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OF THE PHILIPPINES)
First Regular Session)



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SENATE

COMMITTEE REPORT NO. 25

RECEIVED BY:

Submitted by the Committee on Agriculture, Food and Agrarian Reform on
FEB - 7 2023

Re: P.S. Resolution No. 350

Recommending the adoption of the recommendations contained therein and their immediate implementation

Sponsor: Senator Cynthia A. Villar

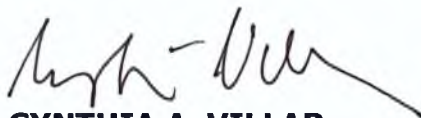
Mr. President:

The Committee on Agriculture, Food and Agrarian Reform to which was referred P.S. No. 350, introduced by Senator Imee R. Marcos, entitled:

**"RESOLUTION
DIRECTING THE APPROPRIATE SENATE COMMITTEE
TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,
INTO THE SOARING MARKET PRICES OF LOCAL
ONIONS"**

has considered the same and has the honor to submit its report on its inquiry back to the Senate, recommending the adoption of the recommendations as contained in this Report and their immediate implementation.

RESPECTFULLY SUBMITTED:



CYNTHIA A. VILLAR

Chairperson

Committee on Agriculture, Food and Agrarian Reform

Vice Chairpersons



IMEE R. MARCOS



RONALD "BATO" DELA ROSA



FRANCIS "TOL" N. TOLENTINO

Members



PIA S. CAYETANO



MARIA LOURDES NANCY S. BINAY

WIN GATCHALIAN

FRANCIS "CHIZ" G. ESCUDERO

MANUEL "LITO" M. LAPID

JINGGOY EJERCITO ESTRADA


RAMON "BONG" REVILLA JR.


CHRISTOPHER LAWRENCE T. GO

RAFFY T. TULFO


ROBINHOOD C. PADILLA


MARK VILLAR


JOSEPH VICTOR G. EJERCITO



RISA HONTIVEROS

May interpellate, I propose amendments.

Ex-Officio Members


LOREN LEGARDA
President Pro-tempore


JOEL VILLANUEVA
Majority Leader

will interpellate

AQUILINO "KOKO" PIMENTEL III
Minority Leader

HON. JUAN MIGUEL "MIGZ" F. ZUBIRI
President
Senate of the Philippines

A. INTRODUCTION

The public hearing for Proposed Senate Resolution (PSR) No. 350 was held on January 16, 2023. It was sufficiently attended by government agencies and onion farmers and representatives from civil society.

This Committee Report presents more of the same set of problems bedeviling the Onion industry, which the Senate Committee on Agriculture already established way back in 2014. If it is of any value, this report shows how our implementing agencies, principally the Department of Agriculture, continue to disregard our agricultural sector and the farmers that should have received their help. The sorry state of our Onion Industry provides yet another demonstration of this reprehensible attitude.

PSR 350 provides the background that led to this Committee investigation.

Excerpts:

“WHEREAS, in August 2022, the retail price of white onions has soared to as high as Php 400 per kilogram. DA attributed the price spike for white onions to a supply shortfall since many onion farmers have allegedly shifted to planting the red variety of onions;

WHEREAS, in October 2022, the monitored price of domestically produced red onion in wet markets has also risen to as much as Php 200 to Php 220 per kilogram;

WHEREAS, the DA, through Administrative Circular No. 09, dated 07 October 2022, released a suggested retail price for red onions at Php 170 per kilogram in Metro Manila, following the increase in prices of red onions;

WHEREAS, prices of red onions in public markets remained high despite the government's recent imposition of a price cap. Based on DA's monitoring as of 29 November 2022, majority of public markets in

Metro Manila are still selling local red onions for Php 280 to Php 300 per kilogram;

WHEREAS, in a news article, dated 30 November 2022, the Manila Times reported that the Samahang Industriya ng Agrikultura (Sinag) President Rosendo So has warned that retail prices of onions could reach Php 400 per kilo as he noted a shortage in the supply of such. So further stated that some DA officials are allegedly conniving with traders to manipulate the supply of the onions stating, "The people at the BPI (Bureau of Plant Industry) have been there for a long time. Only the heads are replaced. They know the consumption and the volume of production of onions to be able to plan and if there is a need to import to prevent an increase in the prices of onions. It's the consumers who suffer. The farmers do not benefit. What I can see is connivance between officials of the DA and the traders;

