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Two Years After the 2008 Rice Crisis

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ABSTRACT. The 2008 rice crisis has definitely reaffirmed the importance of food self-sufficiency. Almost two years after the crisis, it is good to find out how Southeast Asian governments have delivered on their promises of prioritizing food security programs. It is an opportunity to determine the outcomes of their efforts. After all, what we ultimately want to see are increased capacities of countries to produce and provide food for their people, especially in rice, given that it is the region's staple food and the world rice market is generally thin. This paper analyzes the results of the policies put in place in six ASEAN countries as a response to the crisis.

KEYWORDS. food crisis · rice import · agricultural policies · food sufficiency

Introduction

The 2008 rice crisis has definitely reaffirmed the importance of food self-sufficiency. With this desired outcome, governments promised to prioritize food production or, in the broader sense, food security. The forms of support vary—from budget allocation, subsidies to farmers, policies and strategic investments, and even enforcement of state's police power. The amount and kind of support in the form of public investments also vary from nation to nation.

Almost two years after the crisis, it is good to find out how governments have delivered on their promises of prioritizing food security programs. It is an opportunity to determine the outcomes of their efforts. After all, what we ultimately want to see are increased capacities of countries to produce and provide food for their people, especially in rice, given that it is the staple food in the Southeast Asian region and the world rice market is generally thin. This study mainly covers six countries: Malaysia, Philippines, Indonesia, Cambodia, Vietnam, and Thailand. However, information on other member countries of the Association of Southeast Asian Nation (ASEAN) is occasionally presented.

Rice Crisis Revisited

Back in 2008, rice prices went up so high it breached the USD 1,000 per ton level. Immediately, exporting countries such as India, Cambodia, and Thailand tried to hold on to their rice stocks by issuing temporary export bans while rice-deficient countries like the Philippines scampered for supply. By this time, the Philippines became the highest importer of rice in the region. It was a memory too vivid as lines of people trying to buy National Food Authority (NFA) rice became so long, prompting the Arroyo government to immediately flood the market with imported rice to stabilize rice prices. For this, the government imported about PHP 70 billion worth of rice (Reyes-Cantos and Tanchuling 2011).

The increase in prices was attributed to many factors. At that time, the price of petroleum was already increasing, affecting rice production as it uses petroleum-based fertilizers. Price of urea doubled over the past four years. In addition, the push of general inflationary pressures resulted in increased freight costs for countries that import rice. Moreover, the increased interest in the development of food crops as renewable-energy source due to rising fuel cost and concerns about climate change have spurred rapid investments in biofuels such as ethanol (produced from maize grain) and biodiesel (produced from oilseeds). These and other factors—such as increasing land conversions that further limit rice production, continued population growth, and the general decline of public investments in agriculture over the years—were cited as main push factors for the rise in rice prices.

Outcomes: Increased National (and Regional) Production and Marketing Support for the Industry

Malaysia

Malaysia's rice-sufficiency level before the crisis was at 65 percent. It consumes about 2.2 million metric tons (MTT) of rice annually. With its current level, it needs about 600,000 metric tons yearly to cover its national rice requirement. At this import level, Malaysia is the world's ninth biggest rice buyer.

Malaysia heavily subsidizes several food items, including rice. Local rice is therefore cheaper than in neighboring countries. Depending on the quality, some varieties of Thai rice cost twice as much as Malaysian rice. The government provides farmers with free fertilizer and other

concessions, spending more than MYR 900 million on these in 2007. However, Malaysia has the most comparative advantage in rubber and other plantation crops, compared with other crops.

During the crisis, Malaysia banned the export of locally grown rice in a bid to keep the subsidized local rice in the country. Reports that traders were buying cheaper, subsidized Malaysian-produced rice to sell to the international market precipitated such action.

