

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



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SENATE
P. S. R. No. 816

RECEIVED BY

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORTED LARGE DISCREPANCIES IN THE COMMERCIAL PRICE OF FERTILIZERS AND THE SUBOPTIMAL APPLICATION OF FERTILIZERS, WHICH ARE MAJOR CHALLENGES THAT THREATEN THE FARM SECTOR

WHEREAS, the Constitution, Article 2, Section 21 states that “The State shall promote comprehensive rural development and agrarian reform”;

WHEREAS, the *Business Mirror* website, on 13 July 2014, reported that a study by a government think-tank revealed that the most expensive fertilizers were sold in the Autonomous Region in Muslim Mindanao (ARMM) and the Eastern Visayas, two of the poorest regions in the country;

WHEREAS, it was reported that a study conducted by the Philippine Institute of Development Studies (PIDS) revealed that the cheapest fertilizers, on the other hand, are found in Ilocos, Cagayan Valley, Western Visayas and Davao Region;

WHEREAS, PIDS Senior Research Fellow Roehlano Briones reportedly identified two significant challenges facing the sector in relation to fertilizers: inefficient marketing and suboptimal amounts of fertilizer applied by farmers;

WHEREAS, Briones claimed that across the country, there is a wide dispersion in the retail prices of fertilizers and that there is a need to conduct a thorough study and analysis of fertilizer prices to address the problem;

WHEREAS, Briones also reportedly emphasized on the diminishing importance of the domestic production of fertilizers, wherein the domestic production of fertilizers accounted for at least 70 percent of consumption from 1994 to 1996, but now the share is down to 30 percent or lower;

WHEREAS, according to Briones, domestic production depended mainly on imported raw materials, such as rock phosphate, anhydrous ammonia, sulfuric acid and other finished fertilizer grades but locally produced fertilizers are sourced from five firms, four of which are based in Luzon and one of these is Soiltech Agricultural Products and Philippines Phosphite Fertilizer Corporation located in the Visayas;

WHEREAS, Briones also allegedly said that there are large-scale economies at work, limiting the number of domestic manufacturers, but the market, as a whole, needs not be an oligopoly if there is strong competition from imports; statistical analysis shows that ups and downs in the world price are efficiently transmitted to domestic markets and that there is no evidence to support the hypothesis of excess profit from buying low abroad and selling high locally;

WHEREAS, it was reported that imports are mostly sourced from ASEAN (Association of Southeast Asian Nations) and other free-trade partners where the import duty is zero wherein there is,

in effect, free trade in fertilizers and China is by far, the largest source of imports of fertilizers to the Philippines;

WHEREAS, the study also revealed that farmers continue to apply suboptimal amounts of fertilizer both for the main nutrients, namely nitrogen, phosphorus, potassium; and for micronutrients thus fertilizer is being underutilized in Philippine farms compared to other ASEAN countries and this positively contribute to profitability of rice farming;

WHEREAS, Briones reportedly added that fertilizer application in the country's paddy rice areas was only 51 kilograms per hectare against Indonesia's application at 105 kilograms per hectare, citing the Fertilizer Use Statistics for 2001 by the Food and Agriculture Organization of the United Nations;

WHEREAS, according to the study, access to credit and risk aversion are not strong factors on the issue of suboptimal amounts of fertilizer used in Philippine farms and lack of information and aversion to loss are other possible reasons;

WHEREAS, it is necessary for the legislature to review steps taken by concerned government agencies to educate the farmers on the proper application of fertilizers and on correct fertilizer use to increase the production of food in the country; thus, proper information dissemination is also imperative;

WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the reported large discrepancies in the commercial price of fertilizers and the suboptimal application of fertilizers, which are major challenges that threaten the farm sector.

Adopted,


MIRIAM DEFENSOR SANTIAGO

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7/30/14