WHEREAS, the vendors said the higher prices were driven by the lack of supply of imported onions from other countries like China and India;

WHEREAS, just recently, the BPI, on 02 December 2022, along with the Bureau of Customs, DA, Philippine National Police (PNP), and Coast Guard seized around 1,037 bags of yellow onions in Tondo, Manila. The BOC and PNP estimated the confiscated goods to be worth about Php 1.9 million. However, the BPI states that the market value of said onions is about Php 3.9 million. The BPI took samples from the smuggled onions for testing and some had contaminants. BPI officer-in-charge for Information and Computer Section, Jose Diego E. Roxas, stated: "Kumuha na ng sample yung safety services division ng BPI and sa ngayon on-going pa po

young testing kung May kasamang contaminants young sibuyas na confiscated.”

WHEREAS, the BPI has reportedly recommended the importation of onions to stem the surging prices of red onions and combat the supply shortage of onions due to crop damage from Severe Tropical Storm Paeng in October 2022 and increasing consumer demand this holiday season;

WHEREAS, there is a need to determine the cause, as well as, ensure that the proposed importation of onions will not kill the local onion production or industry;”

B. FACTS/DATA

This committee report also does not present definitive data on the onion industry. The data are conflicting at best. Even the Department of Agriculture and its Bureau of Plant Industry (DA-BPI) are not certain about their data. In the middle of the investigation, they declared that they have new altered data, because they unearthed new data the night before!

But what the committee investigation yielded are the following information:

1. The country’s annual onion consumption is from 250,000 to 270,000 metric tons (MT) of red and yellow onions;
2. The top three (3) Onion producing Regions are: Region I (Pangasinan), 54,000 MT; Region III (Nueva Ecija), 140,000 MT; and Region IV-B (Occidental Mindoro), 128,000 MT;
3. In 2019, the local production of onions was at 222,082.29 MT and in addition, 23,589.80 MT was imported, resulting in a total supply of 245,672.09 MT, while the total demand for onions was at 258,336.00 MT, thus a deficiency of 12,663.91 MT;

4. In 2020, local production was at 229,539.24 MT and importation was at 87,525.50 MT, for a total supply of 317,064.74 MT, while demand was at 262,548.00 MT, thereby creating a surplus of 54,516.74 MT;
5. In 2021, local production was at 218,047.33 MT and importation was 101,681.00 MT, for a total supply of 319,728.33 MT, while demand was at 266,526.00 MT, creating a surplus of 53,202.33 MT, which could have answered for the 2022 deficit, but which the DA cannot account until now;
6. For 2022, PSA data stated that local production was 238,561.65 MT, against total demand of 270,410.00 MT, and even with DA's importation data of 29,707.52 MT, for a total supply of 268,269.17 MT, there was still a shortage of 2,140.83 MT, which could have been addressed by the 2021 surplus of 53,202.33 MT;
7. On the other hand, the DA reported in its presentation that the total demand for onions in 2022 was 317,400.99 MT, while supply was 313,541.60 MT, for a shortage of 3,859.39 MT for the same year. It can be noted that there are differences in the figures reported by the PSA and DA;
8. After review of initial data, Usec. Sombilla of the DA reported to the Committee that at the end of 2022, there is a shortage of 3,859.00 MT; and that there was about 10,000 to 11,000 MT of onions kept in cold storage that were not released, so there should be about 6,000 MT of available onions;
9. According to the DA-Price Monitoring Office, from July to August 2022, the price of local red onion jumped from PhP 90 to PhP 140; and by October, to PhP 200;
10. Price of Onions in the Metro Manila in December 2022 ranged from P600-P700;
11. The farm gate price in 2022 was P200-P250 in Pangasinan and Nueva Ecija;
12. The traders in Occidental Mindoro bought onions from farmers at P8-P15;