It also emphasized rice sufficiency, targeting to increase production and raise the rice-sufficiency level to 77 percent by the end of 2009. In view of this, Malaysia launched its Food Security Policy in April 2008. Essentially the plan intends to increase production to about 1.79 MMT in 2009 from its current level of 1.67 MMT. Based on its original sufficiency plan, Malaysia failed to meet its target but nevertheless increased production. The government paid out subsidies and incentives of up to MYR 1.73 billion for farmers and agriculture agencies in northern, rice-producing states of Kedah, Perlis, and Kelantan to boost grain output. Part of the funds was to be used to plant some seventy-two thousand hectares in the eastern states of Sabah and Sarawak on Borneo Island.

After experiencing production growth in 2009, by 2010 it raised its sufficiency target to 80 percent. The government allocated an additional budget of MYR 5.6 billion to boost agricultural production until 2010.

Philippines

The Philippine government initially targeted to achieve sufficiency by year 2010, but this was later moved to 2013 when it was apparent by 2009 that achieving this in 2010 would be a tall order. The government launched the FIELDS program, which covers Fertilizer assistance (F); Irrigation repair, restoration, and rehabilitation (I); Extension (E); Loans (L); Dryers and the establishment of appropriate integrated processing and trading centers (D); and Seeds (S), i.e. procurement and distribution of rice hybrid seeds, among others. The government targeted to raise sufficiency level to 89 percent, but this was down to 81 percent[1] by year-end. The rice-sufficiency plan targeted a total of PHP 77 billion financing for the five-year program.

But in 2009 alone, for example, the rice program received a total of PHP 27 billion. The Department of Agriculture's (DA) original rice-sufficiency plan placed the budgetary requirement for 2009 at PHP 15 billion, more than PHP 4 billion of which was planned to go to

irrigation. But despite this, rice production for 2009 went down by 3.31 percent. Weather had always been the convenient excuse.

Allocation for irrigation under the five-year sufficiency program is PHP 20 billion. The government has already allocated more than PHP 30 billion for irrigation from 2009 to 2010. DA is allocating another PHP 13 billion for 2011. So far, 2010 data from the Bureau of Agricultural Statistics (BAS) revealed lower irrigation coverage for 2010.

Besides providing budget support, the government raided traders' warehouses and strictly monitored their operations. In May 2010, President Gloria Macapagal-Arroyo signed Administrative Order 226 suspending the processing and approval of all applications for conversion of all agricultural lands.

The Philippines also entered a government-to-government supply-contract arrangement with Vietnam for 2008-2010 to secure rice supplies, especially since many of the traditional exporters began closing their markets. This, of course, came at a high price as guaranty contract prices are usually higher than prevailing market prices. This arrangement was later questioned as prices bought under this agreement proved to be extremely overpriced.

The Philippines also opposed Thailand's initiative to set up the Organization of Rice Exporting Countries (OREC).

Another program that the government undertook to assist the poor was NFA's rice distribution program. The government also increased the buying price of palay to seventeen pesos. Palay buying has been an insignificant work of the NFA over the years prior to the crisis. With these NFA market intervention, NFA debts reportedly swelled to PHP 177 billion by 2010 from about PHP 20 billion in early 2000. These are not all real losses, however. According to NFA employees interviewed by the author, about PHP 50 billion of the amount is in the form of rice stocks stored in NFA warehouses. This was also the same issue that hounded the previous administration in late 2010 when warehouses overflowing with rotting rice were uncovered by the media just as government announced plans for a new importation.

Indonesia

By 2008, Indonesia produced a rice surplus of about 1.0–1.2 MMT. After the rice crisis, its goal was to further increase its rice self-sufficiency level. Rice production is not the only success that Indonesia has been reaping since 2008. The World Bank also reported that the country has

succeeded in reducing rural poverty significantly over the last forty years. National poverty, both urban and rural, measured at the national poverty line, fell to 15 percent in 2008 despite the rapid rise in food prices at that time (World Bank 2008).

Success in its rice sufficiency program was attributed to the following factors: the use of certified top-quality rice seeds and the subsidy for inorganic and/or organic fertilizers. It provided a guarantee aid for farmers suffering losses during postharvest and controlled the reduction of irrigation areas while rehabilitating land and water catchment areas.

