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SENATE
P.S. Res. No. 504

Introduced by Sen. Cynthia Villar

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE STATE OF THE DAIRY INDUSTRY IN THE COUNTRY AS IMPLEMENTED BY THE NATIONAL DAIRY AUTHORITY AND THE PHILIPPINE CARABAO CENTER UNDER THE DEPARTMENT OF AGRICULTURE

1 **WHEREAS**, in 1992, the Philippine Carabao Center (PCC) was created
2 through legislation – RA 7307, to pursue the conservation, propagation and
3 promotion of the water buffalo as a source of milk and meat, in addition to
4 draught power and hide leather. The ultimate aim of the program is to establish
5 buffalo-based enterprises by capacitating the farmers towards employment
6 generation, additional income, and their better well-being.

7

8 **WHEREAS**, the PCC has invested in breeding and herd improvement to
9 accelerate expansion and to have a steady supply of better dairy carabao stock.
10 It also should encourage backyard dairy development in rural areas by raising
11 carabaos so as to meet the nutritional needs of the smallholder-farmers and their
12 families and reduce dependence on imported milk byproducts;

13

14 **WHEREAS**, as of 01 January 2020, the PSA data said that the total
15 carabao inventory in the country was estimated at 2,865.72 thousand heads or
16 0.3 percent lower than the 2019 same period of 2,873.56 thousand heads in
17 2019. Of the total carabao inventory, 99.6 percent were raised in backyard farms
18 while the remaining 0.4 percent was from commercial farms;

19

20 **WHEREAS**, The PCC provides technical assistance, free of charge, to its
21 farmer-clientele in the areas of animal reproduction, animal nutrition, animal
22 health, forage production and improved feeding system, cooperative
23 development, and dairy production and processing;

24

25 **WHEREAS**, The PCC has twelve regional centers strategically located
26 nationwide: five centers in Luzon, four centers in the Visayas and three centers in
27 Mindanao. They are in PCC at Mariano Marcos State University, Batac, Ilocos
28 Norte; Cagayan State University, in Tuguegarao City, Cagayan;

1 Don Mariano Marcos Memorial State University, in Rosario, La Union; Central
2 Luzon State University, Science City of Muñoz, Nueva Ecija; University of the
3 Philippines at Los Baños, Laguna; Visayas State University, Baybay City,
4 Leyte; West Visayas State University, Calinog, Iloilo; La Carlota Stock Farm,
5 La Granja, La Carlota City, Negros Occidental; Ubay Stock Farm, Ubay,
6 Bohol; Mindanao Livestock Production Complex, Kalawit, Zamboanga del
7 Norte; PCC at Central Mindanao University, Maramag, Bukidnon and at the
8 University of Southern Mindanao, Kabacan, North Cotabato.

9
10 **WHEREAS**, on the other hand, in 1995, the National Dairy
11 Development Act or RA No. 7884 was passed creating the National Dairy
12 Authority which firmly establish dairying as a national policy. NDA's role is to
13 ensure the participation of smallholder dairy farmers in the industry through
14 the massive upgrading of local animals that will eventually provide the source
15 of dairy stock for farmers.

16
17 **WHEREAS**, the NDA has five (5) Regional Centers: in South Luzon
18 located in Brgy. San Carlos, Lipa City, Batangas ; in North Luzon in Hulo,
19 Loma de Gato, Marilao, Bulacan; in Central Visayas in Mandaue Experimental
20 Station Compound, Manguikay, Mandaue City; in Northern Mindanao, in
21 No.88 Scions Road, Kauswagan , Cagayan de Oro City; and in Southern
22 Mindanao at Kim's Milk Plant, Km.22 ,Tugbok District, Davao City.

23
24 **WHEREAS**, together these two agencies give support and assistance in
25 the production, processing and marketing activities of those engaged in the
26 business of producing milk and other dairy products, particularly rural-based
27 small dairy farmers. Both are also mandated to promote the active
28 participation of rural cooperatives and the private sector, as principal agents
29 in the development of the Philippine dairy industry.

30
31 **WHEREAS**, the total milk production in 2018 is 23,690,000 liters while
32 the demand is 2.345 Billion liters, showing that local production is only at
33 0.6966%, even less than 1% of the total demand of milk by Filipinos.¹

34
35 **WHEREAS**, According to a COA Report released in January 2020, the
36 Dairy program that cost P2.85 billion to implement appears to have achieved
37 only "minimal improvement" in increasing the number of dairy animals in the
38 Philippines. The Herd Build-Up Program (HBP) ran for 6 years, from 2012 to

¹ **Note:** Population x per capita consumption or 106.6 Million Pax x 22 liters = 2,345.2 Billion liters; 1 MT is equivalent to 1 thousand liters.

