to support the ratification of the GATT. According to Senator Arroyo, “the Uruguay Round comprises 90% of the world trade”...the country may wish that it had “never occurred because the Philippines might have been better before than after”...“and if the critical mass of countries ratify the WTO and it comes into being, it would...be better for our country to be in the club and not outside.” This is because of the “most favored nation clause” which states that the same treatment must be extended to all trading partners. She also discussed the Minimum Access Volume imposed on rice and said that based on 1% of the 1988 consumption, imports in 1995 will amount to 59,000 metric ton. This figure will go up by about four percent in 2004 equivalent to 200,000 metric tons of rice. The latter, she said, is the same as the amount of rice imports in 1993. Moreover, regarding the contentious issue of reducing tariffs, Arroyo said it should be in those areas relating to the basic needs of the people such as food and clothing. This is so because such commodities are becoming too expensive for the people. In General, the GATT outlines the interaction between international trade and the environment (Intal, 1996). Also, GATT limits a country’s protection policy on domestic to eliminate the threat on imports; thus, member states required to liberalize its trade relationships.

On the whole, the objective of GATT is to expand the “frontiers of international trade through the reduction and eventual elimination of tariffs, quantitative restrictions, subsidies and other barriers to trade to ensure the free flow of goods and services among nations” (“Broadening the frontiers of Philippine trade”, Report on the Committee of the Whole on the general agreement on tariffs and trade; p. 1). According to the senate committee on the whole on the General Agreement on Tariffs and Trade, GATT should be evaluated as to whether it will assist the development strategy of the country towards sustainable economic growth, decrease and eradication of the dismal poverty, and nurturing greater socio-economic equity. To answer the abovementioned evaluation the committee pointed out that GATT is multilateral

in nature; thus, the power play is less stringent than the bilateral approach providing small countries, like the Philippines, greater advantage. Secondly, under the GATT, export oriented market mechanism—an essential characteristic of a developing economy—is greater achieved since it allows for an open and nondiscriminatory trading system. Finally, the outward oriented environment created by GATT allows for a more efficient use of scarce resources. All in all, the committee firmly believes that economic openness and outward-orientation is the best tool to develop the economy. “The opening up of national markets to cross-border flows of goods and capital has led to the globalization of economic activities and increasing interdependence among diverse economies” (Paderanga, Jr. 1996, p. xxvii). The increasing trade between and among states has led to globalization (Alburo 1996). Globalization is the phenomenon of a global society characterized by the integration of economic, political, environmental, and cultural events of different countries (Tabb, 2003). Globalization is said to be the key towards development.

David posits that the provisions of the GATT/WTO agreement are consistent with the demands of local agricultural economists: “trade liberalization to correct the overvaluation of peso”, “abolition of non-tariff barriers and substitution of reasonable tariff rates”, “lowering of excessive protection on some of the agricultural commodities”, and “the strengthening of government support towards the agriculture sector with the focus on organization restructuring among agencies concerned with agriculture, reallocating budget towards increasing productivity-enhancing investments, and focus on agricultural research” (David, “GATT-UR and Philippine Agriculture: Facts and Falacies”). David argues that ultimately the GATT Agreement on Agriculture (AoA) will benefit the Philippine agriculture. The general orientation of most developed country is to protect their agricultural sector through heavy protection or subsidies. The least developed countries (LDCs), on the other hand, do not protect their agricultural sector. The protectionism provided by the DCs limits the access of the LDCs; thus, with the GATT AoA market access worldwide will increase and the distortions in world commodity prices will be lessened. In addition, the author argues that the

reduction in production and trade-distorting agricultural support products and the lessening of export subsidies will increase international demand thereby increasing world prices. According to David, the agriculture sector will greatly benefit from the GATT AoA. Firstly, world prices of agricultural commodities will increase. Secondly, markets for non-traditional and traditional goods will increase. Thirdly, the over valuation of the domestic currency will decrease. Fourthly, it will lead to the efficient allocation of resources to achieve efficiency.

### 3. The downside of GATT

The GATT/WTO agreement on agriculture required the government to convert all quantitative restriction into tariffs, for a developing country like the Philippines tariff will be reduced by 24% for ten years beginning in 1995 (Guzman). Furthermore, it required the government to reduce production support measures by 20% in ten years for a developing country such as the Philippines. But Guzman argues that the important elements for a nation to develop its agricultural sector and industrialize its economy are neglected in favor of free trade. She further says that the agreement is unfair in favor of the developed country; hence, iniquitous for the developing country since it rids them of the opportunity to industrialize their economy. Moreover, Guzman believes that the trade liberalization in effect exposes the local economy to the usurpation of the international market; thus, GATT/WTO, from the perspective of a Third World Country, is essentially anti-agricultural and anti-industrialization.

The United States—the Geneva-based enforcing body—is monitoring Philippine legislations and implementation of the GATT/WTO (Bello, “The WTO and the demise of Philippine Agriculture”). According to Bello, the US is using its position to pressure the Philippine government and give preference to foreign importers over domestic importers. Furthermore, the supposed benefits from the WTO membership did not materialize: 1) employment in agriculture dropped; 2) agricultural exports did not rise; 3) value of the imports almost doubled. Moreover, the government’s answer to short-term rice crisis is importation which

further discourages local producers. He concluded by saying that the Philippine agriculture was in a really bad state.

According to Walden Bello (1997) the idea that GATT is biased towards the developing countries is propaganda. Bello says GATT agricultural accord contains the “Green Box” provisions which are biased towards the United States and the European Union. Under the “Green Box” provisions, while market price support measures—export subsidies, minimum entry and intervention prices—will be reduced, direct income subsidies to farmers will be exempted since it is supposedly “non-trade distorting.” In other words, the Green Box provisions, to simply put it are to take away support of markets and replace it with direct subsidization of farmers. Since US and EU are large markets—both for export and import of grains—prices of grain is directly affected by the amount of subsidization provided by their governments; thus, world prices of grains are reduced compared to the ones produced by the developing countries who are subject to negative producer subsidies. Randy David supports this idea of Bello. According to David, “the agricultural lobby in the developed countries is a powerful one”; thus, “their governments continually support the operations of their farmers through price-distorting subsidies and tariff walls against cheaper imports” (David, “Global Trade and Poverty”). Furthermore, when less developed countries allow the entry of cheaper agricultural goods under the pretense that it will empower domestic farmers to produce more efficiently, they are driven out of business or pursue non-agricultural occupation. Unlike the developed countries, the Philippines have no strong organization to lobby against the influx of cheaper commodities. The aim of WTO to utilize international trade as a tool for development was futile. David says that the effect of WTO to the Philippines was negative: first, local products are unable to gain entry to foreign markets because of non-tariff barriers; second, the agricultural sector lacks the support to modernize and compete in the world market; third, the safety nets provided to empower the sector adversely affected by trade liberalization were not met; fourth, the cheap imports eliminated local producers; finally, the revenues of the government were reduced.

Rice holds a very important place in the Philippine economy as the main agricultural produce occupying two-thirds of the arable land and staple food by 80% of the Filipinos (Garcia, “Philippine Rice Under the WTO-Agreement on Agriculture”). Suffice to say, because of the backward state of rice production, the entry of cheap agricultural products will adversely affect the agricultural sector. According to Garcia, a finding by the International Rice Research Institute (IRRI) shows that the maximum attainable rice yields is 6.3 tons/hectare; however, since the enforcement of WTO the actual yield has not exceeded 3.07 tons/hectare. Moreover, as the country experiences rice shortage, the government’s answer was to increase importation—such as what happened in 1998 when El Niño and La Niña decreased its yields—despite the “Rice Clause” provided by the GATT Agreement on Agriculture. Under the “Rice Clause” rice is exempted from the lifting of quantitative restrictions and tariffication is postponed until 2004. Yet, the WTO forced the country to institute the Minimum Access Volume (MAV). Garcia says that “government’s rhetoric of protecting the sector is not only empty but also misleading for MAV requisites have exposed its local produce from unfair competition through import flooding, legal or otherwise.” Garcia supported his statement by showing figures of rice imports vis-à-vis the MAV; these figures are shown in table 2 below.

**Table 2**

	IMPORTS	
	(M/T)	MAV (M/T)
1995	257,260 2.17	59,000
1999	million 2.17	119,460
2004	million	239,940

The numbers shows that rice imports exceed the MAV. Garcia concludes his statement by saying that local rice, which are three times the world price, cannot

compete with imports even at 100% tariff; thus, to allow foreign producers to penetrate the market implies killing the local industry.

In 1990-1994, agricultural trade registered a surplus of \$1.3 B. Four years after that, agricultural trade registered a \$3.5 B deficit; the Philippines changed from a relatively self-reliant economy to a net food importer (Casiño, “Impact of the WTO on the Philippines”). Casiño says that the Philippines’ entry to the WTO resulted to inequality, poverty and destruction of local agriculture. He contends that industrialized countries support their agricultural sector through subsidies and protect them through high tariffs and taxes thus they can produce cheap goods. The influx of these cheap goods to the country results to the displacement of local farmers. Thus, he says, “globalization was and continues to be imperialist plunder wrapped in bright ribbons.”

Carroll, S.J. examined the Human Development Report of 1997 where it states that “WTO have big winners and big losers, and the big losers will be principally the countries which can least afford to lose” (Carroll, S.J., “Winners and Losers in Globalization”). He said that the HDR shows how the United States and European Union subsidize their agricultural sector at \$29,000/farmer in 1995—a figure almost three times the per capita income of the Philippines’ corn producers. Logically, corn imports are well below the price of the domestic producers and most of the local corn producers will be driven out of business.

#### **4. Reconciling the differences**

From the abovementioned literatures, contentious issues arise. From the perspective of the GATT advocate, GATT will benefit the country in many ways: it will increase exports, employment, wages and incomes; it will attract investors; it will encourage international competitiveness; it will provide an advantage to the Philippines by lessening the political strain by virtue of the multilateral approach; and it will increase world prices for agricultural products. From the other end of the spectrum, argue that the agreement is unjust for the developing countries since it discourages agricultural subsidies which hinder the industrialization process.

Moreover, others assert that the supposed benefits did not materialize: exports did not rise and employment dropped. Furthermore, the supposed “non-trade distorting subsidies” provided by the Developed Countries towards their agriculture brings down world prices hence affecting domestic producers. In the case of rice, its backward nature will result to its being adversely affected by the influx of cheap agricultural commodities. Also, the “rice clause” placed in order to protect rice remains to be theoretical. Actual importation would show that rice imports have been on the increase; the Philippines changed from a self-reliant food producer to becoming a net food importer. Thus, GATT/WTO only exacerbated the dismal poverty already prevalent in the country. Given these contentious issues, the researcher chose to study the impact of GATT/WTO on the income of small-scale rice farmers.

## **B. Analytic Framework**

Globalization adheres to the trade theory which assumes that trade is a stimulant for growth. Trade will enable a country to access scarce and unavailable resources; in doing so, trade-driven growth necessitates an outward looking internationalist policy (Todaro, 1977).

The Food and Agriculture Organization (FAO) conducted a study on the implementation experience of the WTO agreement on agriculture on Costa Rica (Pomerada, “WTO Agreement on Agriculture: the implementation experience”). Costa Rica is a small country located in Latin America. It’s most important crops are coffee, rice, bananas, sugar, beans, oil palm, and oranges. In Costa Rica, trade liberalization was intended to invite foreign investment, which, in turn, will lead to the import of goods and services that would assist the exportation of domestic resources. On the onset of the WTO agreement, the country was able to safeguard their beans and rice from very low-priced rice imports by virtue of the Special Agriculture Safeguard. Trends in agricultural exports show that there is declining importance in the traditional products such as coffee and sugar while exports in non-traditional agricultural products such as fruits and vegetables are gaining importance. These trends show the country’s

prioritization of higher value products. From the imports side, import of grains—including corn, rice, and soya—are increasing. In terms of value of imported grains, trends show that its value is decreasing precisely because of the declining prices of grains in the international market. The basic implication of the export-oriented strategy was the increasing use of land for non-traditional products while the traditional products are declining in importance. Comparing the land use for basic grains in the year 1990 and 2000 would show that it decreased from 39.7% to 28.5%. On the other hand, production of the more profitable sector such as dairy and poultry increased; production of profitable crops such as ornamentals, fruits and vegetables also gained importance. The author pointed out that to produce such profitable products requires capital; hence, not many producers succeed in this venture. In the end, the author pointed out that, the declining international market prices for the non-traditional products and its declining importance within the economy will threaten their continued existence.

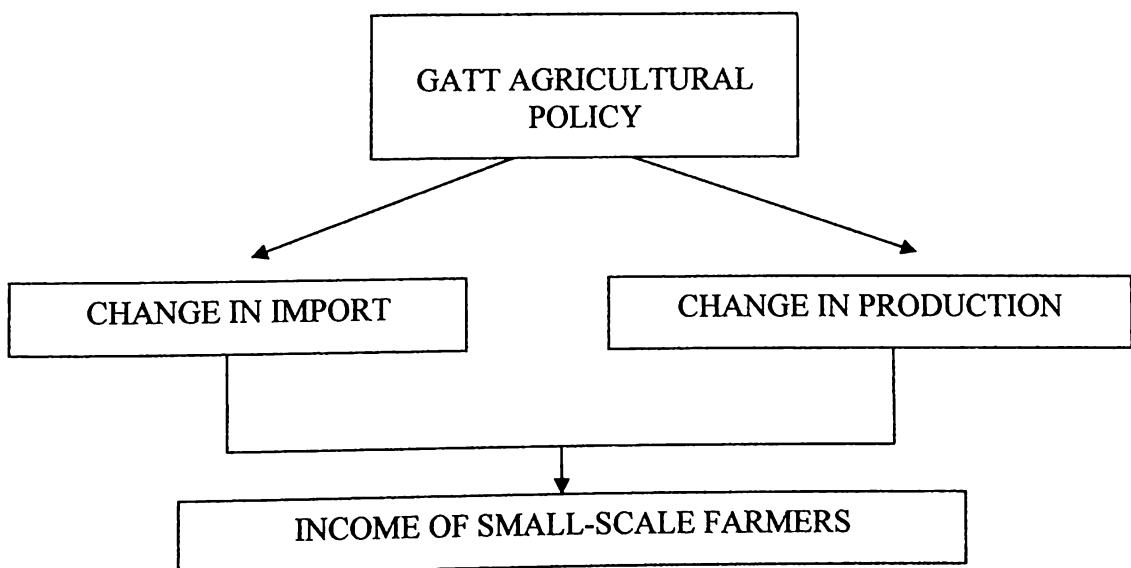
Josiane Georges studied that effect of trade liberalization on the Haitian Rice (Georges, “Trade and the disappearance of the Haitian rice”). According to Georges “import tariff reduction is a critical piece of the trade liberalization policies that are strongly advocated and many times mandated by international financial institutions like the International Monetary Fund (IMF) and World Bank (WB) in the loan packages they negotiate with developing countries.” By virtue of the trade liberalization, Haiti imposed low import tariffs on rice; it was cut from 35% to 3%. To deduce the effect of the low tariff imposed on rice, Georges compared statistics on local rice production vis-à-vis US rice imports. He was able to conclude that the percentage of rice imports increased; in fact, it constituted majority of rice consumption of the Haitian population. Moreover, Georges compared the price of imported rice to the price of local rice; trends show that the latter is more expensive than the former. Georges argues that despite the rhetoric that trade liberalization will boost Haiti’s economy; it still remains as one of the poorest country in the Caribbean. He concluded by saying that the lowering of tariffs on rice imports resulted to the displacement of many agricultural workers.

The American University conducted a study on the effect of trade liberalization on the Korean rice (“Korea Rice Liberalization”, [www.american.edu](http://www.american.edu)). According to

this study, through the GATT, Republic of Korea reduced the tariffs on most of its agricultural and fisheries. The importance of rice and beef to the Korean economy lead the government to restrict its imports by imposing non-tariff barriers such as import quotas. However, consistently, for 10 years, rice imports of Korea increased from 50,000 to 200,000 tons. In addition, domestic prices of rice in Korea are four times as high as the price of rice in the international market. It was concluded by saying that the import of rice will destroy the basis of agriculture in Korea and will affect more than half of the rice farmers.

The open-market agricultural policies of GATT Agreement on Agriculture (GATT AoA) led to the imports of goods previously sufficiently produced locally; hence, altering local production. These, in turn, produced negative effects on their local farmers—this was the conclusion of the country analysis in the preceding paragraphs. This is the same framework used by the researcher in her study on the effect of the open-market agricultural policy of GATT AoA on the income of small-scale rice farmers. The framework organizes information into the group's performance, context, and strategy. Performance generally includes economic outcomes; context includes political conditions, while strategy includes goals and policies of the nation state (Viotor & Kennedy, 2001).

From the abovementioned studies, a relationship can be deduced:



This will be the framework used by the researcher in her study on the effect of the open-market agricultural policy of GATT AoA on the income of small-scale rice farmers.

### C. Hypothesis

The GATT/WTO policies on agriculture will negatively impact the income of small-scale rice farmers.

### D. Definition of Terms

#### 1. GATT/WTO

- ❖ **CONCEPTUAL:** An agreement between states and other entities on the rules of trade (Intal, 1996).
- ❖ **OPERATIONAL:** The GATT/WTO agreement on agriculture.

#### 2. The **impact** of GATT/WTO agreement on agriculture on small-scale rice farmers.

- ❖ **CONCEPTUAL DEFINITION:** The effect or impression of one thing on another (Random House Webster's College Dictionary, 1997)
- ❖ **OPERATIONAL DEFINITION:** Impact in this case will be based on whether the income of small-scale farmers rose or decreased.

#### 3. Small-scale farmer

- ❖ **CONCEPTUAL DEFINITION:** Small-scale farming refers to persons dependent on small-scale subsistence farming as their primary source of income.
- ❖ **OPERATIONAL DEFINITION:** Refers to farmers whose irrigated land is 3 hectares and below (Comprehensive Land Reform Law, [www.chanrobles.com](http://www.chanrobles.com)).

## CHAPTER III

### RESEARCH DESIGN

The researcher will use the positivist paradigm in determining the effect of the open-market agricultural policy of GATT on the income of small-scale rice farmers. Positivism assumes an objective world hence it often searches for facts conceived in terms of specified correlations and associations among variables. For this study, the variables assumed to have an association are the open-market agricultural policy of GATT, the change in imports, the change in agricultural production, and the income of small-scale rice farmers.

#### A. Sources of Data

The methods to be used for this study are key informant interviews (KII), archival research, and survey. A key informant interview involves a dialogue with a person with a unique skill, background, and knowledge on the issue at hand. An archival research is the use of already existing information pertinent to the study. Examples of an archival data that will be used in this study are government reports. Finally, a survey is a method of gathering information from a sample of individuals. Unlike a census, a survey utilizes only a fraction of the population—depending on the purpose of the study. The purpose of the survey is not to describe each respondent individually but to gain a general overview of the sample population. Survey findings are translated into statistical data.

#### B. Procedure

The researcher will adopt the methodology used in the above-mentioned case studies: Costa Rica, Haiti, and South Korea. The researcher will compare the different trends in the agriculture sector, specifically the rice commodity. She will compare the evolution of the trends in rice imports for the entire Philippines. Moreover, she will review the regional trends in domestic rice production. Furthermore, she will

compare the trends in rice imports and domestic rice production for the entire Philippines. Also, she will compare the international prices of rice and domestic prices of rice. Trends in the regional income coming from the agricultural sector will also be studied. Also using the framework of the country analysis, the researcher will look at the impact of the open-market agricultural policy of GATT on the import and production of rice in the Philippines which, in turn, affect the income of small-scale rice farmers.

The researcher will also conduct a case study in San Fabian, Pangasinan to look at the situation of their rice farmers.

Data gathered from the key informant interviews will be audio-recorded and transcribed verbatim. In cases when audio recording is not possible, the researcher will document the interviews and discussions by taking down notes. Notes and/or transcriptions will be coded to create a non-hierarchical coding scheme. The coded data will enable the researcher to perceive the prevalent themes and concepts. These concepts will then be categorized. The categorized concepts will aid the researcher by showing the interrelationships of the different variables.

### **C. Data-Gathering**

Key informant interviews will be conducted with selected officials from the executive and legislative branches of the government. Furthermore, Key informants will also be taken from different NGOs: Philippine Peasant Institute (PPI), Kilusang Magbubukid ng Pilipinas (KMP), Key informants are the people knowledgeable on the thrusts and policies of the national government during the Ramos administration and leaders or spokesperson of NGOs on agriculture

The researcher will do the KII method by:

1. Selecting knowledgeable NGO leaders.
  - Expert NGO members or leaders are spokespersons or various NGOs who continually fight against trade liberalization.
2. Giving of informed consent forms to the informants.
3. Setting of time and date suitable to the informants.

4. Asking authorization to audio-record the interview.
5. Summarizing the key points of the interview.
6. Providing the informants a summary of the results of the research.