The Indonesian government also revitalized its rice-buying program by issuing new buying prices for paddy. It raised the buying price of unhusked paddy (GKGP) by 9.1 percent to IDR 2,400 per kilogram, and the price of husked paddy (GKG) by 7.2 percent to IDR 3,000 per kilogram. It bought rice from national farmers at IDR 4,600 per kilogram, a 7 percent increase from the current price.

In addition, Indonesia offered new incentives for investment in rice. The country allocates at least two million hectares of farmland to joint ventures with investors to be used mainly for the cultivation of rice—among them the Saudi Arabian company Saudi Binladin Group. Indonesia hoped that this move would turn them into the world's top rice exporter in 2009. Some provinces in Indonesia have already signed agreements for such joint ventures.

The Saudi Binladin Group planned to invest at least USD 4.3 billion in Indonesia's rice-farming industry on five hundred thousand hectares of land in the Papua province. Saudi Arabia already received the first batch of rice produced in Indonesia under this government-sponsored push for agricultural investment outside the kingdom.[2]

A decree encourages investment in rice but stipulates that owners of rice fields will remain under the supervision of the Investment Coordinating Board. Investors will not be allowed to convert existing paddy fields. Indonesia also instituted new policies on stockpiling and distributing subsidized rice for the poor, on government's control of its rice reserve to stabilize national rice prices, on preparing for emergency situations and disasters, and on import controls, among others.

Cambodia

Rice production growth in Cambodia over the past ten to twelve years has been surprisingly strong, increasing at 9 percent annual growth rate.

This is despite what has been said about Cambodia's agriculture being extremely underfunded. For 2010, agriculture (except irrigation development) accounted for roughly 1 percent of the national budget. This was already an improvement as total government spending in 2003 for the three sectors of education, health, and agriculture and rural development amounted to only about 2.5 percent of the gross domestic product (GDP) from the original target of 3.7 percent. Only about 50 percent of the national budget on agriculture and rural development was given in 2003 (Sothea and Hach 2004).

Fertilization of farms is extremely low. Cambodia has the lowest rate of fertilizer use for rice in Southeast Asia—with only about 30 percent of total area receiving even minimal applications. There is no commercial farm-credit system in place, and it lacks educated and experienced extension officers, among others. The government relies almost totally on international donors for crop research.

Despite these, Cambodia has remained rice sufficient. Rice exports have increased from zero in MY 2000/2001 to about 800,000 tons this year (MY 2009/2010). This does not account for the rice that may have been technically smuggled out of the Cambodian borders into Vietnam—a report that is common knowledge among Cambodians and Vietnamese. While public spending on agriculture seemed lacking, the role of civil society in the promotion of alternative sustainable strategies is quite strong in Cambodia. The Cambodian Center for Study and Development in Agriculture (CEDAC), in partnership with the *Cambodian* Agricultural Research and Development Institute (CARDI), has been promoting the practice of the system of rice intensification (SRI) in the country. According to CEDAC, about 20 percent of rice farmers in Cambodia have adopted SRI.

At the height of the crisis, the government received international financial aid to support Cambodia's poorest and most vulnerable people by strengthening food security and social safety nets. The World Bank approved the Smallholder Agriculture and Social Protection Development Policy Operation to support the efforts of the Cambodian government to mitigate the combined impacts of the global food price and economic crises. The program aims to boost food security for poor households and expand safety-net support.

The lucrative rice market has prompted the Cambodian government to aspire to be a major rice exporter in the future. Cambodia expected to produce about 7.286 MMT of rice for 2009/2010 of which the country expects to have a surplus of about 3.3 MMT for export. It plans to double rough rice production by 2015 to about 15 million

tons (9.45 million tons, milled basis) and export 8 million tons (5 million tons milled rice). Cambodia is looking at expanding its production and hopes to become a major rice-exporting nation. While this was the country's objective, the author did not find any materials to support productivity programs in Cambodia apart from the World Bank funding for food security. In terms of actual production, Cambodia at its current production level has the capacity to emerge as a major player in the rice-export business, especially with its 2010 sufficiency level of 164 percent—up from the 2009 level of 157 percent.