13. The farmers of San Jose, Occidental Mindoro have been cultivating 3,285 hectares of onion farms, with production cost at P200,000 to P300,000 per hectare, and minimum yield of 12 MT per hectare. For the province of Occidental Mindoro, the area planted with onions can be extended up to 60,000 hectares, if the conditions are favorable to cultivation, and the volume of produce can supply the entire country's needs.
14. In 2023, importation of 5,000 MT is certain to arrive on or before 27 January;
15. The budget allocated for cold storage facilities in FY 2023 is PhP 240 million; the cost of one cold storage facility is PhP 40 million.
16. In 2023, a total of six cold storage facilities will be built in Region I, Region II, Region III and Region IV-B.
17. Mr. So of SINAG cited that based on the UN Comtrade database, the total number of smuggled onions in 2021 was 128,224,223 kilos. Whereas, the recorded number of smuggled onions by Bureau of Customs (BOC) was 91,749,328 kilos, and by the DA, roughly around 100 million kilos. It can be noted that data from the DA and BOC have a discrepancy of 28 million and 32 million respectively.
18. Rep. Briones of AGAP stated that from December 2021 to April 2022, a total of 70 million kilos of onions were imported, noting that January to April is the harvest season for our local onion farmers.

C. DISCUSSION

Disregard for the Importance of Correct Data and Their Subsequent Use

When a ranking officer from DA nonchalantly declares in the middle of the public investigation that the data you are looking at right now is wrong or inaccurate, because they have unearthed new data the night before and had to make corrections just before this public hearing started, it speaks a lot about how low the DA views our agricultural sector and our farmers that look up to them for assistance.

The data they just easily alter here, or at least the data they don't have a grasp of, formed the basis of the string of onion importation the DA allowed to happen in the past years---importation that devastated our onion industry, raised onion prices to ridiculous levels, farmers leaving their onion harvest to rot on streets and canals, arrested airline crews for having onions for pasalubong, and drove five onion farmers to commit suicide because their harvest cannot pay for the debts they incurred in production.

The investigation was rife with conflicting data, nothing definitive and nothing authoritative, not even from the Philippine Statistics Authority. This is not only unique to the Onion Industry but characteristic of the Agricultural sector, which has paved the way for the unbridled importation of agricultural products, creating havoc on the agricultural sector. The absence of official data has allowed the free-wheeling extrapolation of figures, but not for the purpose of presenting the true picture of the agricultural sector but to justify the desired volume of importation and to intellectually provide basis for the overall discredited policy of liberalized importation of agricultural products.

The municipal agriculturist and onion growers from San Jose, Occidental Mindoro underscored as well how the DA has taken data they have given to them so lightly. The Mindoro farmers went out of their production time to produce for DA as much precise data as possible regarding the supply and demand of onions in their area, in the hopes that DA's approval of importation permits may be scheduled properly, so as not to harm local onion production. But the DA apparently totally ignored these data. These farmers are even astounded that DA is unable to offer accurate data given that they consistently participate in meetings and dialogues requested by the national office.

With the same nonchalance, the same ranking officer says that everyone agrees now that there were lapses in importation. In such a disastrous

outcome, they now include everyone, who shouted all along that DA is wrong, in their own mistake.

Quantity and Timing of Importation

It is accepted that the country's current onion production has shortfalls, particularly in the months of August, September, October, November towards December, thus unable to supply the domestic onion needs. The resort to onion importation may be reasonable to answer for the inadequacies.

But as it has turned out, this void in our local production supply has spawned numerous abuses, among which are excessive onion importation, whose entries are timed to crush local production.

The figures the DA work on are these:

Total Annual Onion Consumption (Demand)	270,000 MT
Total Annual Local Production Output (Supply)	240,000 MT
Supply Deficit (which are filled-in by Imports)	30,000 MT

We have the three (3) top onion producing Regions, with annual production, as follows:

Region I (Pangasinan) – 54,000 MT

Region III (Nueva Ecija) – 140,000 MT

Region IV-B (Mindoro Occidental) – 128,000 MT

On the pretext of supplying their perceived supply deficit, DA-BPI allowed importation of 23,589 MT in 2019; 87,525 MT in 2020; 101,681 MT in 2021; 29,707 MT in 2022; and on 27 January 2023, the 5,000 MT of the planned

22,000 MT of imported onions will arrive, at a time when the local farmers will start harvesting their onions. Why the excess in imports? No explanation.