Archival Research will also be done. Data from the Department of Agriculture on the export and import commodity composition will be studied. Archives regarding trends in agricultural production will also be analyzed. The researcher will also ask data from the abovementioned NGOs regarding the studies they have conducted on the performance of agriculture.

A survey will also be conducted among the members of the Federation of Free Farmers; 71 members who are actively participating in the activities of the organization and who are farm owners themselves will be interviewed.

#### **D. Statistical-Techniques**

The researcher will utilize the non-probability sampling method. This method does not provide every member of the population a chance to be selected as part of the sample. The conclusion derived using this sampling technique is limited only to the sample itself. The specific type of non-probability sampling to be used is accidental sampling also known as convenience sampling. A convenience or accidental sampling is obtained when the researcher selects whatever sampling units are conveniently available; in this case, San Fabian is the only place wherein the researcher has available connections. In addition, the researcher can easily access the place. In gaining the sample size, the researcher will use the formula:

$$n = \frac{N}{1 + Ne^2}$$

$$n = \text{sample size}$$

$$N = \text{population} = 250$$

$$e = \text{margin of error} = .1 \text{ or } 10\%$$

The researcher will utilize the confidence level—s statistical calculation measuring the degree or certainty about a result—of 90%; therefore, the margin of error is 10%.

$$n=250/[1+.1^2]$$

$$n=71.4 \text{ or } 71$$

## E. Ethics

Respondents of the key informant interviews and surveys will be given informed consent forms. The form will contain the topic, procedures, uses, and purpose of the research. Those who will answer positively to the informed consent form will be the ones included in the research process. Strict confidentiality, except for the focus group discussion data, will guide the research process; findings will be kept classified. The respondents will also be given a brief background of the researcher.

During the research process, interviews will be held in a place convenient to the respondents. The methodology also entails audio recording to ascertain the accuracy of the information—the consent of the respondents shall be asked to avoid repercussions. In cases when respondents will not agree to an audio-recorded conversation, the proponent will ask permission to take notes during the process. It is pertinent to the research process to know that the respondents will be comfortable during the data gathering.

It is also important to emphasize to the key informant interviewees of the government sector that the research is not to condemn the actions of the government. In contrast, it will assist the government in measuring the sufficiency of its support to the agricultural sector.

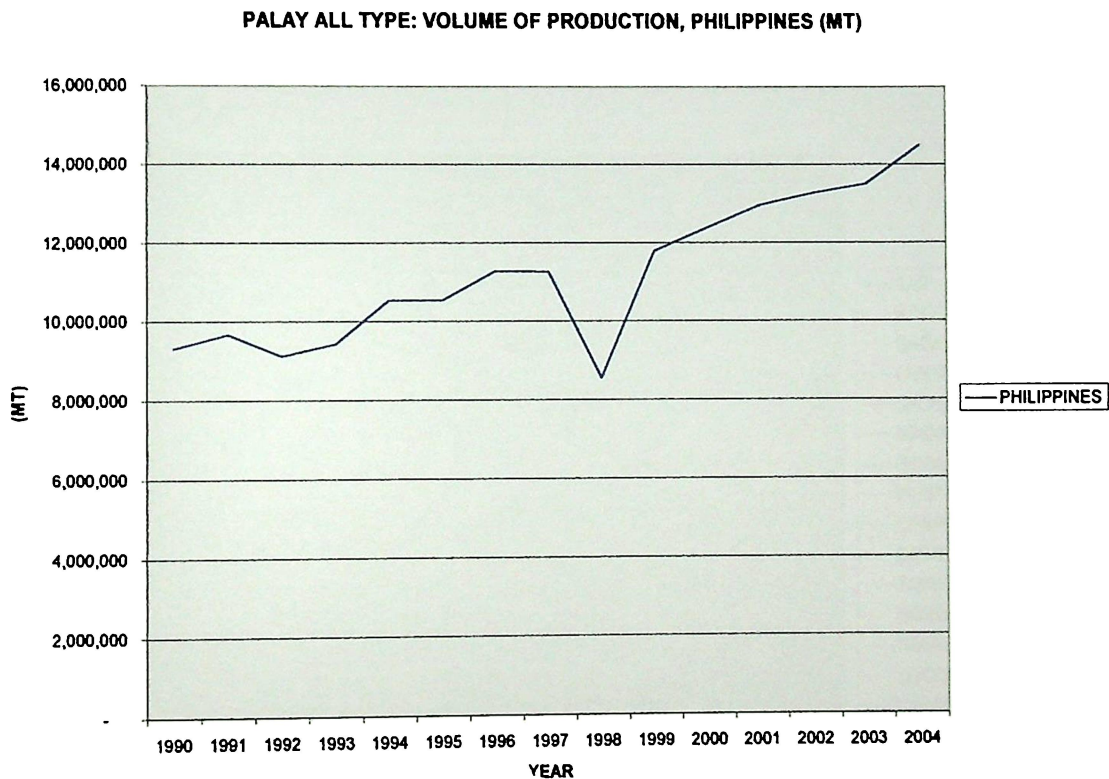
## CHAPTER IV

### RESULTS AND FINDINGS

#### A. Trends in palay production, 1990-2004

For the Philippines, in general, palay production has been growing since 1990, except for a sharp decline in 1998. Figure three below show this trend.

**Figure 3**

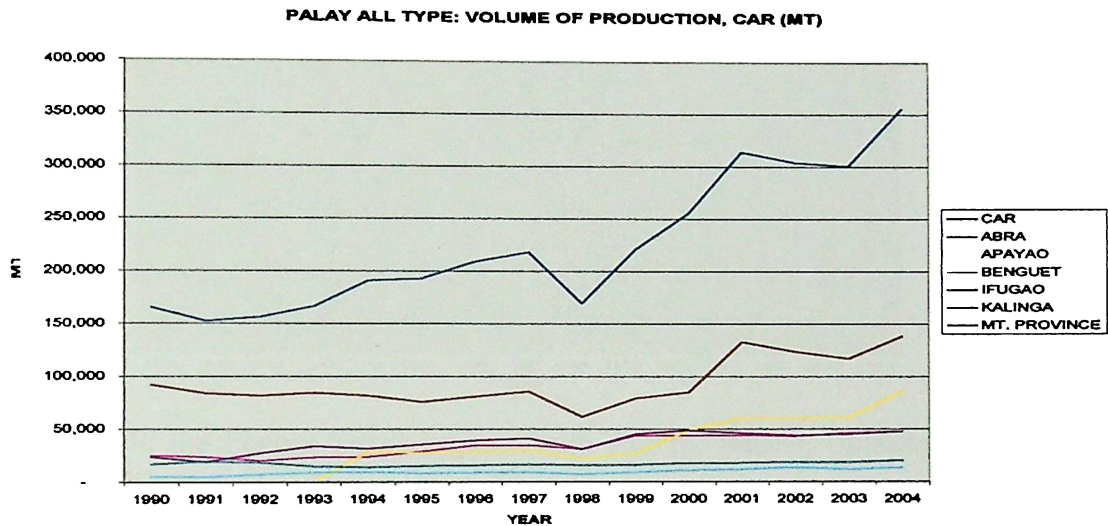


The pre-1995 trend of incremental increases with intermittent fluctuations continued during the post-1995 years. Despite the presence of the fluctuations, the general trends for the Philippine palay production are increasing.



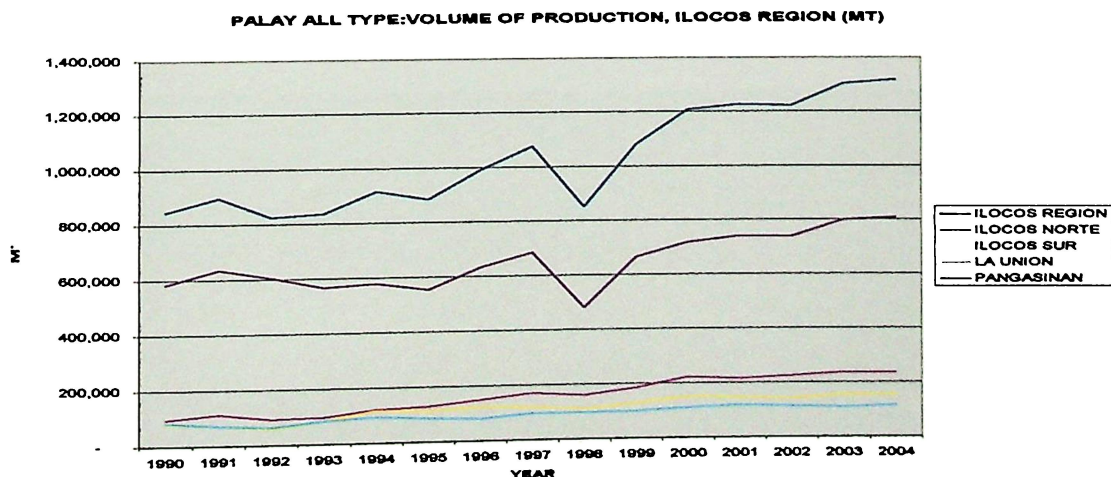
In the Cordillera Administrative Region (CAR)—composed of Abra, Apayao, Benguet, Ifugao, Kalinga, and Mt. Province—Kalinga is the leading producer while Benguet is the least. The trend for this region, as shown in figure 5, is similar to the Philippine situation, increasing with fluctuations in between.

**Figure 5**



In the Ilocos region—composed of Ilocos Norte, Ilocos Sur, La Union, and Pangasinan—Pangasinan has the highest production while La Union has the least (see Figure 6).

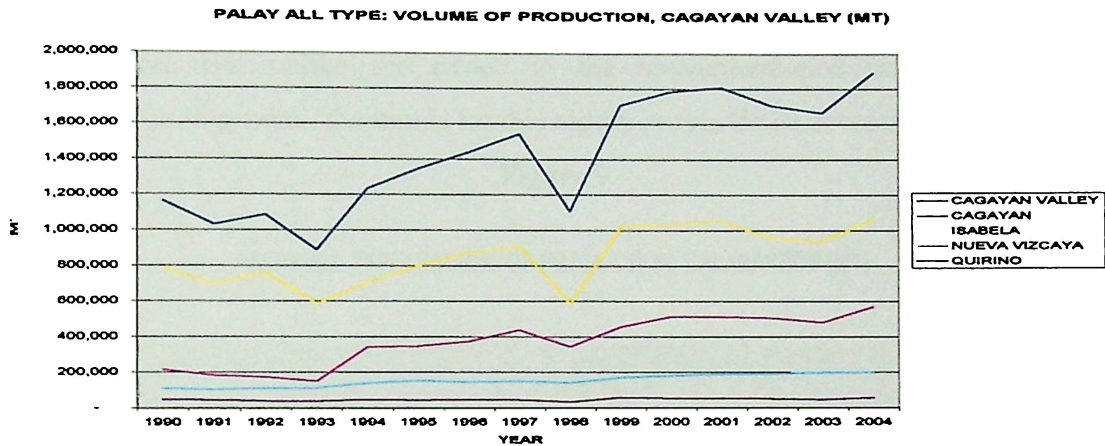
**Figure 6**



Again, similar to the entire Philippines, the production for this region is generally increasing.

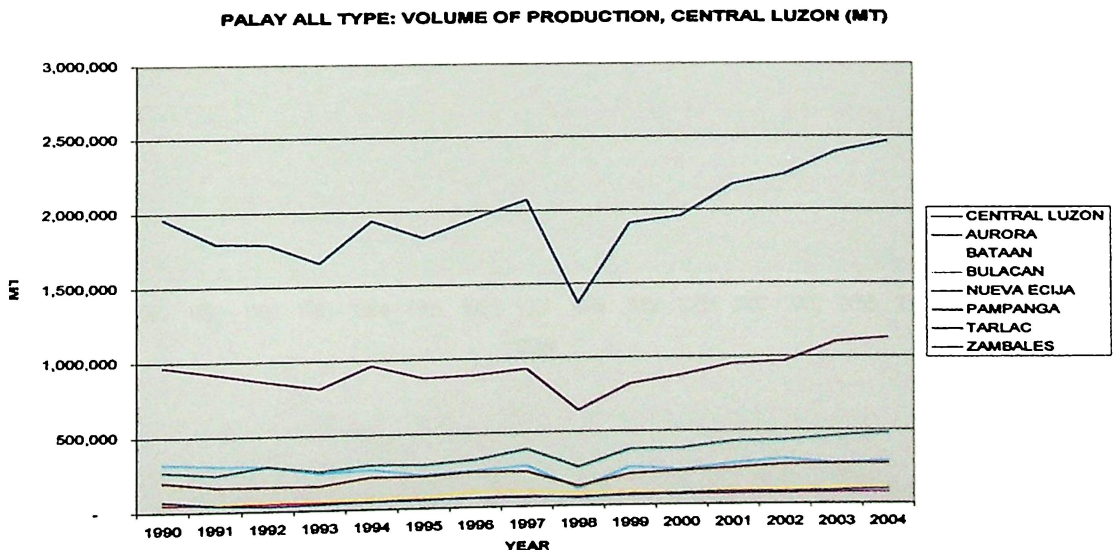
The Cagayan Valley region is made up of Cagayan, Isabela, Nueva Vizcaya, and Quirino; here Isabela and Quirino are the regions leading and lowest producer respectively. Again, the trend is similar to the entire Philippines (see Figure 7).

**Figure 7**



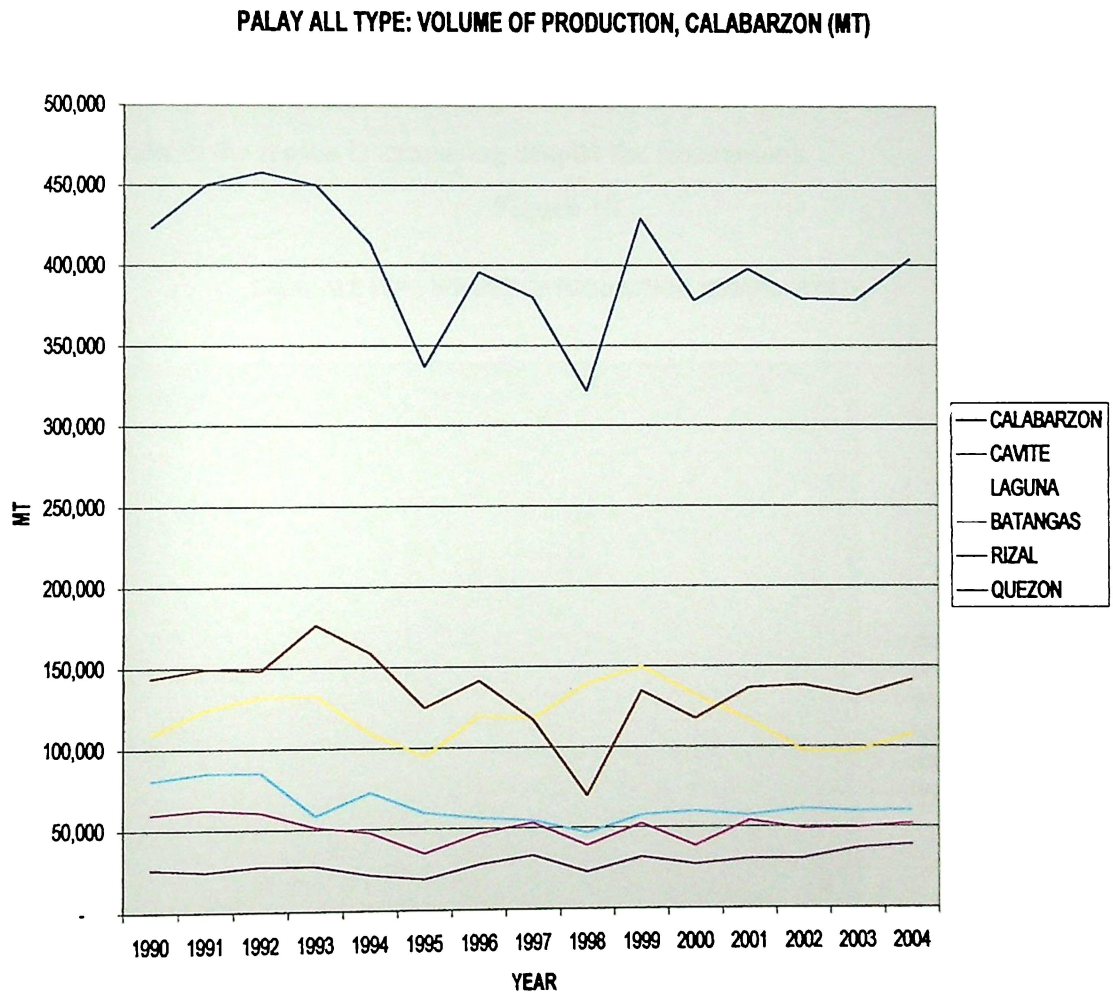
In the Central Luzon region—with Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, and Zambales—Nueva Ecija has the highest production while Aurora, Zambales, and Bataan have the lowest production as shown in Figure 8 below. Among the three, Aurora has an average production (in metric tons) of 64,070, Zambales has 68,687.53, and Bataan has 87577.4, putting Aurora as the having the lowest production.

**Figure 8**



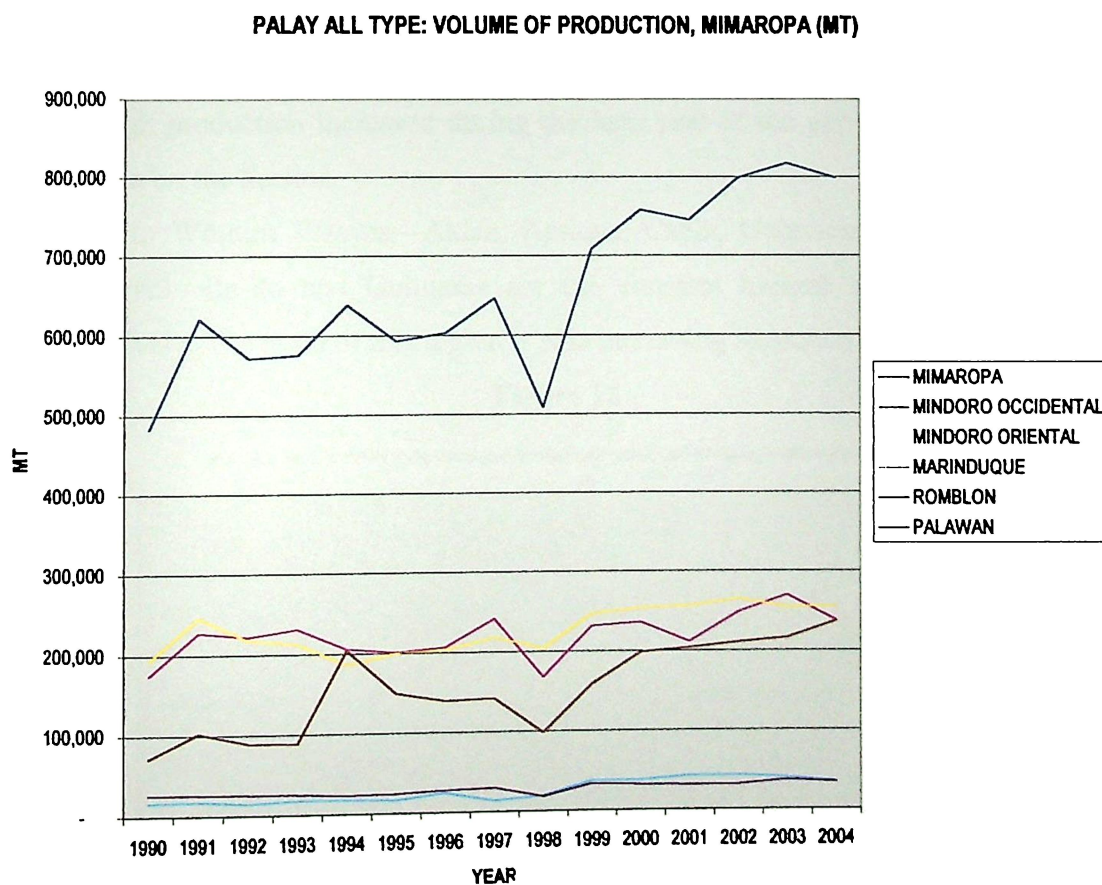
For the CALABARZON region—comprised of Cavite, Laguna, Batangas, Rizal, and Quezon—Quezon was the leading producer for a number of years except between 1997 and 2000 wherein Laguna overtook the former (see Figure 9). Average-wise, Quezon produced 135629.86 MT and Laguna produced 119003.6 MT putting Quezon on the lead. Among the five provinces, Rizal has the lowest production. But unlike the trends in the abovementioned provinces and the Philippines in general, the trends for this region proves do be decreasing.