Vietnam

Vietnam has a rice surplus of more than 30 percent over its domestic use. According to the Ministry of Agriculture and Rural Development (MARD), they have been enhancing rice production, strengthening production and supply of rice varieties, and promoting mechanization in seedbed preparation and harvest for many years.

In a roundtable discussion with MARD officials in May 2010 in Vietnam, they said that there were no special programs or changes in their productivity programs after the rice crisis. Supporting the farmers, they said, was their business as usual.

Vietnam is a major rice exporter, earning in January-June 2009 a total of USD 1.502 billion free on board (FOB) or USD 1.717 billion cost, insurance, and freight (CIF) for its 3.65 MMT rice exports. With government-to-government supply contract with the Philippines, Vietnam has earned more because of the premium price given by the Philippines in exchange for a secure supply of 1.5 MTT in 2009. The Philippines paid a total of USD 825 million for the said rice volume, placing the imported rice at about USD 550 per ton. At that time, Reuters reported that 25 percent broken rice—the usual type imported by the Philippines—was pegged at USD 330–400 per ton (FOB). Therefore, if total exports to the Philippines is about USD 825 million for 1.5 MMT, then the remaining 2.15 MMT of its total exports is about USD 670 million (FOB) or USD 890 million (CIF). This means that the average cost of rice per ton shipped by Vietnam to other destinations is only USD 413.95 per ton (CIF) or USD 311.62 per ton (FOB). It was alleged in the Philippine media that this transaction was riddled with corruption.

Thailand

As for Thailand, there were no major reports on changes in their productivity programs after the crisis. However, in an attempt to democratize the benefits from export earnings during the rice crisis, the government of Thailand increased buying price at THB 14,000 per ton compared with the prevailing market price of around THB 12,000 per ton. Jasmine rice from farmers is bought at THB 19,000–20,000 per ton, round-shaped rice at THB 14,000 per ton, and sticky rice at THB 9,000 per ton. Government also sold rice at subsidized prices—15 percent lower compared to full retail prices. This buy-and-sell activity of the Thai government cost them some THB 42 billion (or USD 1.3 billion) while they were reported to have earned about USD 14.76 billion in 2008 for their rice exports.

Complaining about the government's market intervention in the local rice market, Thai rice exporters threatened to go on a long holiday in 2009 as they will not be able to compete with other rice-exporting countries. There were also reports that high prices of rice in Thailand tempted some rice exporters to smuggle in rice from neighboring countries where it is cheaper and mix it with Thai rice for export just to be able to compete.

It was Thailand who proposed the creation of the Organization of Rice Exporting Countries, a cooperation mechanism for rice-exporting nations. It was likened to the Organization of Petroleum Exporting Countries (OPEC). Thailand later dropped the initiative when it was opposed by the Philippines.

ASEAN (and Subregional) Response

The ASEAN also came out with the "ASEAN Integrated Food Security (AIFS) Framework and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS) 2009-2013." The current framework is still a vague reiteration of some general principles contrary to the previous food-security plan entitled "Strategic Plan of Action on ASEAN Cooperation in Food, Agriculture and Forestry of 2005-2010."

The SPA 2005-2010 had concrete regional programs including training and promotional programs and even talked about concrete regional measures on sustainable agriculture and sustainable fisheries/aquaculture programs (i.e., promotion of the use of biosprays or

integrated pest management and the setting up of the ASEAN Cooperatives Council, among others).

Meanwhile, the AIFS SPA-FS of 2009-2013 did not elaborate on the localization of this framework. Still the work that has to be done will depend on the national responses. Its basic objectives were to increase production, reduce postharvest losses, promote conducive market and trade for agriculture commodities and inputs, ensure food stability, promote availability and accessibility of agriculture inputs, and operationalize regional food emergency relief arrangements.

While the OREC did not materialize, a subregional agreement among the Mekong countries (Thailand, Laos, Cambodia, and Myanmar) was forged in November 2010 in the Phnom Penh Declaration of the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy, otherwise known as the ACMECS. The ACMECS Rice Cooperation Mechanism intends to pursue and strengthen rice production and export cooperation among these countries.

