

SERIES #01, 2019



**Rice Competitiveness  
Enhancement Fund (RCEF)**

# Philippine Rice Industry Situation





## **1. How many hectares of the country's land area is devoted to rice farming?**

The country has 4.8 million hectares of area harvested; 3.29 million of which are irrigated; 1.51 million, non-irrigated covering rainfed and upland (Philippine Statistics Authority [PSA], 2018).

## **2. How many rice farmers in the Philippines?**

There are 2.9 million rice farmers and workers in the country (2015 Labor Force Survey). DOF estimates that 1.1 million of them are net rice consumers who produce rice at less than the consumption per capita (109.5kg/year; PSA, 2016).

## **3. Can the Philippines produce as much rice as Thailand and Vietnam?**

There are provinces that can produce competitively, but in general, the Philippines is not as competitive in the rice industry when compared with Thailand and Vietnam because of the following:

- Our geography is less favorable for rice planting because the Philippines is more mountainous than our rice-producing neighbors.
- The country has no natural irrigation as massive as the irrigation supplied by the expansive Mekong River in Vietnam.
- The Philippines experiences about 20 typhoons and seasonal drought in a year that damage harvests.
- The Philippines has a history of land inequality that creates distortion in land ownership.
- Our annual population growth is almost 2%, which consistently increases our demand for food. In 1970, the Philippines and Thailand have almost the same population at 36 million. As of 2018, our population is at 106 million, while Thailand is at 69.04 million.

## **4. What is the current average yield and rice production cost?**

In 2017, the average rice yield in the Philippines is 4t/ha, with 29 provinces having an average yield of greater than 4t/ha; 39 provinces, 3–3.9t/ha; and 14 provinces, less than 3t/ha.

The average production cost/kg is at P12.42, with 34 provinces producing rice at less than P12/kg; 44 provinces, P12-17/kg; and 4 provinces, more than P17/kg (PSA, 2017).

## 5. How do we fare compared with the best rice-producing provinces in Thailand and Vietnam in terms of production cost?

The average total production cost in Nueva Ecija, Philippines is P12.41/kg. This is significantly higher than in Suphan Buri, Thailand and Can Tho, Vietnam, which are at P8.85/kg and P6.53/kg, respectively. The main contributor to this huge disparity is the high price of labor, which is more than P3 higher than in Thailand and Vietnam. Higher land rent is another contributor at P2.11/kg compared with Thailand's P1.89/kg and Vietnam's P1.49/kg (Bordey, Moya, Beltran, & Dawe, 2016).

**Table 1.** Rice production cost in the Philippines, Thailand, and Vietnam

Costs (P/kg)	Nueva Ecija, Philippines	Suphan Buri, Thailand	Can Tho, Vietnam
Seed	0.58	1.12	0.44
Fertilizer	1.94	1.56	1.36
Pesticide	0.36	0.90	0.87
Hired Labor	3.76	0.66	0.46
Operator, Family, and Exchange Labor	0.66	0.65	0.81
Animal, Machine, Fuel, and Oil	1.73	1.66	0.81
Irrigation	0.45	0.14	0.08
Interest on Capital	0.43	0.07	0.08
Others	0.40	0.20	0.13
<b>Total Cost/kg</b>	<b>12.41</b>	<b>8.85</b>	<b>6.53</b>
Paid-out Cost/kg	9.21	6.24	4.15
<b>Farmgate Price (14% Moisture Content)</b>	<b>17.19</b>	<b>14.09</b>	<b>9.64</b>
Net Profit	4.78	5.24	3.11
Net Above Paid-out Cost	7.98	7.85	5.49

Source: Bordey, Beltran, & Dawe, 2016, Editors, 2016, *Competitiveness of Philippine Rice in Asia*. Science City of Muñoz, Philippines

## 6. How do we fare compared with Thailand and Vietnam in terms of marketing cost?

Total marketing cost in the Philippines is P4.63/kg, P2.09/kg (45%) of which are transport and milling costs at P1.38/kg (29%). This (P4.63/kg) is considerably higher than the total marketing cost of Thailand (P2.73/kg) and Vietnam (P3.78/kg).

**Table 2.** Rice marketing cost in the Philippines, Thailand, and Vietnam

Item	Philippines	Thailand	Vietnam
Drying cost (P/kg)	0.26	0.33	0.52
Transport cost (P/kg)	2.09	1.08	1.76
Milling cost (P/kg)	1.38	0.89	0.93
Storage cost (P/kg)	0.19	0.20	0.23
Packaging cost (P/kg)	0.45	0.14	0.22
Cost of working capital (P/kg)	0.27	0.09	0.11
<b>Total marketing cost (P/kg)</b>	<b>4.63</b>	<b>2.73</b>	<b>3.78</b>
Returns above major cost (P/kg)	4.43	2.54	0.77
<b>Gross marketing margins (P/kg)</b>	<b>9.06</b>	<b>5.27</b>	<b>4.55</b>

Source: Bordey, Beltran, & Dawe, 2016, Editors, 2016, *Competitiveness of Philippine Rice in Asia*. Science City of Muñoz, Philippines

## 7. What is the total projected rice consumption in the Philippines?

In 2018, total consumption of rice was at 13.4MMT. This is projected to reach 13.9MMT in 2019 and 15.9MMT by 2030 as population increases.