Figure 9



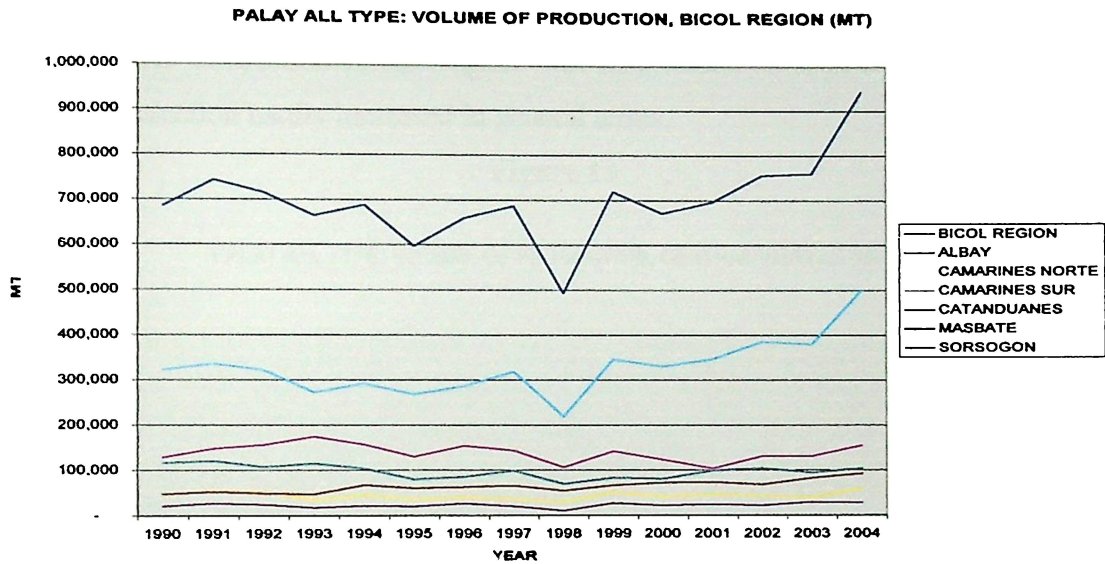
The Mimaropa region is composed of Mindoro Occidental, Mindoro Oriental, Marinduque, Romblon, and Palawan. Trends for this region are shown in figure 10 below. Mindoro Oriental and Mindoro Occidental are the two provinces alternating in having the highest production in the region, although Palawan exceeded that of Mindoro Oriental in 1994. On the average, Mindoro Oriental has 221123.67 MT while Mindoro Occidental has 227961.47 placing the former as having the average production for this region. The two provinces having the lowest production are Romblon and Marinduque. Initially, production in Romblon exceeded that of Marinduque but gradually the former surpassed the latter. On the average, Marinduque produces 26640.93 MT while Romblon has 28641.33 MT; thus, Romblon exceeded that of Marinduque in terms of average production. On the whole, production in the region is increasing despite the fluctuations.

**Figure 10**



In the Bicol Region—Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, and Sorsogon—Camarines Sur is the constant highest producer while Catanduanes is the constant lowest producer (see Figure 11).

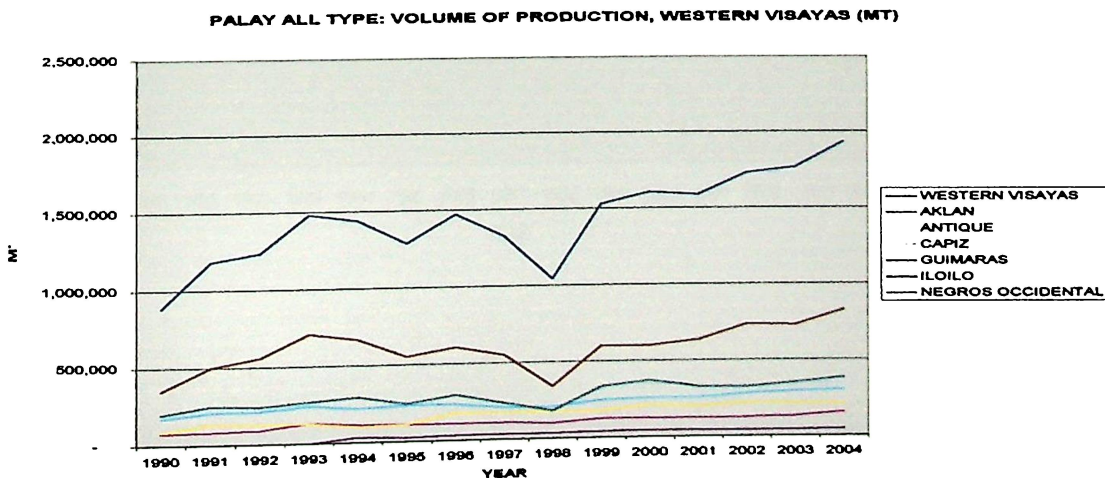
**Figure 11**



Although production increased during the later part of the period, palay production has been on the decline.

In Western Visayas—Aklan, Antique, Capiz, Guimaras, Iloilo, and Negros Occidental—Ilo-ilo and Guimaras are the constant highest and lowest producer respectively. The trend of this region is also increasing as shown in figure 12.

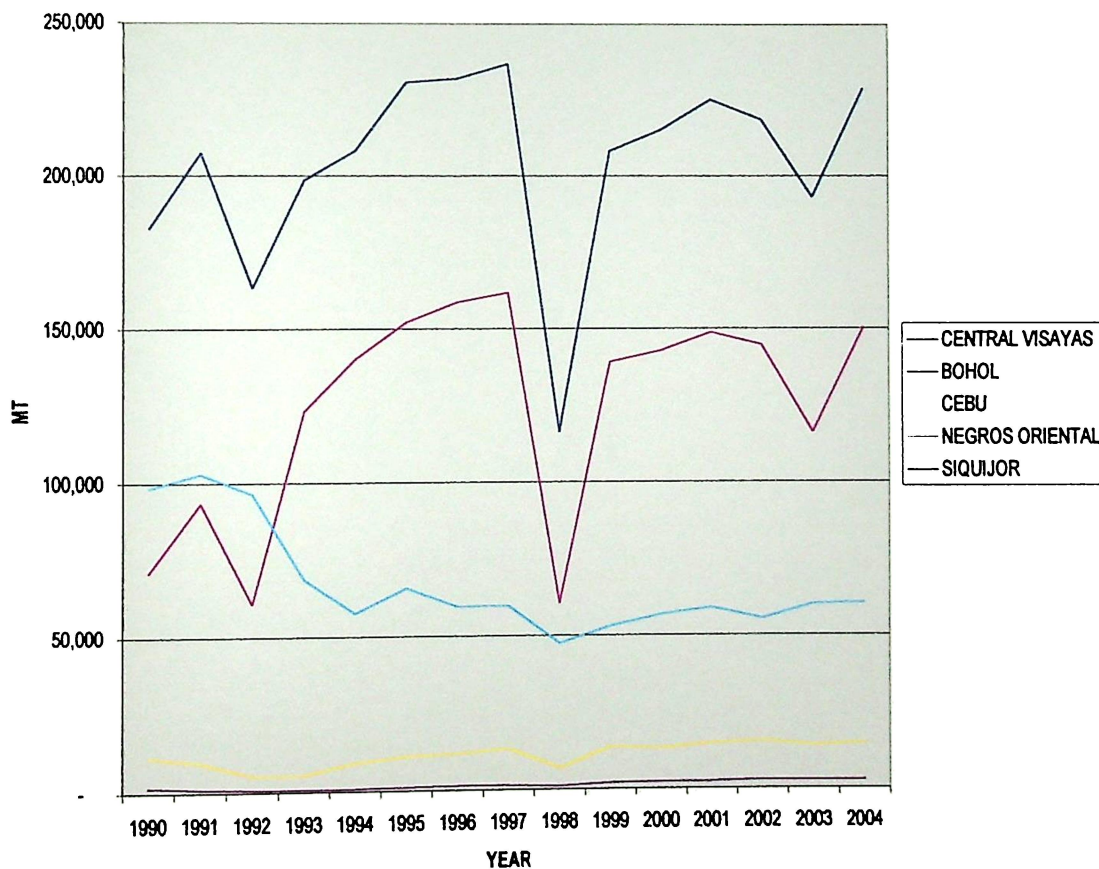
**Figure 12**



The Central Visayas region has four provinces: Bohol, Cebu, Negros Oriental, and Siquijor (see Figure 13). Initially Negros Oriental was the leading producer, but it was replaced by Bohol in 1993 onwards. Bohol, on the average, produces 124370.73 MT while Negros Oriental produces 66848.8 placing Bohol way beyond Negros Oriental. Among the four provinces, Siquijor has the constant lowest palay production. Production in this region was very erratic as seen on the table below; thus, production hardly increased in general terms.

Figure 13

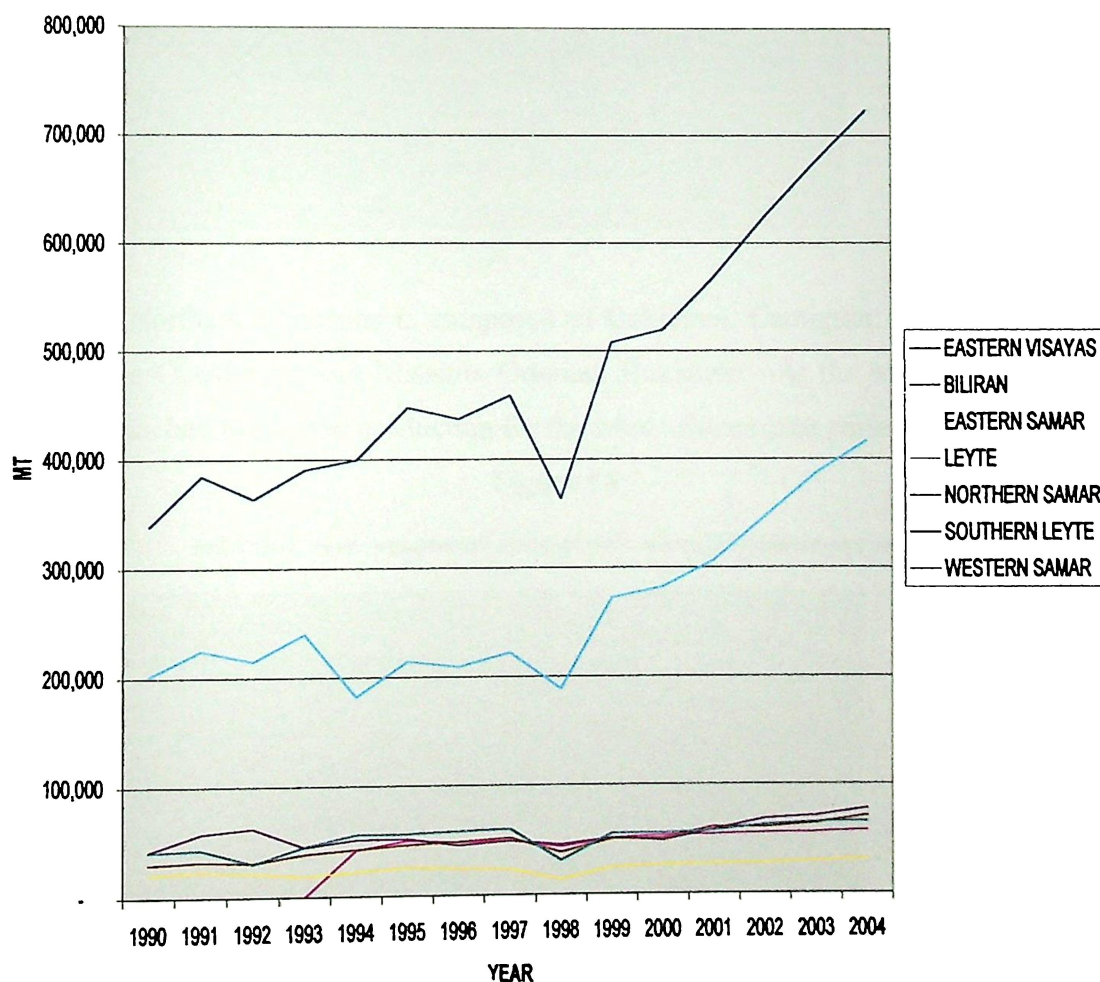
PALAY ALL TYPE: VOLUME OF PRODUCTION, CENTRAL VISAYAS (MT)



For Eastern Visayas—Biliran, Eastern Samar, Leyte, Northern Samar, Southern Samar, and Western Samar—Leyte has the highest production for the while fifteen-year period as shown in figure 14 below. Biliran, on the other hand, was initially lower than that of Eastern Samar but eventually surpassed in 1994 leaving the latter as having the lowest palay production. Clearly the trend for this region is increasing.

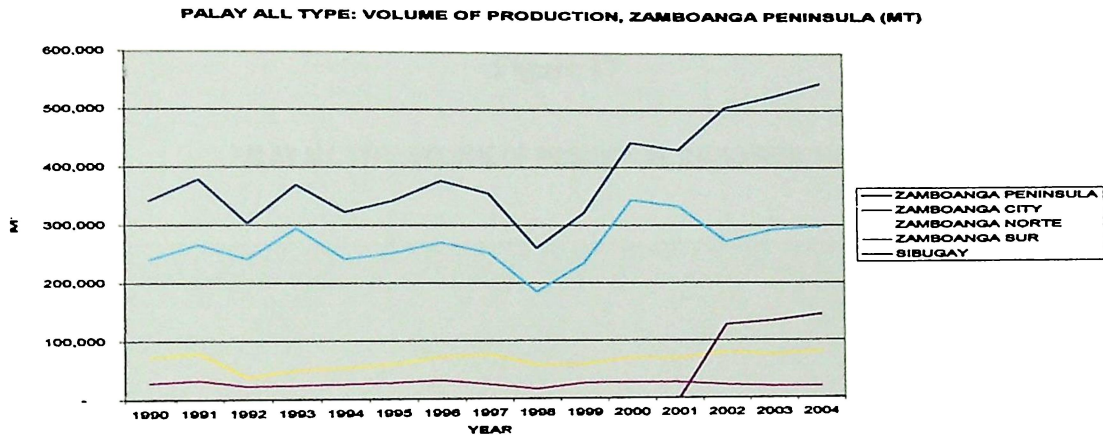
Figure 14

PALAY ALL TYPE: VOLUME OF PRODUCTION, EASTERN VISAYAS (MT)



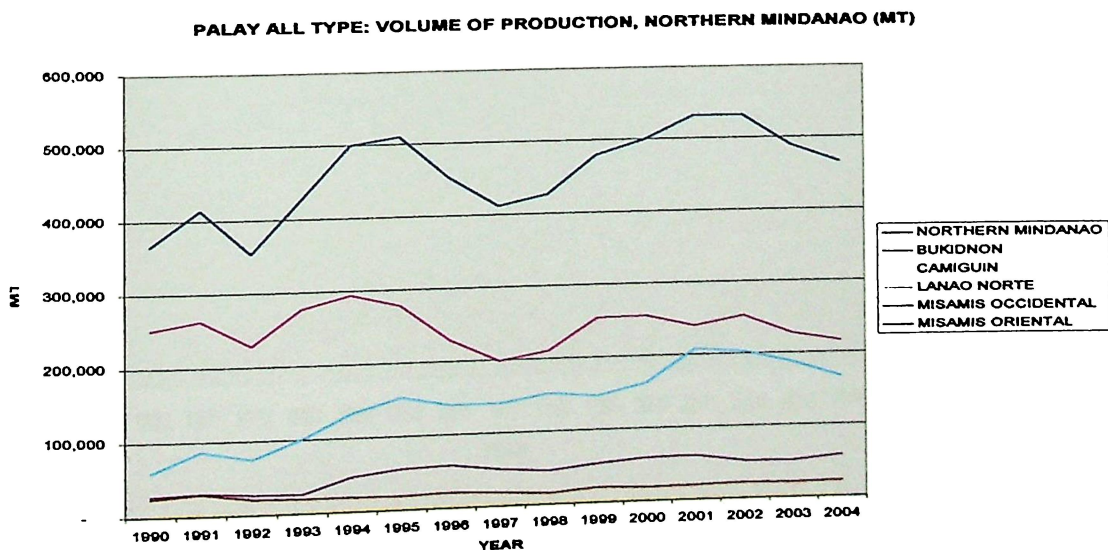
In the Zamboanga Peninsula—Zamboanga City, Zamboanga Del Norte, Zamboanga del Sur, and Sibugay—Zamboanga del Sur has the highest production for the whole fifteen year period (see Figure 15). Sibugay doesn't have data between 1990 and 2001, but from 2002-2004 its production exceeded that of Zamboanga City and Zamboanga Del Norte. The increasing trend for this region occurred after 1999.

Figure 15



Northern Mindanao is composed of Bukidnon, Camiguin, Lanao Del Norte, Misamis Occidental, and Misamis Oriental. Bukidnon was the top producer while Camiguin had the lowest production for the whole fifteen year period (see Figure 16).

Figure 16

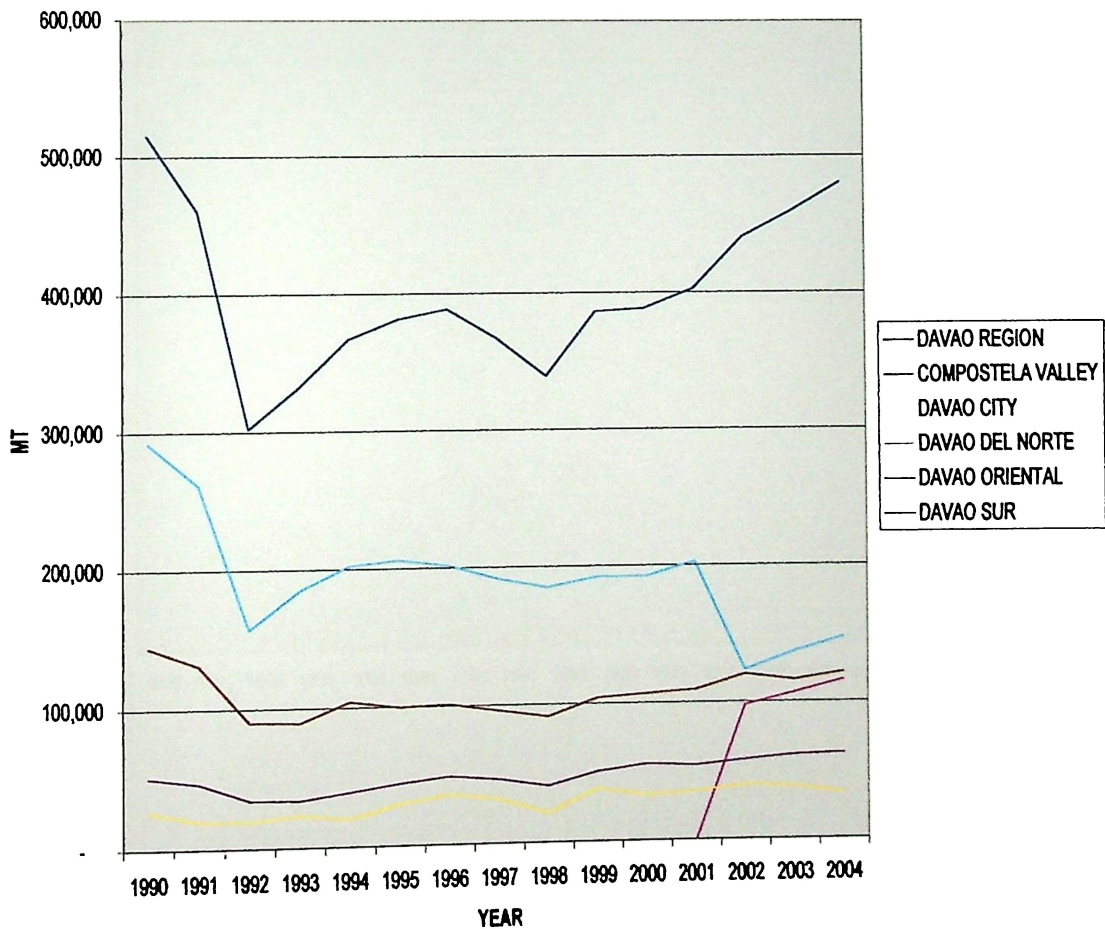


In general, production for this region for the whole period only increased minimally.

In the Davao Region—composed of Compostela Valley, Davao City, Davao del Norte, Davao Oriental, and Davao del Sur—Davao del Norte was the constant highest producer (see Figure 17). The data for Compostela Valley begun in the year 2002, since then it has exceeded the production of Davao City and Davao Oriental. Between Davao City and Davao Oriental, the former has the lowest production for fifteen years. As seen from the figure, the general trend in production for this region is decreasing.