Increased Production Trends After the Crisis

The first and probably most obvious yardstick in assessing impacts of government measures after the crisis is probably improvements in production. Generally, rice production is usually done two to three times a year for irrigated areas and once a year for rain-fed areas. Hence, some immediate effects should be felt if investments had been made as early as 2008.

In terms of paddy production, generally, except for the Philippines and Thailand, all others have increased production within a year. Laos, Cambodia, Indonesia, and Malaysia posted the highest growth in paddy production by 2009. These countries also targeted to be major exporters in the future. Although Vietnam did not record the highest growth, its production was at its twenty-year peak at about 38.89 MMT. By 2010, it even went up by an additional 489,540 metric tons. Thailand, meanwhile, was affected by pest outbreaks and water shortage, which brought down its production by 1.4 percent in 2009 and further by 3.25 percent in 2010.

In the case of the Philippines, it will still most likely be a major player in terms of rice importation as its productivity-program outcome failed to improve its sufficiency level in 2009 and it has not made significant improvements by 2010. Its actual target for 2010 has been off its original rice self-sufficiency mark.

Table 1. Rice production in ASEAN, 2008-2010 (in 1,000 tons)

Country	2008 (2007/08)	2009 (2008/09)	Change 2009 over 2008 (%)	2010 (2009/10)	Change 2010 over 2009(%)
ASEAN	190,838.37	196,024.78	2.72	196,190.45	0.48
Brunei	1.40	1.37	-2.18	4.79	249.42
Cambodia	6,727.12	7,175.47	6.66	7,585.87	5.72
Indonesia	60,251.07	64,329.33	6.77	64,897.70	0.88
Lao PDR	2,847.38	3,144.80	10.45	3,320.89	5.60
Malaysia	2,374.18	2,511.04	5.76	2,548.31	1.48
Myanmar	31,442.47	32,057.87	1.96	32,240.38	0.57
Philippines	16,815.55	16,258.77	-3.31	16,355.25	0.59
Singapore	-	-	-	-	-
Thailand	32,099.40	31,650.63	-1.40	30,622.22	-3.25
Vietnam	38,279.80	38,895.50	1.61	39,385.04	1.26

Source: ASEAN.

Generally Sustained Food Sufficiency Levels for Most Countries

In terms of its sufficiency ratio,[3] Brunei and Singapore would surely lag behind as they do not have the necessary physical resources to support agricultural production to support national consumption. The Philippines and Malaysia are the two countries to watch out for in this regard. However, Malaysia is forecasted to improve sufficiency levels for 2010 while the Philippines is expected to run short of its sufficiency objectives. It is worth noting that Malaysia's rice-import dependency only amounts to 600,000 to 700,000 metric tons annually while for the Philippines, it has gone beyond the two million metric ton mark.

Increased Food Security through National Stockpiling

The rice-importing countries were probably the most insecure during the rice crisis, although insecurity is most likely worse for those with limited financial resources to back up food supply importation—such as in the case of the Philippines.

National buffer stocking is as well another important food security measure. It serves as the country's first defense against rice market volatilities. Countries in the ASEAN have their own buffer supplies. Buffer can come from local production as well as importation. In the case of the Philippines, most of its current supplies are imported rice. For Vietnam, for example, it was forecasted that its international trade may suffer as Vietnam has increased its buffer stocks for 2010.

Table 2. Domestic rice stock utilization in ASEAN, 2009-2010 (in 1000 tons)

