

Of Trees and Forest

Growth Driver

MANILA, Philippines — The agricultural sector, battered by typhoons, may surprisingly emerge as the saving grace for Philippine exports, which have been adversely affected by the slowdown in the global economy.

Socio-economic Planning Secretary Arsenio Balisacan, talking about the performance of the economy in the second quarter and on the outlook for the rest of the year, noted that risks to external trade would be cushioned by the increased diversification of exports. “Worth noting is the strong performance of agricultural exports and other intermediate goods exports,” he said.

According to the National Economic and Development Authority (NEDA), merchandise exports increased by 7.7 percent to \$31.6 billion for the first seven months of 2012, compared with \$29.3 billion in the same period last year.

For the month of July, 2012, merchandise exports grew by 7.8 percent to \$4.8 billion compared with the same month last year, despite the decline of electronics exports by 25.6 percent to \$1.7 billion from \$2.3 billion a year ago.

NEDA said the continued weakening of electronics exports, the Philippines’ largest exports, reflected sluggish global demand. And the agency cited a report from the United States Semiconductor Industry Association (SIA) that worldwide chip sales dipped by 1.9 percent from \$24.9 billion in July, 2011, to \$24.4 billion in July, 2012.

In contrast, exports of bananas surged by 57.0% in July, 2012, fish products by 13.7%, and raw coffee by a staggering 2,702.7%. However, exports of coconut and sugar products declined by 25.2 percent and 79.1 percent, respectively, resulting in an overall decline of total agro-based products by 17.4 percent year on year.

Nevertheless, the performance of agricultural exports reflected the potential of the farming sector (which also includes hunting, fishery, and forestry) to boost exports amid the slowdown in the electronics sector.

After all, people around the world may continue with their daily routine of living without electronic gadgets but never without food.

The agriculture sector, which grew by 2.7 percent in 2011, slowed down to 0.7 percent in the second quarter of 2012, mainly because of the 42.5-percent drop in sugarcane compared with a 504.3-percent growth year-on-year; and forestry which went down by 13.4 percent, a reversal from a growth of 118.2 percent year-on-year.

Notwithstanding the nearly flat performance in the second quarter, the government remains confident that the agricultural sector will post a 4 to 5-percent growth for the whole of 2012, on the back of strong production from corn, rice, and fisheries subsectors.

Continuing investments in irrigation (to mitigate the impact of droughts) and early cropping (to avoid the adverse impact of typhoons), as well as the opening of new fishing areas are expected to contribute to better performance of the agricultural sector.

These innovative measures will surely help the farming sector, which accounts for over 30 percent of the total employment in the country.

In my view, realizing the potential of our agricultural sector will also come from the development of new agri-based industries. For instance, we are already emerging as a major producer of coconut water, the newest natural health drink, which is very popular in the United States and other countries.

Just last week, the Department of Trade and Industry (DTI) announced a plan to develop an export-oriented bamboo industry involving 1,191 micro, small and medium enterprises, which would generate more than 37,000 jobs.

The DTI's target is to generate R744.48 million worth of investments, and R800.1 million in domestic sales between 2012 and 2016. The department wants to position the Philippines second to China, the world's current leader (50-percent market share) in the bamboo industry, the market for which has been growing by about \$2 billion a year. Along with China, with an estimated 50 percent market share, the world market for bamboo is seen growing to \$20 billion by 2015.

Fueling the growth is the environmental advocacy toward green products and further stretching the potential for the \$12-billion global market for bamboo products, which is expected to reach \$20 billion by 2015.

The Philippines currently ranked sixth worldwide in terms of exports valued at \$30 million in 2009, according to the International Network for Bamboo and Rattan.

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