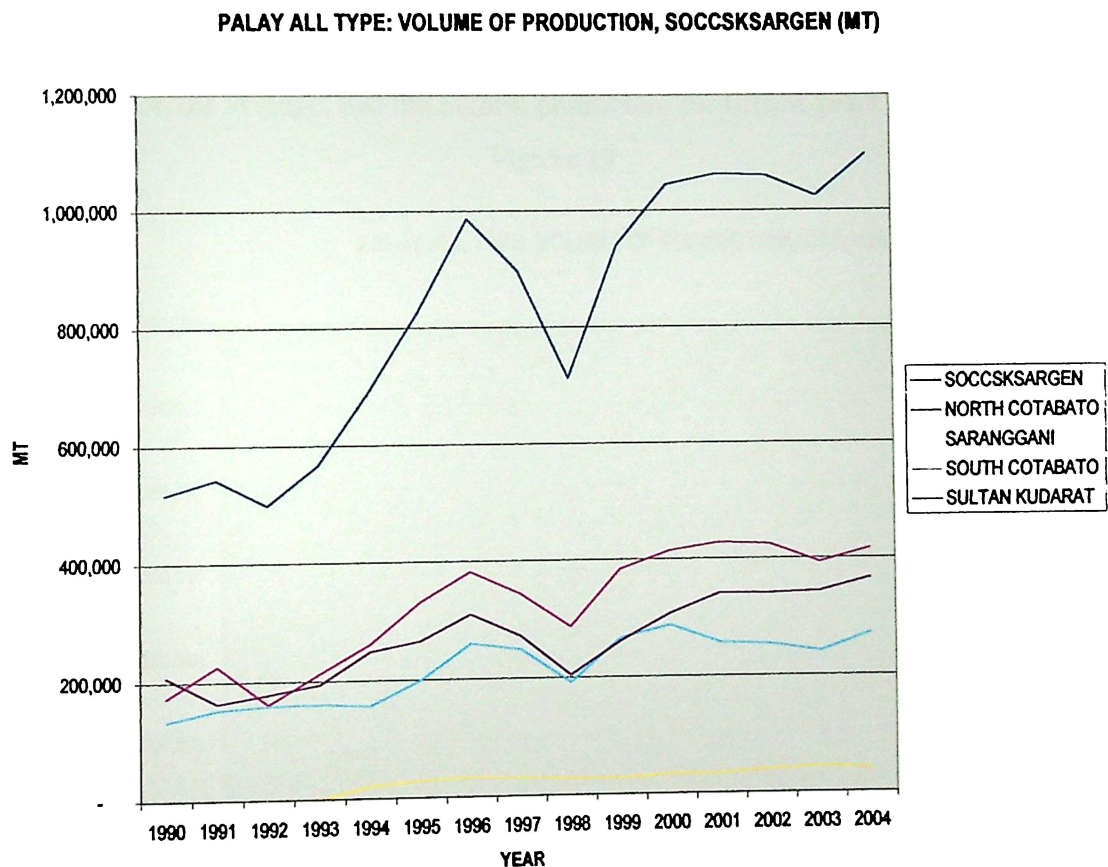
Figure 17

PALAY ALL TYPE: VOLUME OF PRODUCTION, DAVAO REGION (MT)



The SOCCSKSARGEN area is composed of North Cotabato, Saranggani, South Cotabato, and Sultan Kudarat. As shown in figure 18 below, initially production in Sultan Kudarat exceeded that of North Cotabato but the latter gained momentum and was only outdone by Sultan Kudarat in 1992. Data for Saranggani province begun in 1994, since then it had the lowest palay production in the region. Trends for palay production in this region are generally increasing.

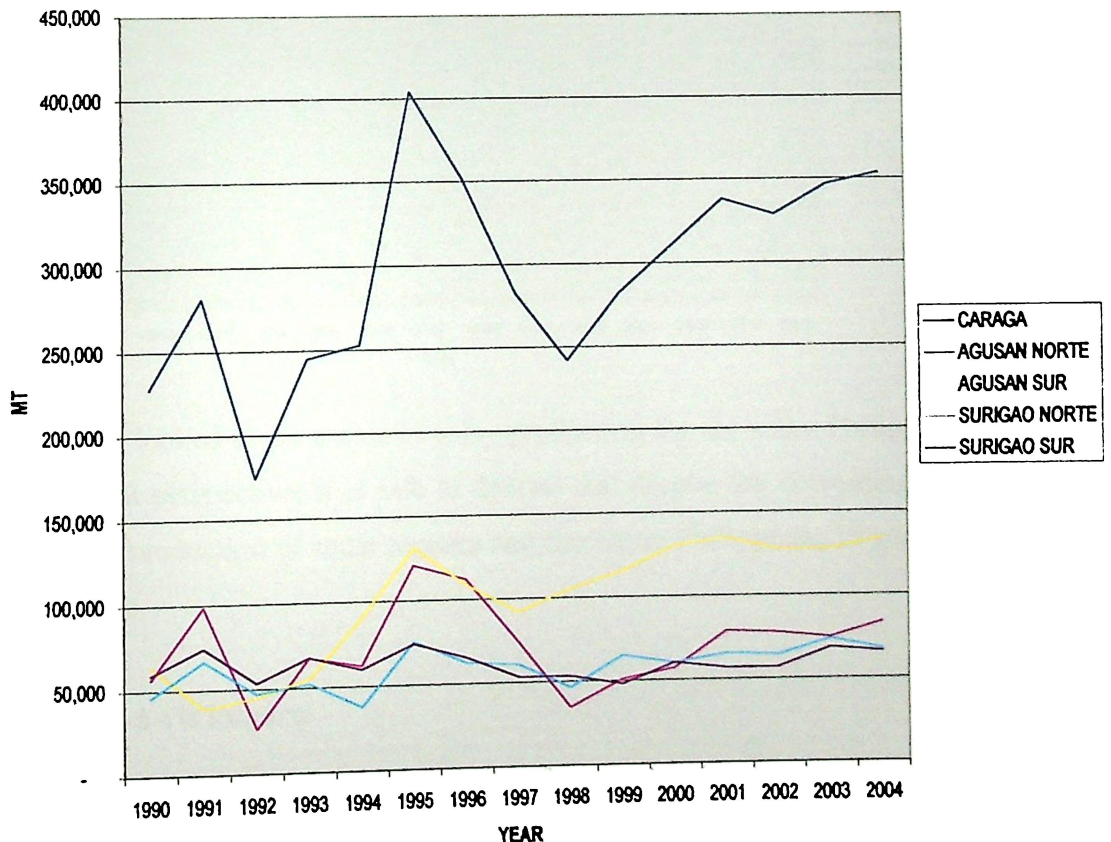
**Figure 18**



The Caraga region is composed of Agusan Del Norte, Agusal Del Sur, Surigao Del Norte, and Surigao Del Sur. As shown in figure 19, initially Agusan del Sur led the four provinces in palay production, but it was surpassed by Agusan del Norte in 1991, which was again outdone by Surigao del Sur in 1992-93, which, in turn, was surpassed by Agusan del Sur which remained as the province having the highest production in the region, except in 1997 when Agusan del Norte topped Agusan del Sur. On the average, Agusan del Norte produced 71810.07 MT, Agusan del Sur produced 100185.53 MT, Surigao del Norte produced 59611.93 MT, and Surigao del Sur produced 61254.8 MT; therefore, among the four provinces, Agusan del Sur, on the average, had the highest production for fifteen years.

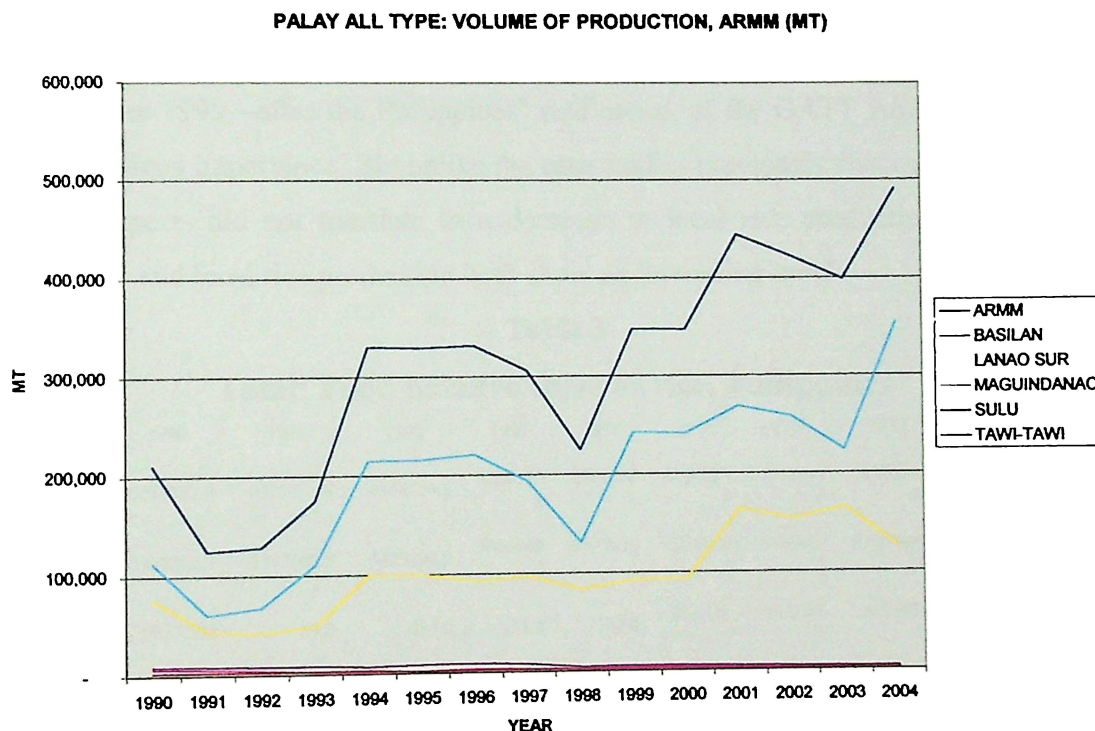
**Figure 19**

**PALAY ALL TYPE: VOLUME OF PRODUCTION, CARAGA (MT)**



In the ARRM region—comprised of Basilan, Lanao Del Sur, Maguindanao, Sulu, and Tawi-Tawi—Maguindanao was the constant highest producer of palay while Sulu and Tawi-Tawi are competing for the last position (see Figure 20). The average production of Sulu and Tawi-Tawi was 7096.27 and 2756.47 respectively, placing Tawi-Tawi as the least producer among the five provinces.

**Figure 20**



Having looked at the trends in palay production for the entire Philippines and from a regional perspective, it is safe to deduce that despite the decreasing trend in some regions, production of most regions and the entire Philippines, in general, has been on the rise.

### **B. Production vis-à-vis imports**

From the abovementioned data, local rice production is increasing. Focusing on imports, figures show that during the pre-1995 years rice imports are relatively lower than the post-1995 years. In general, rice imports after 1995 show an increasing trend. In fact, rice imports in 1995 grew by approximately 1625 times the rice imports

in 1994. It was followed by percentage change of 227.6 in 1996, a negative 16.2 change in 1997, a positive 200.5 change in 1998, and, again, a negative 61.5 change in 1999. Rice imports as a percentage of domestic supply is almost negligible before the 1995 years. In contrast, post-1995 figures and trends show that increase in domestic production was met with increase in imports. Beginning 1995 to 1999, imports as a percentage of domestic rice production is gaining importance; its average is 13% of domestic supply. Local production, on the other hand, accounts for, on the average, 87% of domestic supply from 1995 to 1999. These trends and figures show that after 1995—after the Philippines' ratification of the GATT AoA—rice imports have gained importance. But unlike the case studies previously shown, the increase in rice imports did not translate to a decrease in local rice production. In fact, rice imports and local rice production both show an increasing trend.

Table 3

**Total: Food balance sheet of rice, Philippines**

YEAR	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Domestic supply</b>	6317787.9	6195761.8	4964524.2	5356551.6	6283882.4	6524687.1	7974691.0	7245391.8	6938849.8	7775883.8
... Production	5535860.9	5747102.8	5425390.2	5606140.6	6275920.4	6288636.1	6737007.0	6702394.8	5075698.8	7011197.8
... Imports	592727.0	59.0	634.0	111.0	162.0	263251.0	862384.0	722397.0	2170835.0	836378.0
... Exports	.	10000.0	35100.0	.	.	.	.	.	84.0	292.0
... Change in stocks	189200.0	458600.0	-426400.0	249700.0	7800.0	-27200.0	375300.0	179400.0	307600.0	71400.0
<b>Domestic utilization</b>	6317787.9	6195761.8	4964524.2	5356551.6	6283882.4	6524687.1	7974691.0	7245391.8	6938849.8	7775883.8
... Feed	189533.6	185872.9	148935.7	160696.5	188516.5	195740.6	239240.7	217361.8	208165.5	233276.5
... Seed	.	.	.	.	.	.	.	.	.	.
... Processed for food	6317.8	6195.8	4964.5	5356.6	6283.9	6524.7	7974.7	7245.4	6938.8	7775.9
... Processed for non-food	.	.	.	.	.	.	.	.	.	.
... Food	6120041.1	6001834.5	4809134.6	5188891.6	6087196.8	6320464.4	7725083.2	7018611.1	6721663.8	7532498.7
... Waste	1895.3	1858.7	1489.4	1607.0	1885.2	1957.4	2392.4	2173.6	2081.7	2332.8

Food supply per capita										
... kg/cap/year	98.6	94.2	73.6	77.5	88.7	89.9	107.4	95.5	89.4	98.1
... g/cap/day	270.2	258.2	201.7	212.2	243.0	246.4	294.4	261.5	245.0	268.8
... kcal/cap/day	921.5	880.4	687.6	723.7	828.7	840.3	1003.8	891.8	835.6	916.5
... gram protein/cap/day	18.6	17.8	13.9	14.6	16.8	17.0	20.3	18.0	16.9	18.5
... gram fat/cap/day	1.4	1.3	1.0	1.1	1.2	1.2	1.5	1.3	1.2	1.3

Unit: metric tons

Source: National Statistical Coordination Board

### C. Prices of ordinary rice

According to the Bureau of Agricultural Statistics (BAS), farm prices are gathered from the farmers who traded that particular commodity within a particular reference period. Rice wholesale prices are garnered from warehouses with or without mills. Finally, retail prices are obtained from retailers in the public market. In addition, BAS also says that most of the Philippine farmers are producing ordinary rice. Ordinary rice are regular-milled rice possessing fair eating quality; this includes well-milled rice which can't be classified as special because of the presence of large amount of yellow and broken grains and the presence of foreign matter.

From the year 1990 to 1999, farm prices of rice are increasing minimally as shown on the table below.

**Table 4**

Palay/Rice Ordinary: Yearly Average Prices  
Philippines, 1990-1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Farm	4.74	4.77	4.82	5.4	5.9	7.24	8.13	7.92	8.11	7.87
Wholesale	8.38	8.5	8.91	10	11.27	14.06	15.84	15.22	15.78	15.75
Retail	8.9	9.25	9.65	10.83	12.21	15.18	17.13	16.53	17.1	17.26

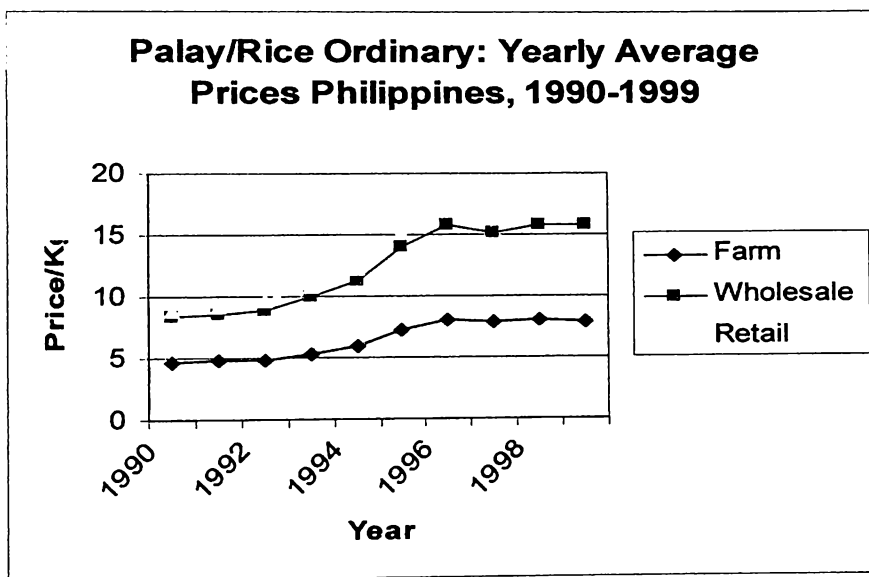
Source: Bureau of Agricultural Statistics

Percentage Change in the Average Prices of Ordinary Palay/Rice, 1990-1999

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Farm	*	0.006	0.01	0.12	0.09	0.23	0.12	-0.03	0.02	-0.03
Wholesale	*	0.01	0.05	0.12	0.13	0.25	0.13	-0.04	0.04	0.002
Retail	*	0.04	0.04	0.12	0.13	0.24	0.13	-0.04	0.03	0.009

Comparing the trends in retail prices, wholesale prices, and farm prices, the percentage increases of the first two are greater than the percentage increase in farm prices (see Figure 21).

Figure 21



**D. World prices versus domestic prices**

One of the classifications of rice is to measure the percentage of kernels that are separated from the head: Broken. The head means broken kernels whose lengths are more than those of Broken but have not reached the length of the whole kernel. World prices of rice are different for 5% Broken and 35% Broken; the latter is almost always cheaper than the former.

Table 5

**World Prices of Rice (US\$/MT), Converted to Peso/Kg**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>World Prices of Rice*</b>	287	314	287	270	268	321	339	304	304	248	202	173
<b>Exchange Rate*</b>	24.31	27.48	25.51	27.12	26.42	25.71	26.22	29.47	40.89	39.09	44.19	50.97
<b>Peso/MT</b>	6976.97	8628.72	7321.37	7322.4	7080.56	8252.91	8888.58	8958.88	12430.6	9694.32	8926.38	8817.81
<b>Peso/Kg</b>	6.98	8.63	7.32	7.32	7.08	8.25	8.89	8.96	12.43	9.69	8.93	8.82

\*Source: PDIS, 5% broken

\*Source: IRR

**World Prices of Rice (US\$/MT), Converted to Peso/Kg**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>World Prices of Rice*</b>	248	241	233	203	347	290	276	247	250	211	167	149
<b>Exchange Rate*</b>	24.31	27.48	25.51	27.12	26.42	25.71	26.22	29.47	40.89	39.09	44.19	50.97
<b>Peso/MT</b>	6028.88	6622.68	5943.83	5505.36	9167.74	7455.9	7236.72	7279.09	10222.5	8247.99	7379.73	7594.53
<b>Peso/Kg</b>	6.03	6.62	5.94	5.51	9.17	7.46	7.24	7.28	10.22	8.25	7.38	7.59

\*Source: PDIS, 35% broken

\*Source: IRR

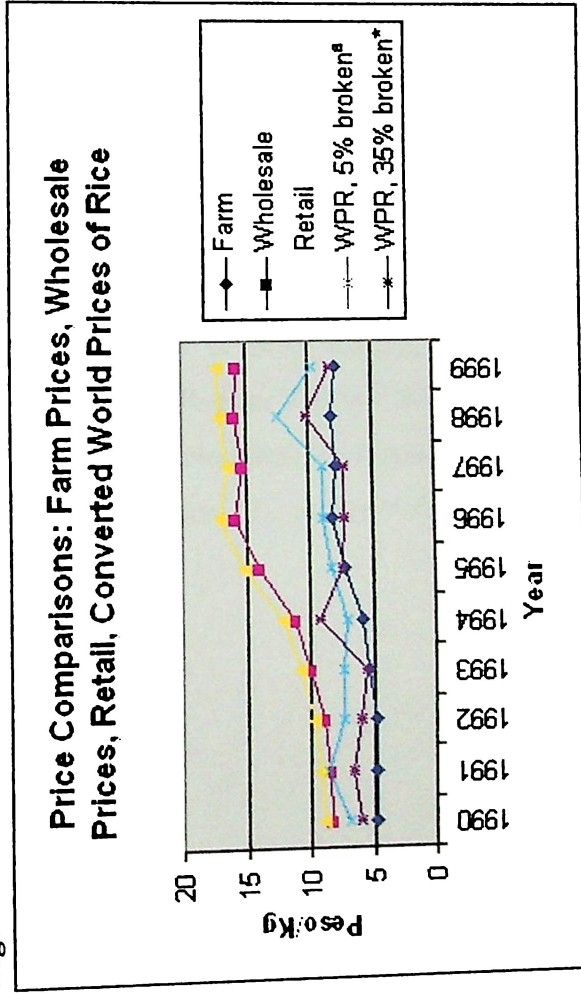
Table 6

Price Comparisons: Farm Prices, Wholesale Prices, Retail, Converted World Prices of Rice											
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	
<b>Farm</b>	4.74	4.77	4.82	5.4	5.9	7.24	8.13	7.92	8.11	7.87	
<b>Wholesale</b>	8.38	8.5	8.91	10	11.27	14.06	15.84	15.22	15.78	15.75	
<b>Retail</b>	8.9	9.25	9.65	10.83	12.21	15.18	17.13	16.53	17.1	17.26	
<b>WPR, 5% broken<sup>a</sup></b>	6.98	8.63	7.32	7.32	7.08	8.25	8.89	8.96	12.43	9.69	
<b>WPR, 35% broken<sup>*</sup></b>	6.03	6.62	5.94	5.51	9.17	7.46	7.24	7.28	10.22	8.25	

<sup>a</sup>World Prices of Rice, 5% Broken

<sup>\*</sup>World Prices of Rice 35% Broken

Figure 22



Comparing the trends in prices of domestic prices—farm, wholesale, and retail—and world price of rice converted to peso/kilogram shows that for the ten-year period (1990-1999) farm prices are by and large below the price of imported rice, both for the 5% Broken and 35% Broken (see Appendix E). Although, in 1996 and 1997 farm prices exceeded that of the price of 35% Broken rice. Comparing the trends in world prices of rice converted to peso/kilogram and that of domestic wholesale and retail prices show that world prices are cheaper than domestic prices. In fact, trends show that wholesale and retail prices are increasing at a faster rate than the world prices.