It was pointed out that DA has been in existence for the past 100 years or so, that it should know by now the annual period when onion supply is at its lowest and therefore importation can be reasonably resorted to and timed properly so as not to harm local production. How much is to be imported and when imports should come in. But instead of taking heed of this historical local onion production pattern, it resorts to issuing import permits timed for imported onions to arrive when local harvest starts and at quantities that drown local supply.

Smuggling, Hoarding, Profiteering

To worsen the plight of our Onion farmers, the systems in government to stamp out profiteering, hoarding, smuggling and other nefarious practices seem to have collapsed. On top of the excessive volume of legally imported onions, the smuggling of onions remains unabated. Several high-publicity raids of smuggled onions were made. But the question remains, where do these smuggled onions go, if they were allowed to be unloaded on Philippine soil, if they are not destroyed outrightly, publicly? They surface in the online market, which led BPI to warn the public not to buy big onions online because they are smuggled and may contain contaminants and are therefore not fit for human consumption.

Characteristic of DA and the Bureau of Customs, they declare once again that they have been conducting investigations pursuant to the Anti-Agricultural Smuggling Act and other related laws, and they will submit the appropriate reports to the Committee ad nauseam, but to this date, since the Anti-Agricultural Smuggling Act was enacted in 2016, no conviction has been made among agricultural smugglers. And the irony of it all is that the notorious names of the 2014 agricultural smuggling investigations are the same names

that figure in today's smuggling problem, which led to the remark that how can these criminals be convicted when the agencies tasked to investigate and apprehend these criminals are also the ones cuddling them.

The profiteering and hoarding in the onion industry equally have run rampant. The Mindoro onion farmers lament that their produce are being bought by traders for P8-P15 a kilo, the big ones at P6 a kilo, only to find out later that their onions are being sold in Metro Manila at a ridiculous price of P600-P750 a kilo. They ask the traders why their onions are being bought at such extremely low prices, the answer is that the market is being flooded with imported onions and they have no cold storage facilities, so they sell what they purchase from farmers directly to the market. Which is of course a bare-faced lie. Rather than sell, the onion farmers dump their produce on streets and canals. Nothing earned from their produce, the farmers bewail their twist of faith, they have now become consumers as well, buying their own produce at very exorbitant prices.

Traders (Profiteers) and importers alike, make use of the cold storage system to maintain their stranglehold over the onion farmers and the domestic market. Local and imported onions are kept in storage and are released and dumped into the domestic market at local harvest time.

Cold storage and Other Government Support

Importation of onions is not being avoided at all, if only our local farmers can compete. In this regard, has the DA equipped or furnished our onion farmers with the wherewithal to compete? The answer is no, if the information in the public hearing is to be believed. The best that the DA provided to the Mindoro farmers was interest-free credit and seeds, and minimal post-harvest assistance in the form of two (2) cold storage units with storage capacity each of 10,000 bags of onions. The president of the aggrupation of Mindoro cooperatives

couldn't help but say that with their production failure, they cannot pay the debts they incurred from DA's Agricultural Credit and Policy Council (ACPC).

The farmers have only two (2) options with their onion harvests: they sell directly to the market right after harvest or they put their onions in cold storage for later selling, especially during months when onions cannot be planted. If they sell directly after harvest, traders and middlemen are waiting to offer ludicrously low purchase price, if they don't sell to traders, they either bring their onion harvest to other parts of the Visayas and Mindanao, using the nautical highway that passes through Mindoro, but there in faraway provinces, they can only fetch so much for their produce, not enough to recoup for their travel expenses. The remaining option is to find cold storage sites where they can keep their onions for later selling and to bargain for higher prices. There is only one cold storage site in San Jose, Mindoro Occidental, privately-owned, with a storage capacity of 320,000 bags. Other private cold storage sites, as far as Metro Manila, are not for them because they are reserved for the traders, they are told, even if these cold storage units are conspicuously empty, and the available ones are already filled up to capacity. A farmer can at least produce 12,000 MT per hectare of onions, or 550 to 800 bags per hectare of onions. With the absence of cold storage facilities to keep their produce, the farmer is left with no other option but to sell at low prices or just dump their onions to rot.