Country	2009			2010		
	Beginning Stock	Domestic Utilization	Ratio (%)	Beginning Stock	Domestic Utilization	Ratio (%)
ASEAN	20.79	107,337.59	19.37	25,789.25	103,772.95	23.71
Brunei	15.51	31.79	48.78	16.32	32.85	49.68
Cambodia	128.00	2,927.00	4.37	322.30	2,961.39	10.88
Indonesia	1,172.43	38,471.78	3.05	3,604.42	38,914.51	9.26
Lao PDR	30.17	1,795.64	1.68	153.67	1,865.77	8.24
Malaysia	475.90	2,422.83	19.64	725.77	2,470.56	29.38
Myanmar	4,345.21	19,434.13	22.36	4,290.46	19,346.00	22.18
Philippines	2,638.29	12,397.43	21.28	2,629.10	12,594.13	20.88
Singapore	55.00	262.00	20.99	40.00	270.00	14.81
Thailand	6,251.80	11,267.00	55.49	7,331.32	11,767.00	62.30
Vietnam	5,680.10	18,328.00	30.00	6,675.88	18,550.74	35.99

Source: ASEAN.

Malaysia, while remaining deficient, has increased rice stockpiles by about 52 percent in 2009. The same is true for Indonesia, Laos, and Cambodia, which raised their national stockpiles by 207 percent, 409 percent, and 151 percent, respectively, from 2009 to 2010. And judging from its ending stocks by 2010, it also follows that the 2011 beginning stocks of the three countries will still increase considerably. There were also increases in Thailand, Vietnam, and Brunei while stockpiles for the Philippines, Myanmar, and Singapore decreased by a few percentage points. Thailand, Myanmar, Indonesia, and Vietnam carried the most stocks, accounting for about 91 percent of total ASEAN stock.

Opportunity to Democratized Benefits for Farmers

The supposed gainers from the increasing price of rice were not spared from the impact of the rice price crisis. Numerous studies point to the fact that despite Thailand's position as a leader in rice exports, many Thai farmers have remained poor as it is the traders who really benefit from having access to the rice market.

It is no wonder then that Thai rice exporters were alarmed when the Thai government announced to buy paddy from farmers at premium prices in its attempt to democratize benefits as well as for its plan to distribute cheaper rice to consumers.

The writer, however, did not conduct actual investigation or validation of the government's program, but only observed how a simple announcement has scared Thai traders.

More Rice Exporters in the Region, What Does It Mean for the Philippines?

So far, Indonesia, Cambodia, and Myanmar, despite many production constraints, have all posted positive growth. So did Malaysia, although it still posted below 100 percent sufficiency level. With everybody claiming sufficiency and setting export targets in the coming years, we wonder how this will affect international rice market. Who will emerge as new players and what will be the impact on global rice supplies and prices?

So far, the United Nations has already warned of a new food crisis—driven mostly by wheat. The relatively good supply of rice in the region for the last two years may be the reason for the stable prices of rice so far.

But in the event that production successes continue generally for the region, we fear that increased rice supply in the region will in the end serve as a disincentive for the Philippines to pursue rice sufficiency after all. Proponents of free-market ideas still reign within the Department of Agriculture and it is not far fetched that they will still take rice importation as the easy solution.

In this light it may be good to really see in detail the food security measures, quantify their impacts, and determine the actual costs in view of further building up efficiency arguments for genuine and well-meaning self-sufficiency programs.

Is a Regional Emergency Rice Reserve or the Organization of Rice Exporting Countries Realizable?

Based on the sustained production successes of Vietnam, Indonesia, Cambodia, and Laos, it is good to see how these actors will play out. If more players become part of the exporters' league, will OREC become more acceptable in the future?

Meanwhile, it is also possible that improved production/supply in the region can diminish the demand/urgency for a credible reserve. The idea for a permanent and credible regional rice reserve may be a little vain as it becomes a concern solely of the Philippines, which will

obviously benefit from it given its high vulnerability to a food crisis. There are also other operational questions: What is the required volume for a reserve rice to be credible? Will there be a physical stockpile? Who will shoulder the costs of a regional stockpile?

Changing Production and Distribution Arrangements

The crisis also resulted in the emergence of supply and production arrangements, proving the severity of food insecurity in Southeast Asian countries. Malaysia, for example, has resorted to offering a barter system for rice in exchange for palm oil. It somehow points to the failure of or level of distrust on market-based trading systems, particularly on food commodities—in this case, rice.