#### **E. Real wages of palay farmers**

As discussed above, the Philippines is composed of several regions: Cordillera Administrative Region (CAR), Region I or Ilocos Region, Region II or Cagayan Valley Region, Region III or Central Luzon, Region IV-A or CALABARZON, Region IV-B or MIMAROPA, Region V or Bicol Region, Region VI or Western Visayas, Region VII or Central Visayas, Region VIII or Eastern Visayas, Region IX or Zamboanga Peninsula, Region X or Northern Mindanao, Region XI or Davao Region, Region XII or Soccsksargen, Region XIII or CARAGA, and the Autonomous Region of Muslim Mindanao (ARMM).

Real wages or real income is the income that a household receives in terms of the real goods and services it can purchase. In terms of real income of palay farmers, the Philippines' have been fluctuating from 1994 to 1998; same as true for the different regions of the country (see Table 7 and Figure 23).

**Table 7**

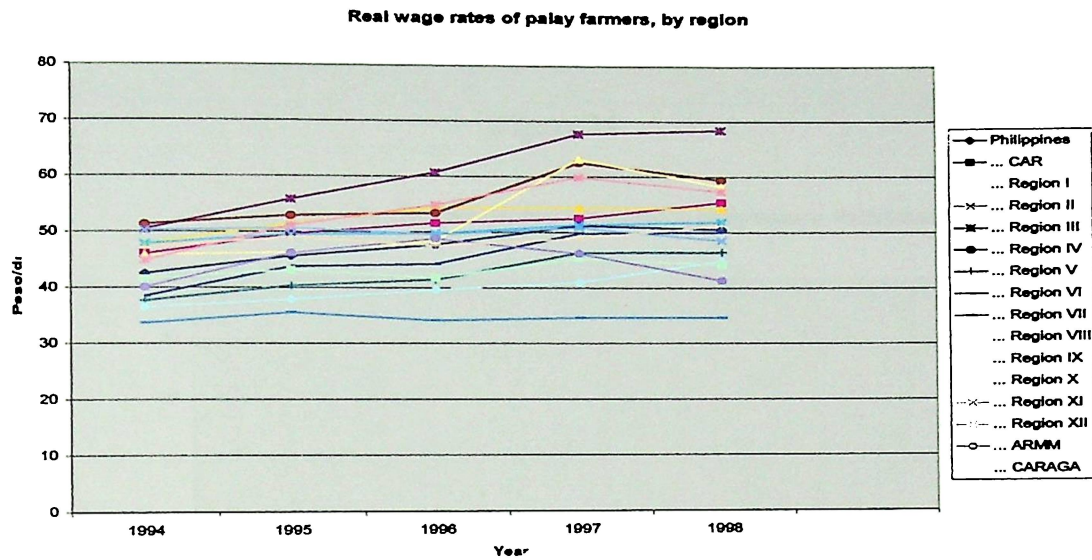
**Real wage rates of palay farmers, Philippines by region\***

YEAR	1994	1995	1996	1997	1998
<b>Philippines</b>	42.58	45.71	47.79	51.33	50.58
... <b>CAR</b>	46.08	49.74	51.67	52.57	55.47
... <b>Region I</b>	47.80	51.49	54.50	54.37	54.32
... <b>Region II</b>	47.92	49.58	49.80	51.41	51.92
... <b>Region III</b>	50.52	55.92	60.78	67.74	68.47
... <b>Region IV</b>	51.38	52.99	53.48	62.61	59.52
... <b>Region V</b>	37.73	40.37	41.54	46.38	46.47
... <b>Region VI</b>	38.52	43.83	44.34	49.91	50.11
... <b>Region VII</b>	33.78	35.62	34.20	34.74	34.73
... <b>Region VIII</b>	36.55	37.93	39.69	41.08	44.87
... <b>Region IX</b>	41.63	43.19	41.82	45.38	44.23
... <b>Region X</b>	45.89	46.39	48.55	63.21	58.33
... <b>Region XI</b>	50.33	50.73	49.63	50.89	48.60
... <b>Region XII</b>	44.92	51.21	54.96	60.03	57.45
... <b>ARMM</b>	40.12	46.26	48.85	46.23	41.36
... <b>CARAGA</b>	47.27	49.08	47.61	48.96	51.33

Unit: pesos/day

Source: "Bureau of Agricultural Statistics; \* regional figures are unadjusted so provincial composition of regions pertains to official regional classification of a particular year, last update March 2001"

Figure 23



In fact, many regions experienced a negative percent change in real wages for different years (see Table 8 and Figure 24).

**Table 8**  
**Percent Change: Real wage rates of palay farmers, Philippines by region\***

YEAR	1995	1996	1997	1998
<b>Philippines</b>	7.35	4.55	7.41	-1.46
... CAR	7.94	3.88	1.74	5.52
... Region I	7.72	5.85	-0.24	-0.09
... Region II	3.46	0.44	3.23	0.99
... Region III	10.69	8.69	11.45	1.08
... Region IV	3.13	0.92	17.07	-4.94
... Region V	7.00	2.90	11.65	0.19
... Region VI	13.79	1.16	12.56	0.40
... Region VII	5.45	-3.99	1.58	-0.03
... Region VIII	3.78	4.64	3.50	9.23
... Region IX	3.75	-3.17	8.51	-2.53
... Region X	1.09	4.66	30.20	-7.72
... Region XI	0.79	-2.17	2.54	-4.50
... Region XII	14.00	7.32	9.22	-4.30
... ARMM	15.30	5.60	-5.36	-10.53

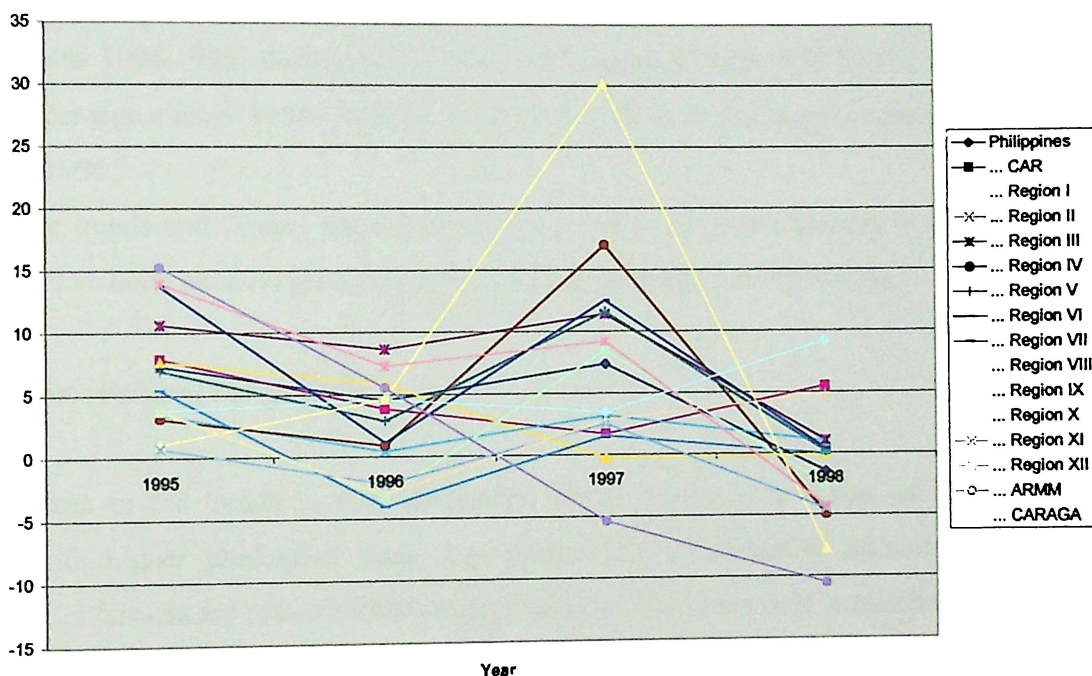
... CARAGA 3.83 -3.00 2.84 4.84

Unit: pesos/day

Source: "Bureau of Agricultural Statistics; \* regional figures are unadjusted so provincial composition of regions pertains to official regional classification of a particular year, last update March 2001"

Figure 24

Percent Change: Real wage rates of palay farmers, Philippines by region



Real wage rates of palay farmers in the CAR and Region XII have been growing although the percentage change in the increases is decreasing. In fact, in terms of percentage change in real income, years 1996-1998 was not able to surpass the increase incurred in 1995. For Region I, the trend in real income has been increasing from 1995-1996 and a decrease was experienced in 1997-98. In terms of percentage change in real income, years 1996-1998 was not able to exceed the increase acquired in 1995. For Region II and VI, real income has been increasing but in terms of percentage change in real income year 1996-1998 was not able to surpass the figure derived in 1995. Trends for Region III and V deviate from the previous regions: real income has been increasing and, in terms of percentage in real income, figures for 1997 exceeded that of the other years. Region IV also portrayed an increasing real income which culminated in 1997 and declined in 1998. Trends for Region VII, IX,

and XI is indeed indicative of a fluctuating situation, real wages experienced an increase from 1994-95, a decrease in 1996, an increase in 1997, and a decrease in 1998. For Region VIII, real income has been increasing, but the increases it incurred are fluctuating as evident in the percent change in real income. Real income for Region X is also increasing and it reached its peak in 1997 and a negative change in 1998. For the ARMM, real income was increasing from 1994-1996 afterwards a negative change occurred for 1997 and 1998. Finally, real income for CARAGA increased from 1994-1995, decreased in 1996, and increased from 1997-1998. In terms of percentage change in real income, CARAGA experienced a negative change for the year 1996.

These trends and figures show that real wage rates for palay farmers in the Philippines have been increasing for this period but the increases are fluctuating.

#### **F. The case of San Fabian, Pangasinan**

As seen in the trends in rice production above, Pangasinan is one of the provinces with higher production rates. San Fabian is a municipality located in Pangasinan, its farmers are predominantly rice producers. The researcher conducted a survey on 70 of the farmers of San Fabian, Pangasinan and members of the Alamal-Tulko Cooperative. This 250-membered cooperative is an affiliate of the Federation of Free Farmers (FFF), a federation dedicated to address the plight of the farmers.

When the farmers were asked how to describe the situation of their income for the past 10 years, from 1995 to 2004, 44 said that it was declining, 22 said that it was much higher during the time of Ramos, 1995-1998, compared to the later administrations, and 5 just said that it was varied from time to time. 44 out of 71 farmers, or 66%, said that their income was declining due to several reasons: the prices of agricultural inputs such as insecticides and pesticides are increasing, irrigation is poor, their products are sold at lower prices due to market competition, and the government does not provide them the necessary support. 22 out of 71 farmers, or 31%, said that they were better off during the time of Ramos than the present. They claimed that the prices of pesticide are presently higher compared to the

price during the Ramos administration. Furthermore, the farmers said that market competition before was not as tight as the present. Lastly, 5 people or 7% claimed that their income varied from time to time.

When asked what their situation was during the time of Ramos, 17 farmers or 24% claimed that they cannot distinguish the difference in their situation before and the present because it was almost the same. 48 farmers or 86% declared that their income was higher then; the reasons raised were same as of the above. 5 farmers still claimed that their income still varied from time to time. When asked to check the trends of their income for the years 1994-1995, 1995-1996, 1996-1997, and 1997-1998 their answer can be summarized as follows:

**Table 9**

	Tumaas	Bumaba
1994-1995	47	24
1995-1996	40	31
1996-1997	23	48
1997-1998	23	48

Evidently, from the figures, majority claim that their income was increasing during the first two years of the period under study. Following the first two years, majority of the farmer's income were on the decline during the 1996-1997 and 1997-1998 periods.

The farmers were asked the reasons for the behavior of their income during these periods; they were given the following choices: weather conditions, prices of agricultural inputs, irrigation, prices of imported rice. 65 farmers or 92% confirmed that weather conditions affect their income. 68 farmers or 96% agreed to contribution of the prices of agricultural inputs to their income. 58 farmers or 82% believed that irrigation has affected their income. Finally, 58 farmers or 82% confirmed that the prices of imported rice have affected their income. Other factors that were raised were the lack of capital, the lack of budgetary support from the government, and the high prices of gasoline.

Notwithstanding the importance of other reason, 82% claimed that the presence of foreign competition affected their income which affirms the hypothesis

that the open-market agricultural policy of GATT has affected the income of small-scale rice farmers in a negative way.

### **G. Impact of GATT**

The researcher conducted an interview with Mr. Rovik Santiago Obanil, Policy Advocacy Officer, Small Farms and Agricultural Trade Center, Philippine Peasant Institute (PPI); Mr. Carl Ala and Willy Marbella, spokespersons of Kilusang Magbubukid ng Pilipinas (KMP). PPI and KMP are non-governmental organizations dedicated in assisting the underprivileged sectors of society. She also conducted an interview with Normie Mendiola, Agriculture Staff of the National Economic Development Authority. The interview from the government is not the same as that of the NGOs. Interviewee from the latter, most often than not, refuse to give information or, if they do, they emphasize that their opinions do not reflect that of the government. The researcher found it difficult to expound on the questions raised to Ms. Mendiola since she claims that the agriculture staff of the NEDA do not actually monitor the GATT/WTO and its effects.

Ms. Mendiola of NEDA claims that from the point of view of the performance of the agricultural sector, it has been fluctuating or even sometimes declining, a situation highly attributed to the weather conditions. According to Mr. Ala of KMP, in terms Gross Domestic Product (GDP) or Gross National Product (GNP), the agricultural sector accounts for at least 20% but this figure has been declining since the Philippines acceded to the GATT/WTO. He claimed that this decline is due largely to the influx of cheap agricultural products, for him it was a simple logic, if cheap agricultural products enter the country from Vietnam or China, for example, consumers would be inclined to buy the cheaper and imported products and local producers will lose the incentive to produce. According to Mr. Obanil of PPI, the Department of Agriculture conducted a study to assess the performance of the agricultural sector since the Philippines' entry into the GATT/WTO. The study concluded by saying that it was difficult to ascertain the impact of GATT/WTO since there are other intervening factors which cannot be isolated such as the drought in

1998. Mr. Obanil said that the study is “hogwash”: the effect of full-scale liberalization to the agriculture sector is negative. The claim that liberalization will result to an increasing exports and decreasing imports proved otherwise; since GATT/WTO, Philippine exports produced a minimal increase, if any, and a dismal import increase. He also claimed that the logic is simple, once the Philippines opened its market to cheap and subsidized imported products, the relatively expensive and unsubsidized local agricultural products cannot compete. The most prevalent example for this is the vegetable industry which was a multi-billion peso industry prior to GATT/WTO but is presently suffering because of the influx of cheap vegetables from China and Europe, among others.

Rice is a special case when it comes to GATT/WTO (Mr. Obanil). When it comes to liberalizing the agricultural sector, or replacing quantitative restrictions with tariffs, rice remains the only commodity which retained its Quantitative Restrictions (QRs). “The government still has the power to place restrictions to the flow of imported rice into the country.” He said that yearly the government set-up an inter-agency committee to look into the demand and supply situation of the country: that committee looks into the expected yearly rice production and expected yearly demand and based on that they calculate whether there is shortfall. The expected shortfall is the allowed quantity of rice imports. If it hadn’t been for the QRs, then the government cannot dictate the imports of rice. Unlike other commodities—which depend on the ability of the importers to pay tariffs—imports do not depend on the countries inability to meet the demand. For Mr. Ala of KMP, the QR imposed on rice is just rubbish because since 1995 the government has been working on removing restrictions on agricultural products. But according to Mr. Obanil of PPI, the government is fighting for the continuance of the Quantitative Restrictions especially now that the GATT/WTO agreement on agriculture will come to an end after its ten year implementation (1995-2005) and another agreement is being drafted. He said that the governments position before was food security not based on food self-sufficiency. The government acknowledges rice as the Philippines’ staple crop and food; therefore, the government’s position of food security is when rice is available to all consumers whether be it imported or locally produced. Contrary to this perception,

the farmer's and PPI's view is that food security should be founded on food self-sufficiency; meaning, the Philippines should not be dependent on imports as a supplier of food. They believe that dependency on imports as a source of food is problematic primarily because the percentage of rice exported by major rice exporters such as Thailand, Vietnam, China, India, Pakistan, and United States is very small; a bulk of their rice production is still consumed locally. With this, the rice supply in the international market is very small. Since the Philippines is not the only rice exporting countries, it continually competes with other rice importing countries for a minimal rice supply. Time might come when the Philippines have the money to buy imported rice but the international supply cannot suffice the needed demand. Furthermore, many uncontrolled factors such as drought and pest infestation may occur resulting to a decline in the international supply of rice. Moreover, Mr. Obanil says, the trend is that international rice supply is declining while the demand is increasing. In Asia alone—the source of 90% of international rice supply and, at the same time, consumer of 90% of the international rice supply—demand for rice will increase because of population increase especially with China. These problems, in addition to the stagnating agricultural sector, urged the government to push for the continuance of the QRs in the new agreement on agriculture.

Mr. Obanil of PPI posits that during the Ramos administration, the adverse effects of the GATT/WTO were still not felt. The agreement on agriculture was signed in 1995 and the term of Ramos ended in 1998. Furthermore, the GATT AoA involves several phases which will culminate in 2005. Therefore, it is only recently that the impact of WTO is glaring. In the case of rice, the effect is not as evident as the other agricultural commodities. Actually, Obanil claims, rice production has been increasing but it does not mean that the incomes of the farmers are also increasing. Importation resulted to the influx of cheaply priced rice which drives down rice prices; consequently, the incomes of the farmers are not proportional to the increasing production. Sometimes, even news of impending influx of imported rice can result to a manipulation of the farmers by the rice traders. The latter can induce the former to drive down the prices of their rice because if not they will turn to imported rice. This situation occurs even when the government still has the control over the importation

of rice; Obanil argues that this situation will aggravate when the WTO rules will eventually apply to rice. He adds, an oversimplification of the picture is “*papasok ang imported rice, babagsak ang presyo, malulugi ang farmers, hindi na sila magtatanim, at liliit ang produksyon*”. The best portrayal for this negative effect is the rising unemployment of farmers, not only in the rice producers but including the other sectors. Proponents of GATT/WTO argued that the export-driven policy will create new markets, therefore new job opportunities to an estimated 500,000 annually. But Obanil says that instead of adding new jobs, many farmers were displaced and the promised annual increase of 500,000 new jobs did not materialize, instead an estimated 100,000 new jobs were created for the whole ten-year period. Furthermore, the expected export earnings did not come about; actually, the trend is decreasing. Obanil says that the Philippines lost out in the export competition: other countries are more competitive and their prices are cheaper.

Comparing the term of President Ramos and President Arroyo, the agricultural sector is worse off in the latter, Obanil posits. This is because the implementation period of the agreement on agriculture has culminated; therefore, tariffs are really low. But he believed that the Arroyo administration is trying to remedy the situation; he believed that Ramos would not have taken the stand of retaining the QRs. Also, countries are beginning to realize that all-out liberalization is unfeasible, protectionist policies are increasing trend among countries. When Ms. Mendiola of NEDA was asked the same question she initially took the position that administration of the current president, Gloria Arroyo, and President Ramos the latter did better. Her assessment was on the amount of subsidies given by the government to the agriculture sector. At first, she thought that the Arroyo administration provided more subsidy to the farmers compared to Ramos; in the end, she said that both of them are providing excessive subsidies to the farmers. She believes that the support of the Department of Agriculture towards the farmers should be lessened because subsidies would only result to total dependence. In contrast, if the government only provides facilitation services and the proper environment in terms of policies then the effect would be for the long-run.