**Table 3.** Projected rice consumption, in MMT (million metric tons)

Year	Projected rice consumption in the Philippines (MMT)
2019	13.91
2022	14.45
2026	15.58
2030	15.88

Source: *Philippine Rice Industry Roadmap, 2030*

## 8. What is the current price of rice in the market?

Summary of farmgate, regular wholesale, and regular retail prices of palay and rice (P/kg) from January 30 to February 5, 2019.

Region/ Province	Farm Prices  Palay (dry)	Wholesale Prices				Retail Prices			
		Special Rice	Premium Rice	WMR	RMR	Special Rice	Premium Rice	WMR	RMR
<b>PHILIPPINES</b>	19.70	51.69	45.49	41.49	38.18	54.74	48.46	44.87	41.14
<b>Metro Manila</b>	-	50.80	43.00	41.20	37.50	58.00	47.00	44.00	40.00
<b>CAR</b>	19.67	54.00	60.00	42.00	39.50	53.33	47.00	47.11	41.67
<b>I. Ilocos Region</b>	21.50	-	51.00	39.50	37.00	52.67	52.00	41.25	38.50
<b>II. Cagayan Valley</b>	20.45	51.00	45.00	41.48	37.52	53.00	47.00	45.25	39.08
<b>III. Central Luzon</b>	20.21	49.80	44.50	41.64	37.64	51.20	46.00	43.21	39.57
<b>IV-A CALABARZON</b>	20.29	50.32	44.30	41.36	35.76	55.00	47.50	44.00	40.00
<b>IV-B MIMAROPA</b>	19.33	55.00	44.00	40.73	37.56	58.00	49.67	44.24	41.20
<b>V. Bicol Region</b>	20.10	46.97	45.22	40.00	37.59	51.33	46.83	43.67	40.00
<b>VI. Western Visayas</b>	19.22	50.00	45.00	39.60	37.30	58.50	46.00	44.75	40.67
<b>VII. Central Visayas</b>	20.14	59.40	46.70	42.10	39.10	65.00	51.75	47.00	42.75
<b>VIII. Eastern Visayas</b>	26.00	78.00	46.85	43.71	41.04	90.00	51.20	47.50	43.50
<b>IX. Zamboanga Peninsula</b>	19.18	49.60	45.00	42.10	38.25	53.75	51.33	47.25	42.50
<b>X. Northern Mindanao</b>	19.63	50.50	46.42	42.21	38.56	52.00	49.00	46.00	41.60
<b>XI. Davao Region</b>	19.22	-	46.00	44.19	39.16	-	50.00	46.20	42.40
<b>XII. SOCCSKSARGEN</b>	17.18	-	40.67	36.50	35.19	50.00	44.67	40.88	38.33
<b>CARAGA</b>	17.00	-	44.50	41.25	37.15	-	47.25	43.25	39.50
<b>ARMM</b>	16.00	49.17	46.03	44.10	42.75	50.33	48.75	46.00	46.00

WMR: Well-milled rice; RMR: Regular-milled rice

Source: PSA, 2019

## 9. What is the impact on rice prices when rice trade is liberalized?

As of February 5, 2019, the average wholesale price of local regular-milled rice is P38.18/kg. When the rice market opens, it is projected that the wholesale price of rice will be P32.54/kg.

Item	Average	Average (P/kg)	Percent to sub-total
FOB price of 25% broken (US\$/t)	375.00	19.50	50.9
+ Freight Cost (US\$/t)	32.50	1.69	4.4
+ Surveyor's Fee (US\$/t)	1.00	0.05	0.1
+ Insurance Cost (US\$/t)	5.00	0.26	0.7
+ Integrated Cargo Handling Costs (US\$/t)	30.00	1.56	4.1
<b>Landed Cost of Imported Rice (US\$/t)</b>	<b>443.50</b>	<b>23.06</b>	<b>60.2</b>
Peso-Dollar Official Exchange Rate	52.00		
Cost of commodity, freight, and insurance (P/t)	23,062.00	23.06	70.9
+ Tariff payment (P/t)	8,071.70	8.07	24.8
<b>CIF + Tariff payment (P/t)</b>	<b>31,133.70</b>	<b>31.13</b>	<b>95.7</b>
+ Estimated transport cost (P/t)	1,395.65	1.40	4.3
<b>Import Parity Price/ Price at Wholesale Market (P/Mt)</b>	<b>32,529.35</b>	<b>32.53</b>	

Source: *Philippine Rice Industry Roadmap, 2030*

## 10. What is the government's budget allotted for rice?

In 2018, P60 billion was allotted for the national rice program, irrigation, and National Food Authority. In addition, the Rice Competitiveness Enhancement Fund (RCEF ) or Rice Fund will provide at least P10 billion with an annual appropriation of six years. This will not replace any existing program by the DA and other agencies for rice and rice farmers.

