

Centre for Asia Pacific Initiatives, Blog #2.

When I first arrived in the Philippines, I was overwhelmed by all the differences in daily life from what I was used to in Canada. I was in a perpetual state of anxiety about the assumption that I would have to "re-learn" seemingly simple tasks in order to live here. One of my concerns was in regard to grocery shopping and my inexperience with negotiating for groceries [at the time I was unaware that Quezon City had other options, and not just informal markets]. I was worried that I would not only have no idea what to buy, but that I wouldn't know how to communicate with retailers and, as a result, I would not be able to purchase anything and be forced to live off the protein bars I packed in my suitcase.

Much to my surprise, I started to notice a variety of grocery and food options throughout Quezon City, ranging from informal food markets to large sized supermarkets. At first, I thought that this was a sign of development and that the Philippines was reaping the benefits of globalization. However, as I started to think more about it, I realized that the benefits of supermarketization, as well as other forms of liberalization, may not be as great as I initially presumed.

The "supermarket revolution" in the Philippines began in the 1990s and, as a result, there has been an inevitable effect on access to food in millions of households.¹ Supermarketization offers convenience, a standard of quality, variety and, occasionally, lower costs for consumers. So the influx of supermarkets has had benefits and, in some instances, improved food security.

¹ Reardon, T., Timmer, C.P., & Minten, B. (2010). Supermarket revolution in Asia and emerging development strategies to include small farmers. *International Food Policy Research Institute*. Retrieved from www.pnas.org/cgi/doi/10.1073/pnas.1003160108

Supermarketization can also present a myriad of challenges in emerging markets; however for this blog, I will be focusing on two in particular. First, supermarkets are beginning to dominate and revolutionize food systems in parts of the world, which, under the current model will eventually lead to the exclusion of local farmers, due to a discrepancy in access to resources, ultimately, leading to their inability to compete. Second, from what I've seen, the price points for basic groceries in supermarkets are often unaffordable for much of the poor population. Together, these issues indicate potential for food insecurity in two significant demographics of the Filipino population - the poor and small farming households - either through inaccessibility to food or financial resources, respectively.

Supermarkets often source their products from dedicated wholesalers, farmers and processors. More than half of supermarket procurement is sourced from processors since the majority of what is sold in store is processed.² That leaves a small percentage dedicated to fresh produce, which is rarely procured from small farmers. Moreover, the few small farmers that are included in supermarket procurement are considered "asset elites" due to the financial resources at their disposal, which allows them to be able to supply fresh produce according to supermarket demand.³

In the Philippines, from what I understand, the issue here is that local farms are finding it increasingly difficult to participate in the competitive market due to challenges such as

² Reardon, T., & Gulati, A. (2008). The rise of supermarkets and their development implications: International experience relevant for India. *International Food Policy Research Institute*. Retrieved from <http://ageconsearch.umn.edu/bitstream/42479/2/ifpridp00752.pdf>

³ Reardon, T., & Gulati, A. (2008)

logistical issues of the current “local farm-to-market” supply chain infrastructure. Farmers complain about underdeveloped roads that are preventing them from transporting their goods in a timely manner.⁴ Moreover, the lengthy transport time also affects the quality of the produce delivered; meaning, the longer the commute to the market is, the less fresh and, in turn, sellable their product becomes. This is a major loss for farming households, impacting revenue generated and possibly placing unwarranted financial constraints.

In Quezon City, the informal food market consists of family owned/operated retailers that primarily supply fresh produce, as well as other foods. They come in the form of wet markets and open-air markets, as well as other small scale vendors such as *sari sari* stores. According to the Philippine Statistics Authority’s 2012 Census of Agriculture, there are 5.56 million farms/holdings, employing 12 million people (40% of the national workforce).^{5, 6} It can be presumed that the majority of those farms are not likely to be active members of the supermarketization of the Filipino food system.

The most recent poverty survey (2015) in the Philippines found that 26.3% of the population was living in poverty.⁷ To make matters worse,

⁴ Dignal, L.N., (2001). An analysis of the structure of the Philippine retail food industry. *Philippine Journal of Development*. 28(51).

⁵ Government of Philippines (2015). Special report: Highlights of the 2012 census of agriculture (2012 CA). *Philippines Statistics Authority*. Retrieved from: <https://psa.gov.ph/content/special-report-highlights-2012-census-agriculture-2012-ca>

⁶ Irin News (26 February 2013). Filipino - a dying breed. *Irin News*. Retrieved from <http://www.irinnews.org/feature/2013/02/26/filipino-farmers-dying-breed>

⁷ Chavez, J., Montes, M., Malaluan, N., Morales-Alikpala, C., Ofreneo, R., Viterbo-Quimbo, V., Reyes-Canto, J., Magno, C., Raya, R., Dargantas, B., Latuja, J., & Sta. Ana III, F., (2016). Economic transformation, equality, resilience: Challenges for

farmers are not only among the lowest income earners, but also have the highest incidences of sectoral poverty [alongside fishermen].⁸ With wealth gaps continuing to grow and supermarkets continuing to expand, there is a possibility that supermarkets will completely diminish the role of the informal markets. For example, when looking at the trajectory of supermarketization in other parts of the world, where supermarkets dominate, there is little space for small farms to compete and therefore they quickly become obsolete. Another issue is the rising food costs, if supermarkets push out small farms with subsequently lower food costs, how are low-income families guaranteed food security?

With this in mind, it is important for governments in developing countries to play a stronger role in regulating the food markets and realign policy and incentives with the private sector.⁹ In the Philippines, municipalities have acknowledged the importance of traditional retailers in providing food security for lower income families. As a result, the government has launched the ‘Neighborhood Food Terminals Program’, which established 40 terminals in the Metro Manila area.¹⁰ This allowed farmers to sell directly to consumers and be competitive in the wake of increases in supermarket presence. While this is a step in the right direction, farmers have still complained that infrastructure still remains poor and, consequently, it has been a challenge to utilize this program.¹¹

the Duterte administration and beyond. *Action for Economic Reforms*.

⁸ *ibid.*

⁹ Rockefeller Foundation (2013). Unhealthy developing world food markets. *Rockefeller Foundation*. Retrieved from:

<https://www.rockefellerfoundation.org/app/uploads/Unhealthy-Developing-World-Food-Markets.pdf>

¹⁰ Dignal, L.N. (2001).

¹¹ Reardon, T., & Gulati, A. (2008).

As a foreigner in Quezon City, I have to say that I appreciate the abundance of supermarkets found here because it is extremely convenient and makes life easier for me. I would also like to add that I understand that this blog does not provide an exhaustive review of the intricate food system in the Philippines and it is likely that I have overlooked an aspect of it that is important to this ongoing discussion of food security in the Philippines. I feel as though my research thus far, and the conversations I have had with locals, has motivated me to reconsider using supermarkets for my groceries for the remainder of my stay in Quezon City.