## CHAPTER 5

### SUMMARY, CONCLUSION, and RECOMMENDATION

#### **A Summary and Conclusion**

When the Philippines ratified the General Agreement on Tariff and Taxes Agreement on Agriculture (GATT AoA), the Ramos administration, together with a few legislators believed it would benefit the country. Its export oriented policy will increase the competitiveness of the Philippines' local products hence increasing the income of domestic producers.

The then Senator Gloria Macapagal Arroyo, Chairperson of the Committee on Economic Affairs and Co-chairperson of the Committee on the Whole on the GATT Accords, claimed that rice, one of the critical products of the country, will be affected only on a minimal level since imports will only be on a limited scale. Furthermore, the Senate Committee on the Whole argued that GATT should be evaluated as to whether it will eliminate the dismal poverty prevalent in the country. Other writers posit that trade liberalization will reduce the subsidies provided by the developed countries towards their agricultural products thereby increasing world prices.

From another point of view, GATT AoA is essentially anti-agricultural. The benefits assumed to be gained did not materialize. Agricultural employment dropped, agricultural exports did not rise, and excessive importation discourages local production. The agreement is said to be bias towards the developed countries. While it reduces market support measures such as export subsidies, minimum entry, and intervention prices it retains the supposedly "non-trade distorting" elements such as direct income subsidies to farmers. United States and European Union are the two largest exporters in the world; income subsidy towards their farmers will greatly affect the prices of grains worldwide. When less developed countries allow the importation of these cheap grains under the pretense that it will empower local farmers to produce efficiently, it produces the opposite effect; farmers are driven out of business or pursue other occupation. Furthermore, the failure of the local producers to modernize in order to meet the demands of efficiency exacerbated the situation.

Such was the case for the Philippine rice. Despite the “rice clause” provided by the GATT AoA wherein rice is exempted from the lifting of quantitative restriction and tariffication, the government continues to import rice at an excessive rate even under the Minimum Access Volume. This situation transformed the Philippines from a self-reliant economy to a net food importer.

Palay production has been on the rise for the Philippines from 1990 to 2004, in general. But the increase in palay production was coupled with the increase in rice imports. One would think that this increase will be translated to the increase of the income of palay farmers. On the contrary, trends in real wages will show that the income of palay farmers is only minimally increasing. Comparing the trend in Philippine production and the real wages of the palay farmers from 1994 to 1998 would show that the former is relatively steeper than the latter. This means that Philippine Palay production was increasing at a higher rate compared to real wage rates. The succeeding diagrams highlight this comparison.

Figure 25

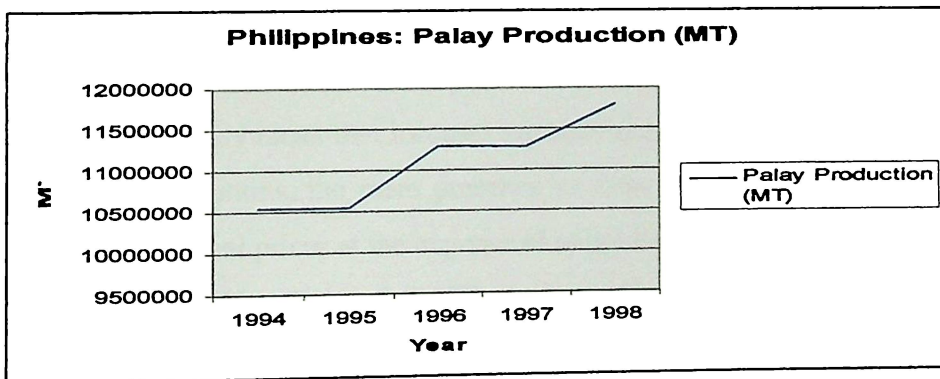


Figure 26



This was further substantiated by the survey conducted in San Fabian, Pangasinan wherein majority of the farmers claimed that their income was continually decreasing since 1995. Furthermore, many of these farmers claim that their income was higher during the time of Ramos compared to the term of Gloria Arroyo. They posit that the increase in prices of agricultural inputs and the decreasing prices of their products due to foreign competition exacerbated the decline in their income. How did this situation come about? Simply put, imported rice is much cheaper than local rice as trends would show; thus, farmers had to bring down their prices in order to compete with the foreign goods. This condition was affirmed by the farmers of San Fabian. Moreover, the increasing prices of agricultural inputs such as fertilizers and pesticides coupled with environmental conditions and lack of government support also affect the income of farmers in a negative way.

This adverse situation was confirmed by the interviews conducted. They say that, logically speaking, the mere presence of cheap agricultural imports discourages local production. In the case of rice wherein Quantitative Restrictions were maintained, the impact was not as devastating as the effect on other agricultural sectors. They also confirmed that rice production was increasing for the past years but it does not necessarily mean that incomes are also increasing. Even in the presence of Quantitative Restrictions, the mere presence or even the impending importation of rice drives down local prices at the expense of palay farmers.

All in all, the effect of GATT AoA on the Philippine rice farmers was negative. It was during the time of Ramos when its effect was initially felt but its glaring consequence is especially prevalent during the present term of Gloria Arroyo. The increasing importation of rice accounts for this fact. It may not be the sole determinant of the decrease in the farmer's income but it remains to be one of the largest factors.

Going back on the framework used, the open-market agricultural policy of GATT resulted to the influx of cheap imported rice but, contrary to the situation of the other countries, local rice production continued to increase. Nevertheless, the outcome remained the same. Local rice farmers were affected, specifically their

income decreased. Thus, to affirm the hypothesis, the GATT/WTO policies on agriculture impact the income of small-scale rice farmers negatively.

## **B. Recommendation**

The abovementioned summary and conclusion would show that the agricultural policies of GATT produced negative effects on the Philippine farmers. Needless to say, the perceived benefits such as higher employment and higher wages and incomes for the rice farmers were not met. Instead, what transpired was that despite the increasing amount of palay production, real wages increased minimally. Moreover, notwithstanding the increasing amount of production and the Minimum Access Volume, the importation of rice is increasing especially after the ratification of GATT Agreement on Agriculture. Amidst the supposed safety measures given on rice, trade liberalization still negatively affected the income of small-scale rice farmers.

From this study, the researcher saw it fit to revisit the GATT Agreement on Agriculture and critically examine the provisions of the agreement. First and foremost, agreements such as this should perpetuate the national interest—a situation hardly garnered from the perspective of small-scale rice farmers. Since the agreement will come to an end in 2005 after a ten-year period of implementation and another agreement is being drafted, the government should not make the same mistake as it did when it ratified the GATT AoA in 1995.

The Arroyo administration is fighting to retain the Quantitative Restrictions but, as this study shows, despite the presence of QRs local rice farmers are still adversely affected. A study on this new agreement is recommended; a comparison of the previous agreement with the new one is needed. In doing so, a clear glimpse on how the government was able to counteract, or otherwise, the negative effects of GATT AoA will be seen.

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## **INTERVIEWS**

Mr. Rovik Santiago Obanil, Policy Advocacy Officer, Small Farms and Agricultural Trade Center, Philippine Peasant Institute (PPI), February 24,2005

Mr. Carl Ala, Spokesperson, Kilusang Magbubukid ng Pilipinas, February 25,2005.

Mr. Willy Marbella, Spokesperson, Kilusang Magbubukid ng Pilipinas, February 25,2005.

Ms. Normie Mendiola, Agriculture Staff, National Economic Development Authority, March 8, 2005.

# **APPENDICES**

**APPENDIX A**

**KII Letters**



**COLLEGE OF ARTS AND SCIENCES**  
University of the Philippines Manila  
Padre Faura, Ermita, Manila

2005 FEBRUARY 24  
**ROVIK OBANIL**  
PHILIPPINE PEASANT INSTITUTE

Dear Sir or Madam:

I am a fourth year Political Science student from the University of the Philippines Manila conducting a research on the government vis-à-vis the agricultural sector.

In line with this, I would like to ask for your assistance and be one of my key informants. I fervently believe that your expertise will be beneficial to my topic. Furthermore, your knowledge will help me answer the posed research questions. Moreover, I would also like to ask your good office to extend help by providing documents, papers, and materials related and significant to the study.

I will call or visit your office to confirm our meeting. Otherwise, please do not hesitate to call me at 0927-4236969 or (02) 915-8015. I am very much inclined to adjust to your desired time and place of interview.

I am very much hoping for your favorable response.

Thank you!

Sincerely,

Soria, Ma. Maharani Liwaya P.  
2001-61931  
BA POLITICAL SCIENCE  
Researcher



**COLLEGE OF ARTS AND SCIENCES**  
University of the Philippines Manila  
Padre Faura, Ermita, Manila

2005 FEBRUARY 25

**KILUSANG MAGBUBUKID NG PILIPINAS**

Dear Sir or Madam:

I am a fourth year Political Science student from the University of the Philippines Manila conducting a research on the government vis-à-vis the agricultural sector.

In line with this, I would like to ask for your assistance and be one of my key informants. I fervently believe that your expertise will be beneficial to my topic. Furthermore, your knowledge will help me answer the posed research questions. Moreover, I would also like to ask your good office to extend help by providing documents, papers, and materials related and significant to the study.

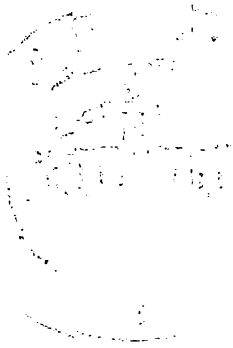
I will call or visit your office to confirm our meeting. Otherwise, please do not hesitate to call me at 0927-4236969 or (02) 915-8015. I am very much inclined to adjust to your desired time and place of interview.

I am very much hoping for your favorable response.

Thank you!

Sincerely,

Soria, Ma. Maharani Liwaya P.  
2001-61931  
BA POLITICAL SCIENCE  
Researcher



**COLLEGE OF ARTS AND SCIENCES**  
**University of the Philippines Manila**  
**Padre Faura, Ermita, Manila**

**2005 MARCH 8**

**NORMIE MENDIOLA**

**AGRICULTURE STAFF**

**NATIONAL ECONOMIC DEVELOPMENT AUTHORITY**

Dear Sir or Madam:

I am a fourth year Political Science student from the University of the Philippines Manila conducting a research on the government vis-à-vis the agricultural sector.

In line with this, I would like to ask for your assistance and be one of my key informants. I fervently believe that your expertise will be beneficial to my topic. Furthermore, your knowledge will help me answer the posed research questions. Moreover, I would also like to ask your good office to extend help by providing documents, papers, and materials related and significant to the study.

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Thank you!

Sincerely,

Soria, Ma. Maharani Liwaya P.

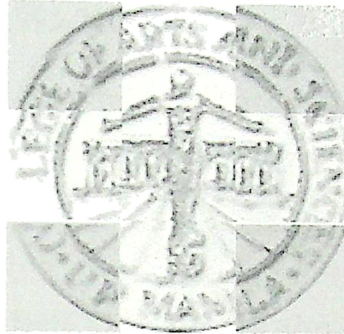
2001-61931

BA POLITICAL SCIENCE

Researcher

## APPENDIX B

### Survey Form



COLLEGE OF ARTS AND SCIENCES  
University of the Philippines Manila  
Padre Faura, Ermita, Manila

Ako ay studyante ng *Political Science* mula sa Unibersidad ng Pilipinas Maynila. Ako'y nagsasaliksik hinggil sa epekto ng pagsali ng Pilipinas sa GATT/WTO. Dahil dito nais kong hingin ang inyong tulong upang sagutin ang ilan sa aking mga katanungan.

Makakaasa kayong ang inyong mga sagot ay mananatiling pribado. Maraming maraming salamat sa inyong tulong.

## SURVEY QUESTIONNAIRE

### Impact of GATT/WTO on small-scale farmers:

1. Paano niyo maisasalarawan ang kalagayan ng inyong kita mula sa pag-aani sa loob ng sampung taon (1995-2004)?

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2. Noong panahon ni Presidente Ramos, paano niyo maisasalarawan ang inyong kita mula sa pag-aani?

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Lagyan ng tsek ang nais na sagot:

3. Tumaas ba o bumaba ang inyong kita sa mga taong 1994-1995, 1995-1996, 1996-1997, at 1997-1998.

	Tumaas	Bumaba
1994-1995		
1995-1996		
1996-1997		
1997-1998		

4. Kung pababago ang inyong kita sa mga taong ito, ano sa tingin ninyo ang mga dahilan nito? Lagyan ng tsek ang mga napiling sagot.

- ❖ Pabago-bagong panahon \_\_\_\_
- ❖ Presyo ng Fertilizer \_\_\_\_
- ❖ Irigasyon \_\_\_\_
- ❖ Presyo ng mga dayuhang bigas \_\_\_\_
- ❖ Ibang dahilan \_\_\_\_

- Anu-ano ang mga ito? \_\_\_\_\_

**Maraming maraming salamat sa iyong oras at kooperasyon!**

**Ma. Maharani Liwaya P. Soria  
2001-61931  
University of the Philippines Manila  
Researcher**

## **APPENDIX C**

### **KII Questionnaire**

- 1) Since 1995, how can you describe the performance of our agricultural sector?
- 2) Since the inception of GATT/WTO agreement on agriculture, what can you say about the agricultural import and export commodity composition of the Philippines?
- 3) What do you think are the effects of GATT/WTO on domestic rice production (1995-1998)?
- 4) What do you think are the long-run effects of GATT/WTO agreement on agriculture on small-scale rice farmers?
- 5) What are the specific policies and programs formulated and implemented by the Ramos administration with regards to the demands of the GATT/WTO?
- 6) Comparing the term of President Ramos (1995-1998) and President Gloria Macapagal Arroyo, what do you think was the situation of the agricultural sector?

## APPENDIX D

## Budget

PERSONNEL	
Key Informant Interview Expenses	
50/KII	
15 KIIs	
(est)	750
Surveys (Survey assistants)	250
	250
OPERATING	
Fare expenses (est)	
Environment sensing	150
Filling up of ICF	200
Surveys	150
KIIs	500
Archival Research	100
Reproduction Expenses (est)	500
Audio-recorder tape (est)	500
Audio-recorder battery (est)	250
	2350
<b>TOTAL</b>	
	<b>2600</b>

## APPENDIX E

## Gantt Chart

ACTIVITIES	February				March		
	1	2	3	4	1	2	3
ENRIVONMENTAL SENSING							
FILLING UP OF INFORMED CONSENT							
KEY INFORMANT INTERVIEWS							
SURVEYS							
ARCHIVAL RESEARCH							
TRANSCRIBE GATHERED DATA							
THESIS WRITING							
EDITING							

## APPENDIX F

### Transcribed Data

**Interview with Mr. Rovik Santiago Obanil, Policy Advocacy Officer, Small Farms and Agricultural Trade Center, PPI**

**Date: February 24, 2005**

Researcher: Since 1995, how can you describe the performance of the agricultural sector?

Mr. Obanil: Since 1995...the DA conducted a study, actually they commissioned a study to assess precisely yung impact the WTO, kung ano yung nagging performance ng agriculture sector since we joined the GATT/WTO, kaya 1995 ang sinasabi mo kasi that's the time na pumasok tayo, nag-accede tayo sa WTO. The study was done by consultants. Basically the results of the study are, ang sinabi lang nila ay it is very difficult to ascertain kung ano yung naging impact the WTO: First, napaka short pa nung period to accurately assess kung nagkaroon nga ba ng impact, kung ano yung naging impact; Second, maraming intervening factors such as nagkaroon ng drought, for example, noong 1998 and other stuff, na sabi nila, na hindi mo ma-iisolate na talagang WTO lang ang nagkaroon ng impact or talagang WTO lang ang naka-apekto sa performance ng agriculture sector. Basically, that's hogwash. Supposedly yung study ng iyon matagal ng hinihingi ng mga stakeholders: small farmers at NGOs, dahil and alam talaga namin at alam na alam ng mga small farmers natin that the impact of our accession to the WTO na naging dahilan para sa full-scale liberalization sa agriculture sector natin is negative. Negative because, una, kung titignan mo ang trade figures natin na sinasabi nila dati prior to our accession to the WTO na tataas and export mababawasan ang imports at kikita tayo, kabaliktaran yung nangyayari, in fact we have figures to prove that, instead na tumaas ang exports natin, bumaba or minimal lang halos walang naging change ang lumaki yung imports natin. Actually, napaka simpleng logic lang nun, buksan mo ang agriculture sector to foreign commodities na subsidized, mas mura dahil subsidized sa countries na pinanggagalingan nila and alam na alam natin na hindi competitive yung ating mga agricultural sectors at sub-sectors. Naturally, dahil mas mura yung commodities from outside, tataas ang imports mo dahil mas mura mas convenient pa nga at the same time. Basically ganun, the impact has been negative. In fact, maraming mga sectors ngayon hirap na hirap, hirap silang mag-compete, marami ng nalulugi, example nun ay ang vegetable industry natin na isang multi-billion peso industry, pero dahil sa trade liberalization, tinanggal mo ang protections, naglagay ka nga ng tariffs pero napakababa and this has resulted in an influx of imported vegetables from China, Europe, from other countries basically. The losses of our vegetable industry because of this are in the billions. Yung impact niya hindi lang sa macro, titignan mo talaga yung individual small growers talagang marami ang nalulugi. At hindi lang yan makikita sa vegetable industry makikita mo yan sa corn, sugar, at iba pang commodities. Basically, ganun, it has been negative.

Researcher: How about the rice sector which has its safety-nets, how can we reconcile that to the negative impact of WTO.

Mr. Obani: Rice is special pagdating sa usapin ng WTO because when we liberalized or when we tarrified—yung tarrification basically is yung conversion, pagtatanggal ng dating protection at papalitan mo siya ng tariffs or taxes—tinanggal or tinarrify natin practically lahat ng agricultural commodities natin, rice lang ang natirang may protection. Actually ang rice hindi pa talaga pasok sa WTO disciplines, and this is the reason why the government is still allowed to regulate or place restriction to the flow of imported rice into the country. So, dun sa tanong mo, hindi actually safety-nets eh, sa rice meron tayong tinatawag ng quantitative restriction or QR, basically, yun yung power ng government to limit the flow of imported rice into the country and the government does that, every year kasi meron inter-agency committee that looks into the demand and supply situation natin, tinitignan kung ano yung production natin for the year, ano yung magiging expected na demand, and based on that they calculate kung meron bang shortfall or meron bang kakulangan doon sa production. So, kung merong shortfall yun yung inaalocate ng government na allowable importation for the year. Kung wala sanang QR walang ganon, hindi na government ang magdidictate kung gaano karami ang pwede pumasok na imported na rice, ang mangyayari lang is kung meron gusting magimport, basta willing silang mag-pay ng tariff or taxes pwede nilang ipasok, whether we need it or not and that's what happens in other commodities. Kasi sa rice halimbawa, nag-iimport lang tayo when there is a shortfall, when our domestic production is not enough to meet domestic demand. In other sectors, in the case of corn for example or vegetables, that is not the case. Sa sectors na iyon, whether the local production is enough to sustain domestic demand or not nag-iimport dahil because mas mura sa labas.

Researcher: Don't you think it's a self-fulfilling prophecy, you have MAVs but you allow imports which are cheaper than local production so it slowly eats away the local producers.