The government-to-government supply arrangement may not be new, but it is indeed a step back as far as free market principle is concerned. It could be costly, as the Philippines experienced. Such an arrangement is also a potential window of corruption. Higher procurement price may be justified as the premium given to suppliers for assured rice supply, thus subtly hiding corruption.

But what may be more important to monitor at this point is the issue of massive investments in leasing foreign land for food production—more commonly referred to as "land grabbing." These investments are normally large scale. The basic difference of this agriculture investment from the previous types is the push of government/state enterprises in the consummation of these agreements. This has concretely taken off in Indonesia in the Saudi Binladin Group's investment in Merauke, as well as in Cambodia, but has yet to take off in many other areas. It is hard to see how farmers will benefit from such arrangement, but clearly these areas are lost opportunities for expansion of food crops. This is something that needs to be carefully managed and monitored.

While most of the ongoing investments are for energy crops, such as the ones in Cambodia, the question arises, "How will such arrangement impact on the rice food system in the ASEAN?" If the traditional buyers of rice have means to growing their own food, what happens to the traditional suppliers? In case Saudi Arabia's investments in Indonesia become so successful, what happens to Thailand, who used to supply about one million tons of rice to the country? As of last year, Saudi Arabia has already received its first batch of rice production from Indonesia. In the case of Cambodia, for example, the projected

increase in production in 2010 was attributed to these land concessions, among other factors. It is of interest to see how these investments in Cambodia helped improve its food production capacities. Investors are expected to bring in the infrastructures in the arrangement. How are food products in this type of arrangement going to be treated? What happens in the event a domestic need arises? Will the host countries have access to this production in such case? This can also affect the traditional supply chain of rice as governments are already doing their own shipment through state enterprises. What happens to private traders?

Clearly, it will take a generous amount of public investments and support for countries to be food secure or sufficient. We take note that subsidy is important and has played a crucial role in raising agriculture productivity. But as expected, the major issue about it is that it can be a temptation for corruption. Obviously, there is a need to be discriminating in terms of who will get subsidy and what should be subsidized.

It is no wonder that despite the huge investments made by the Philippine government in rice for the last two years, no significant increases in rice production were seen. Clearly, if this is the case, then no amount of budget will suffice. There is a need to account, redirect, and track judicious fund utilization to minimize corruption in project implementation. Such measures are also necessary to ensure climate proofing of local agriculture projects. We recognize that weather plays a significant role in production, and historically it has always been blamed for the failure in raising production. With large amounts of money invested and still failing, it is a little difficult to accept that weather is the only problem.

Meanwhile, it may really be of value to study the case of Cambodia, where private sector support has resulted in continued increase in production despite very low public investments. The promotion of the system of rice intensification, being a nationally supported policy and a private sector initiative, might have had significant contribution in this regard.

We may have improved regional production, but the global situation is far from ideal. The UN food crisis alarm is something to monitor. Although this may not have the same effect on rice given the improved world stock level brought about by an overall increase in 2010 global rice output, the increase in wheat prices might still have some pulling effect on rice prices over time. In the meantime, we need

to think of genuine cooperation mechanisms that are equitable not only during happy, secure times but, more importantly, during precarious situations.

At the same time, the issue of climate change is becoming a permanent challenge. Thailand, which may have had a greater level of readiness to the impact of climate change, has not been spared of its effects. It only goes to show that countries not only need to provide funds but also must ensure that their investments are climate sensitive to prevent wastage of crucial resources.

On the issue of investments, clearly there is a need to discipline investors so that the small farmers are not displaced. A national regulatory framework on investments should be in place to limit their operations so as not to jeopardize national food security objectives and, most important, welfare of farmers, communities, and the environment.❁

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Notes

1. Computed using the per capita consumption of 128 kilograms assumed during the planning of the program. If per capita consumption of 119 kilograms is used—the Bureau of Agricultural Statistics (BAS) estimate according to its consumption survey released in 2010—then sufficiency level will be higher.
2. Under the plan, Saudi Arabia would import a "reasonable amount" of commodities, provide support for those investments, and sign bilateral agreements with relevant governments.
3. Rice production versus domestic utilization

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