

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Approved By:

Ralph Bean

Prepared By:

Perfecto Corpuz

Report Highlights:

In August 18, 2016, the Philippine Supreme Court (SC) issued its final ruling which reversed its December 8, 2015 decision that stopped the field testing, propagation, commercialization, and importation of genetically enhanced (GE) products in the country. The SC final ruling also confirmed that the Joint Department Circular (JDC) superseded the Department of Agriculture's Administrative Order No. 8 (AO 8). Current delays in the processing of biosafety applications as a result of the change in GE regulations may restrict the timely arrival and use of vital imported feed ingredients, and hamper the competitiveness of Philippine livestock and poultry industries.

General Information:

As mentioned in GAIN Report “Philippine Supreme Court Reverses Decision”, the SC in its December 8, 2015 decision, not only stopped GE field testing, it also nullified the Department of Agriculture’s Administrative Order No. 8 (AO 8) which embodies the country’s GE regulations. As a result, a new JDC was crafted to replace AO 8. However, in a July 2016 press briefing, the SC announced it had unanimously reversed its December 2015 decision.

On August 18, 2016, the SC’s final ruling (attached) was issued and confirmed, among others, the JDC as having superseded AO 8. The JDC involves five departments, namely: the Departments of Agriculture (DA), Science and Technology (DOST), Environment and Natural Resources (DENR), Health (DOH) and Interior and Local Government (DILG). While many local GE advocates hail the SC reversal, some industry stakeholders are concerned no extension or grace period was provided for the renewal of expiring biosafety permits approved under AO 8. Adding to this concern are current delays in the processing of new applications under the JDC (specifically those under the purview of the DOH and the DENR).

The affected commodities include major feedgrains (i.e. soymeal) which are insufficiently produced. Local industry contacts say the situation will negatively impact some sectors; particularly the domestic animal feed supply chain and end users (i.e., livestock, poultry and aquaculture industries), as further delays in biosafety processing will restrict imports and consequently access to animal feeds. In the case of soybean meal, over an estimated 90 percent of overall supplies are GE, and the price of non-GE soybean meal is not only prohibitive, but difficult to find. There are also very limited alternatives to using soybean meal as a cost-effective protein source in animal feed rations.

Following is a table on soybean meal imports since 2005, based on Philippine Customs data. From 2005 to 2015, soybean meal imports to the Philippines averaged 1.3 million tons. Local contacts find the official estimates conservative, however. Official USDA estimates place soybean meal imports in 2015 at 2.2 million tons.

Calendar	Soybean Meal
Year	Imports (MT)
2005	1,470,538
2006	1,007,322
2007	967,184
2008	978,276
2009	1,419,408
2010	1,554,501
2011	1,782,189
2012	832,826
2013	1,162,414
2014	1,749,645
2015	1,531,852

Source: Philippine Customs Data

The affected industries are continuing efforts to have an extended transition period and/or to expedite the approval process to avert expected considerable industry losses. Having no confirmed cases of high-path avian influenza, and recognized as free of food and mouth disease without vaccination, the local livestock and poultry meat have very positive export potential. Experts see these industries as the bright spots of Philippine agriculture. Reduced access to vital feedgrains, however, is expected to impact the country's agricultural competitiveness, particularly in the light of trade liberalization initiatives such as the ASEAN Trade in Goods Agreement (ATIGA).

Although overall farm output declined in CY 2015 (as a result of extreme weather conditions), the domestic livestock and poultry industries continued to show resilience expanding 3.8 percent and 5.7 percent, respectively, according to the Philippine statistics Authority (PSA). During the same period, these industries accounted for a 32 percent share (17 percent and 15 percent, respectively) of overall Philippine farm output last year. This compares to the 22 percent share contribution of the paddy rice sector, which is the largest contributor to Philippine agricultural output. The combined value of production of the livestock and poultry industries in CY 2015 was around P446 billion (at current prices) or over \$9.9 billion, according to the PSA.

For the January to June 2016 period, the local farm sector contracted 0.2 percent from the first six months of 2015 due to dry conditions brought about by the El Nino weather pattern. Overall crop output declined 0.8 percent with paddy rice production contracting 8.8 percent during the same period, according to PSA data. Corn output, on the other hand, declined a dramatic 17 percent. Corn is the second most important Philippine crop next to rice. Despite the unfavorable weather, the domestic livestock and poultry industries still grew 1.9 percent and 8.0 percent, respectively, compared to the previous year's level.