Mr. Obani: Actually, yun yung sinasabi namin, ang fear namin, noon una actually. Kasi this year, naglabas ng position ang government that we are going to fight for the rice QRs kasi doon sa WTO agreement on agriculture supposedly maglalapse na Special Treatment ang tawag doon sa WTO which allowed us to impose QRs on rice kahit na dapat tarrified na. Before that, the position of the government was, rice kasi is very important when you talk about food security, rice is our staple crop, its our staple food, 80% ng Filipinos rice and pangunahing pagkain. So sabi ng government we can still have food security even if we don't produce the rice domestically kasi food security is when rice is available for anyone to anyone who wants to buy rice. So, sabi nila, whether we buy locally or we buy it internationally basta meron tayong bigas yun lang yun, food security na yun. Pero kami, ang position namin, at ang positin ng mga farmers, ang tunay or genuine na food security should be founded on food self-sufficiency, ibig sabihin hindi tayo magrerely sa imports, magrerely tayo sa sarili nating kakayanan to produce the rice na kakailanganin natin and we say this because ang problem natin sa supply ng rice internationally is very thin, napakaliit lang ng percentage ng rice ng prinoproduce ng mundo na ibinebeta sa labas ng mga countries ng nagproproduce noon. For example, and top rice exporters ay Thailand, Vietnam, China, ngayon India, Pakistan, at US sumasama, maliit na percentage lang ng total rice production nila ang talagang binibenta o ineexport nila, the bulk of their

rice production they consume locally, para sa sarili nilang pagkain. This is the situation in the international market, in the rice producing countries, maliit na percentage lang ang binibenta nila. Because of this, maliit lang ang rice supply sa international market na pagkukunan mo kung ikaw ay isang net rice importing country. Ang nangyayari ngayon, dahil hindi lamang ang Pilipinas ang kumakain ng bigas, hindi lamang siya ang nag-iimport ng bigas, we are competing with all those other countries who import rice dahil kulang ang rice nila or for whatever reason. So ang problem natin doon, kung dumating tayo sa situation na meron nga tayong pambili, we have the money to buy, pero dahil nagkaroon ng problema sa supply internationally, kung naging dependent tayo sa importation malaking problema yun diba. For example, nagkaroon ng drought o nagkaroon ng peste doon sa mga countries na nagproproduce ng rice at bumagsak ang production nila at hindi sila makapagexport, saan ngayon tayo bibili ng rice. And ang problem pa ngayon is the demand for rice internationally is growing pero ang supply niya hindi nakakasabay, in fact, for several consecutive years the trends was bumababa ang production, hindi siya tumataas pero ang demand tumataas din. In fact may mga study na nagsasabi na tataas ng, I think, 70% yung demand for rice sa Asia. Sa Asia, 90% of the rice is produced in Asia pero dito rin siya kinakain, 90% din ng production dito kinakain. Tataas ang demand sa Asia dahil tataas ang population ng mga countries na kumakain ng rice, hindi pa kasama sa calculation na iyon ang China, na pinakamalaki ang population at rice ang kinakain. In fact, yung situation na iyon nangyayari na sa corn, because China is growing nangangailangan sila ng mas maraming corn, they are buying all the corn in the international market, the other year nagkaroon ng problema sa supply kaya tumaas ang presyo kasi maliit ang supply. So ganoon ang isang problema natin sa rice, halimbawa ang China dahil ang China ngayon bumibili na rin internationally ng rice ay magkakaroon talaga tayo ng problem sa supply.

Researcher: Since our accession to the GATT/WTO, what happened to our import and export commodity structure?

Mr. Obanil: Supposedly the strategy was to shift into high value crops. Noong Ramos administration very clear yun, ang sabi nila we should shift into high value crops. Ang problem natin is it is not that easy. Hindi mo bastang sabihin na from rice production ay magtanim na lang kayo ng high value crops, kasi ang investment sa pagshift from one crop to another hindi yan chicken feed, malaki ang kailangang investment. Yun yung problema natin because sa totoo ang Pilipinas karamihan ng mga farmers dito ay maliit, they don't have the capital for that, and government isn't providing enough in terms of credit and other facilities. In other countries malaki ang subsidies na available to their farmers, in fact, developed countries subsidized their farmers the tune of 1 billion dollars a day. Sa Pilipinas, we are allowed up to 10% in the value of our production in subsidies na pwede sana pero hindi natin kaya, we don't have the money for that. Yung yung naging problema natin, hindi kasi tayo competitive eh.

Researcher: So, in essence we were not able to transform into value crops producer?

Mr. Obanil: Actually, we are slowly doing it dati. But, for example in coconut, ang problema natin is we don't have the money to invest doon sa ating industry, halimbawa

the coconut industry. Right now, for example, ang kailangan ng ating coconut industry palitan na ang mga coconut dahil matatanda na, pag mas matatanda na ang coconut tress mo, mas mababa ang productivity, mag kaunti na ang prinoproduce niya. In other countries, for example in Vietnam and I think Indonesia, nagputol na sila ng mga coconut trees nila, pinalitan na nila yun, million of hectares ang pinag-uusapan. Dati ang Pilipinas one of the top exporters pagdating sa coconut ang problema natin ngayon, magiging kalaban natin itong mga countries na ito, who invested in their coconut industry and we will need to catch up, samantalang isa tayo sa mga leaders dati. Ang mangyayari tataas ang productivity nila, tayo bumababa o declining ang productivity, may problema pa nga tayo dahil pinagpupuputol pa natin ang mga coconuts natin ginawang coco lumber.

Researcher: Sir, so what you're trying to say is there is nothing wrong into shifting into High Value Crops just as long as the government can support it?

Mr. Obanil: I'm not saying that then. Ang problema natin sa high value crops is usually hindi yan ang staple food noong population mo. Halimbawa, yung prinoproduce ng DOLE at Lapanday, bananas, pineapple, these are commodities produced by agri-business in plantations, malalaking farms. Hindi yan ang staple food natin. Ang problem namin diyan dati nageencourage pa tuloy ang government for our farmers to shift the use of their land, to convert their land para gamitin sa pagproduce ng HVC, pero may danger doon dahil saan mo ngayon kukunin ang pagkain mo. Dati nga mainit noon ang cut flowers, sabi nila mag cut flowers na lang tayo, so ano ang mangyayari ngayon, kakainin mo ang cut flowers. In fact, may problema na nga tayo ngayon, isa sa mga problema natin kung bakit may problem tayo sa production ng rice, kinonvert ng kinonvert ang mga rice lands natin dati into subdivisions, golf courses, at kung anu-ano pa, bumababa tuloy ang hectarage devoted to rice production. So now, we are forced to produce more sa mas maliit na lupa or area.

Researcher: Sir, I talked to several farmers, they claim that during the time of Ramos, wala pa gaanong nararamdaman ng epekto ng GATT/WTO, why is that?

Mr. Obanil: For the simple reason that kasisimula pa lang niya. Ramos became president in 1992, we joined the WTO in 1995. So kasisimula pa lang. 1995 to 1998 ilang taon pa lang iyon diba? So hindi mo pa talaga agad mararamdaman. Kasi, halimbawa sa tarrification hindi naman kaagad babagsak to zero, under the GATT AOA may phasing diba nag pagbaba ng tariffs. So ngayon talaga natin nararamdaman kasi ngayon na iyong patapos na ang implementation, supposedly ngayon na talaga mababa ang tariffs natin. So ngayon na talaga nakikita at nararamdaman ang impact.

Researcher: So, basically, during the time of Ramos domestic rice production was the same during its previous years?

Mr. Obanil: Hindi masyado affected ang rice dahil meron siyang restrictions. Ang talagang naapektohan ay yung other commodities that were tarrified.

Researcher: As of now, rice production is indeed affected?

Mr. Obanil: Hindi ang rice production, actually ang effect sa income ng farmers. Actually, rice production has been growing because of government programs. Pero ang problema natin ay ang incomes, hindi naman ibig sabihin na kapag tumataas ang production ay tumataas na ang income ng farmers. Yun yung problem ng government eh, when they think about the rice sector iniisip lang nila ang production side, paano natin patataasin ang productivity, paano natin patataasin ang production, nakakalimutan yung farmers na nagtatanim. Kahit tumataas ang production mo kung bumababa ang presyo ng palay ng binibenta ng farmers, kahit marami silang binibenta kung maliit naman ang kinikita nila, wala pa rin diba. Yung sinasabi ko na nagkakaroon ng impact in terms of income ng farmers kasi hindi pa exactly dahil sa WTO pero dahil sa importation, pero pwede rin kasing sabihin na talagang pag inimplement mo na ang WTO rules sa rice, tatanggalin mo na yung barriers sa importation mas lalaki ang impact kasi right now, importation is affecting incomes in the sense na pag dumarating ang imported rice its cheaper, we buy imported rice from Vietnam and Thailand for example at 2/3 or 1/3 the price of local rice, ganon kalaki ang dipirensiya. Ang effect niya ay it drives down the prices yun ang sabi sa atin ng mga farmers natin. Pag dumarating ang imported rice bumabagsak talaga ang presyo although government is denying that pero ang report sa amin ng mga farmers sa areas nila ay kapag dumarating ang rice importation or even news of impending of rice importation bumababa ang presyo kasi siyempre supply and demand, minsan kasi psychological pa lang eh ang effect. Kapag nalaman ng mga traders that they can buy imported rice which is cheaper than domestic rice, hindi sila forced to buy sa domestic farmers, pwede nilang barating ang mga farmers and say kung ayaw ninyong ibenta sa amin at this price we will just buy imported rice.

Researcher: Dahil sa low-income ng farmers, what do you think are its long run effect sa farmers?

Mr. Obanil: Kagaya ng binanggit mo kaninang cycle, pag naging dependent tayo sa importation malulugi ang ating domestic rice producers dahil they cannot compete sa price ng imported rice and pag nalugi sila kasi halimbawa ako trader wala ng import restriction, mas mura ang imported bakit pa ako bibili ng local eh kung bibili ako ng imported na kalahati ang presyo tapos ibibibenta ko di syempre mas malaki ang kita ko. Ang mangyayari, ang tingin namin, in fact, nakita naming sa ibang centers din, bibili na lang ako ng imported kung ako ang trader, hindi na ako bibili ng domestically produced rice, ang mangyayari sino ang bibili ng priniproduce ng farmers natin. Kung wala bibili ng prinoproduce ng farmers natin malulugi sila. Pag nalugi sila, kasi ang mga rice farmers are one of the poorest sa farming sector natin, so kaya ang isang cropping lang na malugi sila malaki ang epekto, its possible na hindi na magtanim sa susunod. Kaya pag nalugi sa influx ng murang imported na bigas, nalugi sila hindi na sila nagproduce, kokonti na lalo yung domestic production mo, at dahil kumukonti ang domestic production, lalo ka magiimport, sasabihin ng government na konti nga ang domestic production. So cycle nga siya, pag nagimport ka, malulugi ang farmers mo, this is an over-simplification ha, papasok ang imported rice, babagsak ang presyo, malulugi ang farmers, hindi na sila magtatanim, liliit ang production. Hindi pa masyadong ganoon

kalaki ang impact niya sa ngayon, pero pag wala ng restrictions magkakaroon talaga ng flood ng imports, there is no doubts about it.

Researcher: This is where the thoughts of other writers come in, it was promised that GATT/WTO will produce employment but the opposite actually happened.

Mr. Obanil: Hindi lang yun sa rice ha, before we joined WTO, to entice the farmers sabi nila every year magkakaroon tayo ng 500,000 new jobs in agriculture.

Researcher: San po kaya galing ang employment na iyon?

Mr. Obanil: Sabi nila dahil daw lalaki ang exports, magkakaroon tayo ng new markets, mag-oopen up ang developed countries sa mga agricultural exports natin sabi nila, dahil doon marami ng pwedeng pumasok sa ganoong mga ventures. Pero noong tiningnan yung naging impact sa agricultural employment, siguro hindi pa nadagdagan, something like from 11 million bumaba pa actually or hindi nga umabot ng 100,000 and new employment sa buong period ha. Instead of adding 500,000 thousand new jobs annually, hindi nga umabot ng 100,000 new jobs sa buong period. Even if you look at the earnings natin from exports, bumaba ang earnings natin from exports. Tapos, apart from that, dahil binababaan mo ang tariffs mo, lumiliit ang sinisingil na taxes kaya nalulugi rin ang government.

Researcher: Bakit po kaya bumababa ang kita natin from exports?

Mr. Obanil: Kasi we lost out sa export competition. Hindi lamang Pilipinas ang exporter ng agricultural commodities. Akala natin na kapag binukasan ng developed countries ang kanilang markets automatic na makakapagbenta tayo. Hindi yata inisip na hindi lang tayo ang makakapagbenta, other countries are more competitive than us. Ang nangyari hindi sa atin bumibili dahil hindi tayo competitive eh, ang presyo natin usually mas mahal. Apart from that, yun mismong developed countries na nagpromise na magbubukas ng kanilang markets hindi naman automatically nagbukas talaga. In fact, ang nangyayari ang developing countries ang bukas ng bukas ng markets nila, they are the ones liberalizing pero yung developed countries foremost among these are the prime movers of GATT/WTO such as the US and EU, sila yung pinakaprotectionist. Halimbawa, sa Australia nga, gusto nating magbenta ng bananas pero ang hirap hirap ang tagal tagal ng process kung anu-ano ang ginagawa nilang reasons sabi nila may peste daw ang bananas natin. Ginamit nila yun as a protectionist barrier, kasi may tinatawag na sanitary ang phytosanitary measures sa WTO, basically, mga health and environmental concerns yun. Sabi nila may peste ang mga bananas ninyo at ayaw naming papasukin yan dito kasi baka mahawa ang mga plants namin. Actually, its stupid when you think about it, kasi we are already exporting our products to other countries such as Japan and they don't have a problem with it, what's so special about Australia.

Researcher: Comparing the term of Ramos and Arroyo, what is the situation of our agricultural sector?

Mr. Obanil: Ang situation ng agricultural sector natin, although the government is trumpeting growth daw, dahil na rin siguro eto na ang end period ng implementation, talagang bagsak na ang mga tariffs, mas glaring ngayon. In fact, maraming reports ng mga industries or sectors na talagang nagcocollapse na. Ang vegetable industries natin naghihingalo na samantalang dati ang sigla-sigla niyan. In fairness to the Arroyo administration, mas naging sensitive naman sila sa ganoong situation dahil siguro rin ngayon kitang-kita na, hindi na nila kayang ideny yung situation. Sinasabi ko na siguro mas naging sensitive, dahil halimbawa during the Ramos administration I don't think President Ramos would have taken the position na hindi muna namin tatanggalin ang rice QRs namin. Halimbawa, during this administration din tinaas natin ang tariffs sa vegetables from 7% to 25% dahil nga obvious na ang impact ng WTO, malaki na ang losses ng industry. Meron din kasing realization hindi lamang sa Pilipinas, in the world at large na talagang hindi pwede ang all out liberalization, in other countries ganon na rin ang situation, kahit sa developed countries. Increasingly nageemploy sila na mga measures para protektatahan ang mga sectors nila dahil nahihirapan sila. If developed countries are doing it, lalong kailangan siya ng Pilipinas.

Researcher: In general terms, GATT/WTO is really not a good idea for the Philippines?

Mr.Obanil: It's definitely not a good idea. You have to look at not just the economics but the politics of it. Actually, GATT/WTO mismo, pag tinignan mo ang agreement its really skewed in favor of the developed countries, yun mismong agreement maraming loopholes to allow developed countries to exploit their advantages at mabuksan ang developing markets pero at the same time allowed them to keep on protecting nag subsidizing their farmers. Ngayon, matatapos na ang AOA implementation, meron na ring bagong agreement ng binubuo and it looks like its going to be more of the same, yung framework na pinag-uusapan nila ngayon inaallow ulit ang mga developed countries to keep most of their subsidies and at the same time force the developing countries even more, matindin na nga eh. So ganun yung mga nagiging problema natin.

### **Interview with Ka. Willy Marbella and Carl Ala, Spokespersons, Kilusang Magbubukid ng Pilipinas**

**Date: February 25, 2005**

Researcher: Simula noong 1995 anong masasabi niyo sa kalagayan ng ating agricultural sector?

Mr. Ala: Kung sa agrikultura at agrikultura, kung ibabatay mo siya sa part niya sa development ng bansa, kung sa GNP at GDP ang pag-uusupan, 20% ang inaambag ng agricultural sector. Pero bumaba ito ng bumaba mula noon pumasok tayo sa GATT/WTO. Kung titignan din naman natin, ang pagbabang iyon ay dahil na rin sa pagdagsa ng mga produktong galing sa labas kaya kung usapin ng kinikita ng mga magsasaka yan, halimbawa ang nagtatanim ng gulay sa beguet at iba pang parte dumusdos talaga yung kabuhayan ng mga magbubukid, kaya kung titignan natin sinasabi nga ng mga maggugulay hindi na panahon para magtanim ng gulay kasi dumadagsag nga ang mga produkto halimbawa galing China, Vietnam na mas mura na ibinibenta dito.

Ngayon, ang effect noon sa magsasaka, siyempre tayo rin naming mga Pilipino naghihirap rin, ano ang bibilhin mo yung mas mura. Kaya dito halimbawa, yun P40 na isang kilong sibuyas na galing Ilocos or Nueva Ecija, tapos may galing China ng P10 lang kada kilo, ano ang bibihin mo, doon ka sa sampung piso, imported pa.

Researcher: Sa rice farmers na meron silang tinatatawag ng Special Treatment Clause o Rice Clause, paano po naapektuhan ang ating bansa?

Mr. Ala: Kung titignan naman sa usapin ng palay o bigas kalokohan lang iyon eh kasi since 1995 winiwork out na nila na matanggal ang exemptions at ng tariff ng lahat ng agricultural products. Tapos nag-ano pa si Gloria ng programa, actually noong kay Ramos tuloy-tuloy na rin naman yan eh doon nilatag ang basis ng liberalization, deregulation, and privatization, so ang mostly nagaaffect talaga sa farmers ay yung liberalization, dagsa nga ang mga produktong galing ibang bansa. Pero kung titignan mo naman yung programa ni Gloria na "Farmers as Importers" napakalaking kalokohan noon: una, pangunahing inaano niya palay o bigas, para sa isang magsasaka, para ikaw ang magimport ng bigas, para mong sinuntok ang sarili mong tiyan. Ikaw na mismo ang nagtatanim bakit ka naman magiimport ng bigas at palay na pangkompetensiya sa tinatanim mo.

Researcher: Saan po nagsisimula ang konsepto nila na "Farmers as Importers"

Mr. Ala: Programa iyon ni Gloria, para mas makatipid ang magsasaka tapos para ipromote ang free trade. Mas makakatipid daw sila pag nagimport, may magsasaka bang hindi nga makakain ng tatlong beses isang araw magiimport pa. Napakalabo noon, sinong magiimport noon eh di yung rice traders o rice cartels halimbawa na lang ang Binondo 7, sinong kikita, siyempre sila at hindi ang magsasaka. Kaya kung titignan mo sa paglalaro sa ganoong mga terms kala mo ang ganda-ganda gaya ng Ginintuang Masaganang Ani, basically mga high breeds lang naman na genetically modified. Pero kung titignan ang mga mga ganoong paglalaro-laro ng terminolohiya o kaya sinasabi nilang nagiinput daw sila ng bagong mga technology, mas makakasama lang naman sa kalagayan ng magbubukid. Halimbawa sa ngayon, paliit na paliit ang allotted na lupa sa farming, particular halimbawa sa rice at corn kasi may land use conversion, na ang ginagawa pwedeng recreational, industrial, residential kaya pansinin niyo sa Bulacan at Cavite halos wala ng lupa, kung meron man ay para sa Pinya at Kape pero tignan mo ang Dasmarias, Bulacan, at San Jose Delmonte puro subdivisions na. Yung Hacienda Luisita balak ding i-convert. Kung titignan mo ang mga staple foods natin sila pa mismo, ang gobyerno pa mismo ang tumutulong para paliitin yung dapat na kinakain natin dito. Sino ba naman ang kumakain ng cut flowers, asparagus.

Researcher: Doon po sa Ginintuang Masaganang Ani Program, bakit hindi mo nakakabuti sa atin iyon considering na high breed varieties, mas madaling tumubo, mas nakaadapat sa climate natin?

Mr. Ala: Actually, kung sa ganoon lang, hindi tayo against sa technology per se. Pero ang inaano natin yung teknolohiyang mismong ang magsasaka ang nagdevelop. Kasi kung

halimbawa sa Hybrid Varieties, tinatali ka niya sa Transnational Corporations o sige sabihin nating Hybrid, and dami kailangan niyan, kelangan niya ang fertilizer at pesticide na specific for that type of crop. Sino ang nagproduce noon, Monsanto, Cardiel, o Aventis, so ang magsasaka nakatali siya roon, at kapag hindi niya ginamit iyon wala siyang kikitain o hindi lalago iyong kanyang tanim. Isa pa, ginagawa niyang masyadong acidic ang lupa, kaya naman afterwards hindi na productive ang lupa, aantayin mo na naman ang 3 taon bago mo siya matatanim ulit. At isa pa rin, labas pa sa natatali siya sa TNC, lulubog rin siya sa utang doon dahil napakamahal. Halimbawa sa Monsanto, yung BT Rice at BT Corn, yun ngang BT Corn may data kami na sa Isabela pinakain yan sa baka at baboy namatay, sa ibang bansa hindi yan tinitest kasi binaban siya sa ibang bansa, why use it here tapos ang nagbebenta pa ay gobyerno. Yung sa BT Rice naman, kung titignan nga yung genetic make-up noon minsan hindi naman talaga nagaaply sa tao kaya nangyayari tayo ang nagiging testing ground tapos ieexport sa ibang bansa. Yung cassava, sa Isabela may 150,000 hectares na Cassava plantation si Danding para sa San Miguel yun yung mga genetically modified, hindi naman siya edible, hindi siya makain hindi rin siya magamit sa iba kundi para lamang sa plantation ni Danding. Tapos sinisira rin niyan ang local traditional varieties ng rice na yun naman talaga ang matitibay eh actually, ginagawa rin nila ang cross breeding pero hindi mo talaga binabago ang genetic make-up ng bigay o ng halaman na nakasasama naman talaga, carcinogenic normally ang nangyayari.

Researcher: Tama po ba na ang GMA hindi pa naiimplement fully?