1 2018. It started with 39,069 dairy animals but ended up with only 47,600
2 animals at the most recent count in 2018 and included cattle and carabaos.
3 The program aimed to increase the local supply contribution for milk to 10%
4 from a 2012 local supply figure of 1%. Some 99% of the milk in the
5 Philippines is imported. The number of dairy animals is short of the 198,977
6 target, while milk production is 54% short of its 2.8% sufficiency level
7 target. Historical data show that local milk production remained at the same
8 level of 1.2% for CYs 2013-2016 and slightly increased to 1.3% for CYs
9 2017-2018. COA attributed the failure to the lack of coordination among key
10 agencies, the lack of well-defined roles and responsibilities for the dairy
11 industry's stakeholders, lack of funding, operational issues, and significant
12 cattle and buffalo mortality rates which led to the non-attainment of Dairy
13 Road Map (DRM) targets. The COA observed that the Philippine Carabao
14 Center (PCC) did not adopt the 2010-2016 DRM and instead crafted its own
15 Strategic Plan 2011-2025 which was also not implemented. What PCC did
16 was set substantially lower targets than the DRM and its Strategic Plan. PCC
17 explained that the adjustments were based on the budget available to them.
18

19 **WHEREAS**, The COA also said that the "vagueness" of the Dairy Road
20 Map made it difficult to hold implementing agencies, such as the Bureau of
21 Animal Industry (BAI) and the Dairy Training and Research Institute (DTRI),
22 accountable for their supposed roles in the program.
23

24 **WHEREAS**, according to the National Dairy Authority (NDA) and the
25 PCC they encountered difficulty in importing dairy animals due to the lack of
26 funding.
27

28 **WHEREAS**, NDA's Artificial Insemination (AI) and breeding services
29 strategy only achieved a calf drop rate of 42% of the total animals bred and
30 inseminated, instead of 60%. Also, the harvest rate under the NDA's animal
31 buy-back strategy was only at 11%, which is below the target of 20%.
32

33 **WHEREAS**, High mortality rates of dairy animals also contributed to
34 the non-attainment of DRM targets. This was caused by "problems with herd
35 management, inadequate provision of proper animal healthcare services,
36 and non-provision of housing facilities for the animals. For CYs 2013-2018,
37 the NDA registered 2,614 cattle mortalities or 10% of the total dairy cattle
38 population; which cost the government a total of P346.35 million.
39 Meanwhile, the PCC registered 3,284 buffalo mortalities, which costs
40 P471.42 million, as reported by COA.
41

1 **WHEREAS**, under the USPL480 Program of the USAID, the two Dairy
2 Agencies, shall receive a P1.56 Billion grant for dairy development, and the
3 fund has been reallocated from being solely for dairy goats dispersal, to a
4 Php987 Million funding for the National Dairy Authority, P512 Million for the
5 Philippine Carabao Center and P67 Million for the Philippine Council for
6 Agriculture and Fisheries to monitor and evaluate the activities of both
7 agencies consistent with the approved fund utilization guidelines.
8

9 **WHEREAS**, the program intends to produce 27.7 million liters (27.7
10 MT) of milk and increase dairy cattle inventory by 7,323 heads and dairy
11 goat inventory by 9,611 heads through importation of purebreds and
12 crossbreeds and expanded animal breeding programs for a period of four
13 years.
14

15 **WHEREAS**, the average Philippine milk production per animal is a low
16 of 8 liters per day average, mainly because of poor feeding and management
17 practices, compounded by high production costs and lack of adequate dairy
18 infrastructure. (i.e. Cold storage, processing facilities, etc.) A farmer-family,
19 who is well trained to manage dairy animals, can handle up to six dairy
20 animals. This means a potential monthly family income of P40, 000 to P50,
21 000.00.
22

23 **WHEREAS**, in 2019 and prior years dairy products accounts to our
24 country's third -largest agricultural import after wheat and soybean meal.
25 The major suppliers are New Zealand at 39 percent, US at 21 percent and
26 Australia at seven (7) percent.
27

28 **WHEREAS**, in a study conducted, there is a positive association
29 between dairy consumption and child height gain, weight gain and the
30 reduction of stunting.
31

32 **WHEREAS**, Dairy development can obviously make significant
33 contribution to poverty reduction, both at the household and community
34 levels by contributing additional a regular income source which will help
35 families provide for their basic needs in health, well-being, education and
36 savings for in their future.
37

38 **WHEREAS**, it is usually the women in the rural household that is
39 tasked with taking care of dairy animals and milking. Women empowered
40 by dairy farming will have income and contribute to spending for household
41 expenditures, which boosts the family's social and economic capital.


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WHEREAS, The Philippines virtually imports all its milk requirements, as local production remains miniscule compared to the country's huge demand. The country's milk import bill rose by nearly 14.3 percent to a record \$1.13 billion as traders increased their purchases of dairy products to meet growing local demand. The latest data from the National Dairy Authority (NDA) showed that the total value of dairy products imported in 2019 reached \$1.129 billion, \$141.44 million over the \$807.72 million recorded in 2018. This is the first time that the country's milk import bill breached the \$1-billion mark.

WHEREAS, In January this year, the Department of Agriculture (DA) said it will seek more funds from Congress for its new dairy road map which details strategies to improve local milk production.

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved by the Senate to direct the appropriate Committee to conduct an inquiry in aid of legislation on why the dairy industry in the country has not been contributing as expected in increasing the milk production and the increase in the number of dairy animals. This is despite having two government agencies, assisting farmers. More than 23 years have passed for the country's dairy program to fly but it has remained on the ground. The objective is to improve dairy production to ultimately make an impact on reducing poverty and improving child nutrition in many rural households.

Adopted,


CYNTHIA A. VILLAR

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