The Mindoro farmers and their Municipal Agriculturist have asserted with confidence that they can supply the entire country's onion needs. They have presented a very convincing scenario, a testament to the agricultural richness of the Mindoro island. If they can be assisted, not only will onion importation disappear, but the country can even be a net onion exporter.

Here are their data. Currently, San Jose alone cultivates 3,485 hectares of onion farm, according to its Municipal Agriculturist. Of their total harvest, only 5 percent goes to cold storage facilities for selling at a later time, the 95 percent

goes to market directly because of the absence of the same facilities, forced to be priced by unscrupulous middlemen/traders. The recorded production of Occidental Mindoro is 83,000 MT. According to Mr. Silverio, who is the Chairman of two cooperatives in Occidental Mindoro, they have not yet reached their full potential of supplying onions. They said that their onion farmers in the Occidental area can expand to as much as 60,000 hectares. The Mindoro Oriental municipalities are also starting to cultivate onions, if only the conditions become favorable to cultivation.

This is only for Mindoro, the other onion producing Regions can also achieve production surge if proper assistance is given by the government. Bukidnon in Mindanao is also being suggested as a potential onion producing area.

On the other hand, DA-BPI has constructed only two (2) cold storage units in the Mindoro area with a capacity of 10,000 bags each. Two (2) facilities are being planned for construction this year, one is sixteen (16) kilometers away from the Municipalities of San Jose and Magsaysay in Mindoro Occidental where onion production is intense, and the other one is ninety-seven (97) kilometers away from the same municipalities. The Mindoro farmers are baffled by such locations.

D. CONCLUSION

The Mindoro farmers have said it best, and they might as well speak for the whole onion producing areas in the country. They do not shun competition from importation, but they need the government to support them to face the challenge and not leave them at the mercy of private interests that prey on them. They ask DA to base importation decisions on data that they themselves painstakingly gathered from their fellow farmers and provided to DA. These data, together with those raised in the public hearing, point to the propriety of issuing import permits that consider the timing and volume of importation, so

that importation shall not be the cause of their demise or their disinterest in further cultivating onions for our country.

They ask for at least P100/kilo floor price for their onion produce, this would be enough to recoup their production cost of P200,000 to P300,000 per hectare. They ask for cold storage facilities, which should be accessible to their production sites, where they can keep their onions and not be forced to sell to traders and middlemen. Meanwhile, other factors that impinge not only on the onion industry but on other sub-sectors in the high-value crop industry and on other agricultural sectors like livestock, sugar, salt are for the entire government, particularly the legislative and executive branches to address, and address fast.

E. RECOMMENDATIONS

1. Department of Agriculture Officials and other concerned agencies must attend Senate hearings fully prepared and provide the Committee with accurate official data on agricultural statistics.
2. Amendment of RA 10845 or the Anti-Agricultural Smuggling Act of 2016 to include profiteering, hoarding and smuggling in its list of crimes involving economic sabotage. Further, the amendment should be explicit and express and will leave no room for the implementors to interpret the intent and spirit of the law otherwise through IRRs.
3. Creation and establishment of the "Anti-Agricultural Smuggling Task Force" directly under the control and supervision of the Office of the President to serve and protect the entire agricultural sector, and not only the Onion Industry.
4. Create a Special Court under the supervision of the Supreme Court that shall try and hear the cases in violation of this law. This will ensure preferential attention to cases of economic sabotage so that profiteers, hoarders and smugglers will be brought to justice and speedy trial will be rendered accordingly.

A Special Team of Prosecutors from the Department of Justice should be assigned to assist the Task Force in the expeditious prosecution of criminal and other cases involving economic sabotage under this law.

5. Establishment of post-harvest services for onion farmers such as cold storage facilities and provide the same either through operations of farmer cooperatives or for government to initiate a build and operate/lease facilities. Locations of such post-harvest services must be strategically located to ensure accessibility to farmers at a lesser cost.
6. As for importation, if the same is necessary, approval of importation permits must be logically scheduled so as not to impede and completely compete with local production and harvest. The import volume must be correctly established and such must be only for purposes of providing the needed supply in the market.