Mr. Ala: Siyempre dahil na rin sa budget at maraming tumututol. Tapos kasi kung mapapatupad naman talaga iyan ay, yan ang ginagamit nilang term ngayon noon ay Masagana 99 at Green Revolution, ngayon actually ang tawag nila ay Gene revolution kasi binabago na ang genetic make-up ng pagkain. Actually, dapat may law nga na nagsasabi na ang kinakain mo ay genetically modified kasi may right ka na malaman iyon, baka maya-maya ano na pala ang effect sa iyo, o kaya sa mga anak mo. Tignan mo kaya sa IRRI, kung anu-anong pesticides at fertilizers ang ginagamit, ang dami ng namamatay na workers kasi walang man lang silang gloves or protective clothing. Actually, kinamkam ang lupa nila, kanila ang lupa pagkatapos tinayuan ng IRRI, ngayon ang dami ng maysakit: parkinsons, cerebral palsy, at asthma. Ang mga ito, ay dahil katabi nila ang taniman. Ang effect sa mamamayan at napakasama, ibang usapin pa iyong sa kita. O sige sabihin mong sa iyon maraming yield yan pero dahil ginagawa niyan masyadong acidic ang lupa at tinatali ka niya sa malaking corporations kapag ayaw mo na ay no choice ka na, sira na ang lupa mo. Halimbawa ang terminator technology, na kapag tinanim mo ngayon iyon lang iyon, kapag hindi ka bumili ng fertilizer noon lalago siya pero walang bunga.

Researcher: Sa isang Hybrid Variety may particular fertilizer at particular land lang na pwedeng gamitin?

Mr. Ala: Oo. Kaya kung titignan mo siya tinatali ka talaga niya. Halimbawa, ang Monsanto, yun ang madalas eh, dinemanda na nga iyan sa Canada. Actually maraming nagkakasakit at scientists na mismo ang nagsasabi. Kaya kung titignan natin ang

gobyerno natin na dapat nagprotektta sa iyo ay siya pa mismo ang nagbebenta o nagiimpose sa iyo at nagsasabing makabubuti iyan at dadami ang yield niyo. Superficial iyon eh, napakababaw, actually sinasabi nga ng mga magsasaka kaya naming tapatan ang yield ng hybrids, bigyan niyo lang kami ng patubig at subsidy. Pero kung titignan talaga kaya naman makipagsabayan.

Researcher: Kumusta po ba ang kalagayan ng irigasyon natin o kaya ang subsidy ng gobyerno sa ating magsasaka?

Mr. Ala: Actually sinasabi nila dapat may subsidy dawn a 5% ang government para sa magsasaka, pero hindi naman iyon nararamdaman. Ang irigasyon, sabi nila, sa total farm lands na mahigit sa ngayon 5 million hectares wala pang 18% ang irrigated, haggang sahod ulan na lang. Kaya ang cropping mo once a year, o kaya twice, maganda na iyon. Dapat iyon ang tutukan, hindi naman hybrid ang problema ng magsasaka, ang pangunahing problema ng magsasaka ay kawalan ng lupa, iyon muna ang dapat iaddress, genuine land reform muna ang ipatupad o libreng pamamahagi ng lupa sa magsasaka. Kapag iyan ay hindi mo naaddress, ano ang mangyayari diyan, maganda nga ang yield niya pero hindi naman sa kanya napupunta, wala rin. Kaya diba 7 out of 10 farmers walang lupa, dumadami pa yan sa Southern tagalong at Central Luzon, 8 out of 10, kasi patuloy ang pagkamkam ng lupa. Hindi mo talaga mahihiwalay ang usapin sa lupa at iyong usapin ng agrikultura, siyempre intertwined iyon, kaya kung titignan mo dapat iyon muna ang iaddress, iyong usapan sa lupa, dapat magkaroon ng tunay ng lupa ang magsasaka. At iyon nga naman ang pangunahing panawagan ng magsasaka, ipatupad ang tunay na reporma sa lupa, kung wala iyon superficial lang ang mga ito. Siyempre after noon, tulungan sila ng pamahalaan, dapat may subsidy iyan, dapat may irigasyon. Kaya kung sa ilalim ng WTO, pinalala pa ng WTO ang problema, wala na nga siyang lupa, makain, lubog na sa utang ngayon may makompetensiya pa kaming mas mura at imported pa daw, colonial mentality na sinasabing mas maganda ang galing sa labas. Kaya kung titignan natin, pinalalala lang ng WTO ang kalagayan ng magbubukid. Yung dati, sinasabi daw na maggegenerate ng 1, 000,000 jobs, pagpasok natin sa WTO, right after nagsign tayo sa GATT, 500,000 jobs na ang nawala sa agricultural sector. Hindi sila makacompete, labas pa roon ang land use conversion, kasi pinatingkad nito ang export-oriented, import-dependent na katangian ng bansa, dahil sa WTO bakit pa tayo magtatanim ng palay o bigas hindi naman ganoon kalaki ang kita, kung sa malalaking landlords iyan ha, kaya nagcoconvert tayo sa export crops gaya ng asparagus, cut flowers, pineapples, saging, mangga na iyon daw and in demand. Dahil dito lumiit ng lumiit ang lupain para sa staple food, rice and corn. Kaya kung titignan natin pinaliit pa niya ang lupain ng magsasaka para sa staple food natin, kaya naman import ng import ng bigas kasi sinasabing kulang, pero kaya naman nating tapatan. Isa pa, iyong dahil sa GATT/WTO pinaigting niya ang panangamkam ng lupa ng mga landlords kasi siyempre lubog na sa utang ang magsasaka kaya bibilhin na niya iyon o kaya ay wala na ngang bilihan eh.

Researcher: Dito po pumapasok ang issue ng food security na sinasabing mas importante mayroong mas murang pagkain para sa mga tao.

Mr. Ala: Siyempre ang pasok na tanong diyan ay saan ba galing ang murang pagkain, galing din sa labas eh, kung galing sa loob ng Pilipinas at hindi hybrid ay mas maganda. Totoo naman eh, kaya nating tapatan o kaya higitan pa ang iniimport ng gobyerno galing sa labas, pero iyon nga dahil sa policy ng gobyerno ng export-oriented at import-dependent, na iliberalized, nawawala ang food security natin. Mas nakaasa pa tayo sa labas, o ngayon, paano kung sabihin ng China at Vietnam ng hindi na sila mageexport sa atin, papaano na tayo. Genuine land reform with national industrialization, sumandig ka sa sarili mong lakas hindi iyong parati kang nakaasa sa labas. Kaya sa export-oriented at import-dependent, kapag sinabi halimbawa ng US or Japan, hindi na kami kukuha sa inyo ng mangga o pineapple, papaano na. I-develop ang sariling economy, iyong internal economy mo, hindi iyong parati kang nakaasa sa labas. Hindi naman masamang makipag-trade, pero dapat ang ititrade mo ay ang surplus mo na lang, hindi iyong kakainin na lang ng mamamayan mo ititrade mo pa o kaya ang dapat produkto na pagkain ng mamamayan mo kinonvert mo at pinalitan mo ng asparagus.

Researcher: So naniniwala po kayo na ang import at export commodity structure natin simula noong 1995 ay nagbago po talaga?

Mr. Ala: Oo. Tapos for the worst. Kaya kung titignan natin, ngayon 2005 na hindi ba tinanggal na ang tariffs. Actually 2003 pa lang tanggal na, nauna pa tayong magtanggal kaysa doon sa minamandate ng agreement. Hindi nating kayang makipagkompetensiya, that's the reality. Lalaban ka ba sa isang superpower o kaya imperialist countries, ang bansa natin semi-colonial semi-feudal na walang sariling industriya. Wala tayong basic industries, iyong industriya na naririto sa Pilipinas ay hindi naman talaga atin, pag-aari iyan ng mga ibang bansa.

Researcher: So, naniniwala po kayo na ang GATT/WTO ginagamit lang ng imperialist powers para ma-exploit ang developing countries?

Mr. Ala: Ano iyan eh, noong 1970s nagshift na sila from Keynesianism to Neo-liberalism, kaya kung titignan mo ang WTO at globalization doon lang siya nakaframe, o ang ibig sabihin lang ang pagbubukas ng mga markets kasi nakita nila ang krisis ng kapitalismo at krisis ng imperyalismo na hindi matigil lalo ng lumalala. Kasi from Keynesianism na ang government dapat pumasok sa economy at services, ngayon dahil sa tindi ng krisis pati iyon pinasok na rin nila, kaya nga kung sa WTO diba tatlo naman ang components niyan diba, iyong liberalization, deregulation, at privatization, so ang mga public hospitals prinivitize na, ang oil industry dineregulate. Pumasok ba ang new players sa industry? Ang malilitt na oil companies bumibili pa rin sa big companies. Kalokohan ang WTO na nagpropromote ng free trade, or globalization for that matter, there's no such thing as free trade, panahon pa ng 1870s wala na iyan. Kasi iyong time ng 1880s nabubuo na ang mga cartels, kaya pagpasok ng 1900s imperialism or monopoly capitalism na siya. Kaya kalokohan siya, hindi uubra ang competition between small-industry, kasi ganon talaga ang competition, eventually, may aangat sa inyo o kaya lalamunin mo ang isa, hindi siya parati magstatay as free competition, at sinasabi nga na nag-stop na iyon noon 1870s pa. Kung titignan sa lipunang ginagalawan natin, ang GATT/WTO ginagawa lang siyang pre-text ng imperyalismo para lalo pang magkamal ng

mas malaking kita o tubo; tinali niya ang mga bansa, actually ang daming nagreklamo sa GATT/WTO gaya na lang ng group of 21 na kasama ang Pilipinas. Kaya naming ang dami na ring nagcollapse ang mga talks, gaya na lang noong talks sa Cancun noong 2003.

Researcher: Sabi po nila mas maganda daw ang effects for the Philippines ng pinag-uusapang talks ngayon kasi ang QR ayaw daw ipatangal ni Gloria.

Mr. Ala: Kung titignan mo na lang, hinilot na lang ng US iyon eh, kasi nga nag-collapse ang Cancun, ngayon gusto nila na magbigay ng concessions pero eventually mawawala rin.

Researcher: With regards to domestic production noong panahon ni Ramos, sinasabi po ng mga farmers na tumaas daw po ang kita nila.

Mr. Ala: Maraming factors diyan, isipin niyo na lang ano ba ang exchange rate noon, nasa 25 pa ang layo niya sa 54. At may specific time rin noon na hindi nag-import, 1998 ata iyon, kaya lalaki talaga ang kikitain. At napakaliit na period noon kung ikukumpara mo sa buong period ng GATT/WTO.

Researcher: Anu po as palagay niyo ang pangmatagalang epekto ng GATT/WTO sa small-scale farmers?

Ka Willy: Pinakageneral na ang pagtuloy na paghihirap ng magsasaka, hindi lamang ang maliliit na magsasaka na may maliit na lupang sinasaka pati na rin ang manggagawang bukid. Kung bakit, una ang gobyerno natin paliit at pawala na ang budget sa agrikultura, kung meron din silang sinasakang maliit na lupain ang capital wala. Matataas ang gamit sa produksiyoin, abono, pesticide at binhi. Pagdating sa produkto bagsak ang presyo ng produktong agrikultura dahil bumabaha ang produktong agricultural mula sa ibang bansa na napakababa ang presyo. So hindi kayang humabol ng presyong agricultural ng mga magbubukid sa presyo ng banyagang produkto. Sa ganon po, nagcocontribute ang WTO program o policy sa pagbagsak ng kabuhayan ng mga magsasaka. Isang patunay dito ay ang medium term Philippine agricultural development program, napakita doon ang agreement on agriculture o sa usapin na bigas na lamang, ang kinakain lang ng pilipinas noong 1995-2005 ay dapat 59 thousand metric tons bilang bahagi ng MAV. Pero sa sumunod na mga taon, dumadagdag na ito mula sa 1% ng 59 thousand, hanggang pagdating ng 2000-2003 umabot o dumagdag na ito 2-4% yung inilaki ng pumapasok na mga bigas sa Pilipinas. Ang pagpasok ng mga bigas na ito ay nagtutulak ng pagkalugi ng agrikultura ng ating bansa at mismo ang trade deficit natin. 5 years before WTO, may surplus tayo na 1.3 billion pesos pero noon pumasok na tayo, five years after (1995-2000), nagkaroon na tayo na pagkalugi na 3.5 billion pesos. Ibig sabihin, hindi nakatulong sa magsasakang Pilipino ang importasyon ng bigas at kahit pa sa ekonomiya ng Pilipinas.

Researcher: Ang dahilan po ba talaga nito ay GATT/WTO lamang o ang kakulangan ng subsidy ng gobyerno sa magsasaka?

**Ka Willy:** Under the GATT/WTO, AOA pagbabaklas na ng support services ng gobyerno sa agrikultura dahil ang layunin ng WTO ay sa halip na maglaan tayo ng budget sa agrikultura ay gamitin ito sa bayad utang at ibang pang gastos ng gobyerno upang maging stable ang pananalapi natin. So kung titingnan natin, hindi nakatulong ito, lalong lalo na ngayon patapos na ang ten years, iyong ten years na iyon, tunay na pagbabaklas na ng QRs. Kung talagang nakatulong sa magsasaka ang WTO, eh di sana nakita natin ang share sa GDP ng agrikultura, dati nasa 19.5 percent pa, ngayon nasa 3 o kaya 4.5 % na lang. Hindi lamang sa usapin ng agrikultura at sa iba pang sector. Hindi kailanman dapat ihiwalay natin ang agrikultura sa ibang sector, dahil ang magsasaka gumagamit rin ng ibang items.

**Researcher:** May alam po ba kayong policies noong panahon ni Ramos na ipinatupad bilang pagsunod sa GATT/WTO?

**Ka Willy:** Landless act, binibigyan ng kapangyarihan ang mga foreign investors or TNCs na mag-lease sa loob ng 74 years at renewable for another 25 years. Ito ay tumutugon sa pangangailangan ng mga export crops gaya ng asparagus o cauliflower na hindi naman basic food ng mga Filipino. So hindi naman nireresolve iyong batayan pangangailangan pagkain ng ating bansa, kaya ang nangyayari ang food security napapabayaang na ng gobyerno. Sa usapin ng deregulation, sabi dapat competitiveness sa mga key players sa oil, hindi kailangang mahihiwalay doon ang mga magsasaka sapagkat may mga magsasakang gumagamit na rin ng oil para sa kanilang mga gamit. Noon may Energy Regulatory Board na naalis noong deregulation. Siyempre ang privatization, ang ahensiya ng gobyerno na NFA ay plano na iprivitize. Ang role kasi ng NFA ay may budget ang gobyerno ng procurement fund, so bibili sila na palay, igigiling nila at ibibenta sa makatarungang presyo. Dahil target ng gobyerno na iprivitize, nakakapamayagpag na ang mga seller o panginoong may lupa, nakakapagdikta sila na presyo kapag sila ay bumibili ng palay sa magsasaka.

**Researcher:** Ang pag-alis ng Magna Carta for Small farmers, ano po ang epekto nito?

**Ka Willy:** Actually, lahat halos ng sector may Magna Carta, iyan po ay isang karapatang upang masabi mo ikaw ay may karapatan. Ito ay isang pagpapakita ang iyong karapatan as a sector. Pero kung iimplement mo ang ibang batas, eh nawawalan rin ng bisa dahil contradicting sila.

**Researcher:** Kung ikukumpara po natin ang panahon ni Ramos at Gloria, ano pa ang masasabi niyo sa kalagayan ng sector ng agrikultura?

**Ka Willy:** Sa panahon ni Ramos, iyon ang take-off ng WTO, noon sinet-up ang requisites, sabi natin 1990 may surplus pa tayo, pero noong 2000 may deficit na tayo. Ibig sabihin, nagkakaroon na talaga ng problema sapagkat nasa ilalim na tayo ng kapangyarihan ng TNCs sapagkat nabibigyan sila ng laya upang gamitin ang ating likas na yaman.

**Researcher:** Masasabi po ba nating ganyan rin ang epekto sa ating small-scale rice farmers?

Ka Willy: Sa mga small rice farmers ganyan din ang epekto, sapagkat hindi ka makapagtanim ng mga palay na hindi angkop sa design ng mga TNCs na nagmamayari ng mga binhi, pesticide, at kagamitan. Sa binhi pa lamang hanggang sa pag-aani, kontrolado ng ng TNCs, kaya nakatali talaga ang mga magsasaka.

Researcher: Sa kabuuan po, ano ang rekomendasyon niyo hinggil sa WTO?

Ka Willy: Una, kung ang suliranin ng maggagawa ang kawalan ng lupa, kailangang ipatupad ang tunay na reporma sa lupa upang mapagkayaman at gawing produktibo ang mga lupain hindi tulad sa kalagayan ngayon ng kontrolado ng TNC. Dapat rin ay may capital o isubsidize an gating mga magsasaka. At huli, dapat baklasin na ang GATT/WTO dahil wala itong mabuting naidudulot.

### **Interview with Normie Mendiola, Agriculture Staff, National Economic Development Authority.**

**Date: March 8, 2005**

Researcher: Since 1995, how can you describe the performance of our agricultural sector?

Ms. Mendiola: In terms of quality, hindi ganoon kaganda ang performance, it could either be fluctuating or minsan talagang pababa kasi palagi nilang inaattribute ang hindi magandang performance to weather.

Researcher: Since the inception of the GATT/WTO how was the performance of the agricultural sector?

Ms. Mendiola: I'm not that privy on the performance of the GATT/WTO, hindi naman kami ganoon ka intensive diyan kasi ang nagmomonitor niyan ay ang trade, industry, and utility staff naming pero so far ang ano kasi ng GATT/WTO ay iyong sa rice. May mga QRs na dapat mageend ng 2004 tapos hindi pa rin natatapos. Ngayon DA is actually negotiating for a ten-year extension and iyong effect ng tariff di ko pa masyadong natitingnan.

Researcher: What do you think are the long-run effects of GATT/WTO on our agricultural sector?

Ms. Mendiola: Long term effects...Kailangan mo ba talagang kuhanin ang opinion on that kasi parang ako ha tining ko personally kung aaralin mo yung trends you yourself would be able to come up with a possible ano. I'm not an expert opinion on GATT/WTO, although from time to time we comment on policies.

Researcher: Do you know of any programs or policies during the Ramos administration regarding the agricultural sector?

Ms. Mendiola: Ang pinakabanner during that time eh yung formulation ng AFMA, that was 1997. Pero yung LGC was 1991 pero it had an impact on agriculture sector because it devolved functions of the agriculture sector to the local government units and these are extension services so nagkaroon ng municipal, provincial agricultural officers. And then iyong, farm to market roads.

Researcher: Comparing the terms of Ramos and Arroyo, what can you say about the agriculture sector?

Ms. Mendiola: Opinion ko ha, not of NEDA, my paper when I took MA, I studied the productivity of the crops subsector and I look into the Marcos, Ramos, Erap, and portions of Arroyo, I did a review of policies and programs implemented during their time. Relatively, Ramos administration did better. From then till now commodity-specific pa rin ang agriculture eh ang thirst ng government dapat hindi na ganon. Gusto pa rin ng DA is ang provision ng seedlings, fertilizers which is not the case kasi dapat ang government is catalytic and facilitator lang, not as a provider. Kasi masyado malaki ang subsidy na kinakain ng agriculture programs. I changed my mind, mukhang pareho lang sila, I do not see much moving away from providing subsidies.

Researcher: Why do you think we need to eliminate the subsidies of the government?

Ms. Mendiola: Kasi naman the farmers, kung patuloy mo silang bibigyan hindi sila matututo to earn by themselves. Pag pagbibigyan mo sila ng facilitation activities, the proper environment, the proper policies, at nandodoon ang access nila to services na maaenhance ang capability nila, mas long-term ang effect noon, mas tataas ang welfare nila kesa sa magbibigyan ka lang ng libreng seeds o fertilizers. Kasi pa naenhance mo ang capability nila, matututo silang magmanage ng farm nila, ng pera nila ayun meron silang skills.

Researcher: In general, do you think we have transformed into Cash crop producing country?

Ms. Mendiola: Hindi pa rin. Kasi hanggang ngayon ganoon pa rin, nakakafrustrate ako.

Researcher: Farmers claim that cash crops should not be the thrust of the government kasi we have to be self-sufficient in our agriculture sector.

Ms. Mendiola: Usually kasi ang mga cash crops mga quick gestating iyan na madaling matinda diba?

Researcher: they are claiming in the long-run na kapag masyado tayong dependent sa outside market para sa ating pagkain it will be more devastating.

Researcher: Nagiging net importer nga tayo eh. Devatating for us? Oo. Economy-wise? Oo. At saka masyado draining iyo eh.

Researcher: why do we continue towards shifting to producing cash crops if it is more devastating in the long-run?

Ms. Mendiola: Mahirap iyan tanong mong iyan. I will not give you an answer to that.