## 11. What kind of rice will be imported in the Philippines?

In RA 11203, the definition of rice was based on the Harmonized Commodity Description and Coding System (HS) heading 10.06. Here, it was specified that rice includes rice in the husk (paddy or rough), husked (brown) rice, semi-milled or wholly-milled rice, whether polished or glazed, and broken rice.

If in case, rice seeds as planting materials are allowed to be imported, the Seed Industry Development Act (SIDA) or RA7308 shall stand, because it is not repealed by the Rice Tariffication Law. Under Section 15 of the SIDA, it is stated that "Importation in commercial quantities of species of seeds that are being produced locally, except seeds difficult to grow under ordinary conditions or when allowed by the Council" is prohibited.

A more detailed description of the restriction is written in the IRR of the SIDA, under Article 42, sections 1-4.

# NOTES

---

# NOTES



We are a government corporate entity (Classification E) under the Department of Agriculture. We were created through Executive Order 1061 on 5 November 1985 (as amended) to help develop high-yielding and cost-reducing technologies so farmers can produce enough rice for all Filipinos. With our "Rice-Secure Philippines" vision, we want the Filipino rice farmers and the Philippine rice industry to be competitive through research for development (R4D) work in our central and seven branch stations, including our satellite stations, coordinating with a network that comprises 60 agencies strategically located nationwide. We have the following certifications: ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and OHSAS 18001:2007 (Occupational Health and Safety Assessment Series).

## CONTACT US:

---



0917-111-7423

**PHILRICE CENTRAL EXPERIMENT STATION**  
Maligaya, Science City of Muñoz, 3119 Nueva Ecija  
Tel: (44) 456 -0277 • Direct line/Telefax: (44) 456-0354

### BRANCH STATIONS :



[www.philrice.gov.ph](http://www.philrice.gov.ph)  
[www.pinoyrice.com](http://www.pinoyrice.com)

**PHILRICE BATAAC**, MMSU Campus, Batac City, 2906 Ilocos Norte  
Telefax: (77) 772-0654; 670-1867; Tel: 677-1508  
Email: [batac.station@philrice.gov.ph](mailto:batac.station@philrice.gov.ph)



[rice.matters](https://www.facebook.com/rice.matters)

**PHILRICE ISABELA**, Malasin, San Mateo, 3318 Isabela  
Mobile: 0908-875-7955; 0927-437-7769  
Email: [isabela.station@philrice.gov.ph](mailto:isabela.station@philrice.gov.ph)



PhilRiceTV

**PHILRICE LOS BAÑOS**, UPLB Campus, College, 4030 Laguna  
Tel: (49) 536-8620; 501-1917; Mobile: 0920-911-1420  
Email: [losbanos.station@philrice.gov.ph](mailto:losbanos.station@philrice.gov.ph)



[prri.mail@philrice.gov.ph](mailto:prri.mail@philrice.gov.ph)

**PHILRICE BICOL**, Batang, Ligao City, 4504 Albay  
Tel: (52) 284-4860; Mobile: 0918-946-7439  
Email: [bicol.station@philrice.gov.ph](mailto:bicol.station@philrice.gov.ph)

**PHILRICE NEGROS**, Cansilayan, Murcia, 6129 Negros Occidental  
Mobile: 0949-194-2307; 0927-462-4026  
Email: [negros.station@philrice.gov.ph](mailto:negros.station@philrice.gov.ph)

**PHILRICE AGUSAN**, Basilisa, RTRomualdez, 8611 Agusan del Norte  
Telefax: (85) 343-0768; Tel: 343-0534; 343-0778  
Email: [agusan.station@philrice.gov.ph](mailto:agusan.station@philrice.gov.ph)

**PHILRICE MIDSAYAP**, Bual Norte, Midsayap, 9410 North Cotabato  
Telefax: (64) 229-8178; 229-7241 to 43  
Email: [midsayap.station@philrice.gov.ph](mailto:midsayap.station@philrice.gov.ph)

**PHILRICE FIELD OFFICE**, CMU Campus, Maramag, 8714 Bukidnon  
Mobile: 0916-367-6086; 0909-822-9813

**LIAISON OFFICE**, 3rd Flor. ATI Bldg, Elliptical Road, Diliman, Quezon City  
Tel/Fax: (02) 920-5129

### SATELLITE STATIONS:

**MINDORO Satellite Station**, Alacaak, Sta. Cruz, 5105 Occidental Mindoro  
Mobile: 0917-714-9366; 0948-655-7778

**SAMAR Satellite Station**, UEP Campus, Catarman, 6400 Northern Samar  
Mobile: 0948-754-5994; 0929-188-5438

**ZAMBOANGA Satellite Station**, WMSU Campus, San Ramon, 7000 Zamboanga City  
Mobile: 0975-526-0306; 0910-645-9323

