



DA-PhilRice-IRRI Collaboration For rice research and development

Cross-country research

Benchmarking the Philippine rice economy relative to major rice-producing countries in Asia

Benchmarking Philippine competitiveness relative to its neighbors in Southeast Asia provides insight into policies and corresponding investments in order to strengthen the rice industry. A better understanding of these factors will guide decisions toward best positioning the Philippines' interests in rice for food security. It will guide policymakers and planners in crafting programs that will sustain the gains of the rice sector strategy of the Philippine Department of Agriculture (DA).

The Philippines has been historically a net importer of rice, as domestic production cannot sufficiently meet demand. In the late 1960s, it became a marginal rice exporter due to rapid growth in production as a result of widespread adoption of modern rice varieties during the period. Growth in rice production, however, slowed down in the mid-1980s to the late 1990s and brought the country back to being a marginal rice importer. Since the early 1990s until the late 2000s, the ratio of rice imports against total consumption increased.

Why does the Philippines import rice?

Despite the agricultural nature of the nation's economy and the presence of two research centers on rice in the country, why does the Philippines still import rice? It's a question many Filipinos ask.

Experts have conjectured that geography has a lot to do with this, pointing out that major rice-exporting countries (Thailand, Vietnam, Cambodia, and Myanmar) are all on the Southeast Asian mainland while traditional importers are either archipelagos of thousands of islands (the Philippines and Indonesia) or a peninsula (Malaysia).

In addition, rice-exporting countries in SEA have large portions of their agricultural land devoted to rice production; agricultural areas in



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rice-importing countries are more diversified. The Philippines also has more people to feed per unit rice area compared to exporting nations.

Updates

The project aims to assess the competitiveness of Philippine rice relative to those of selected rice-producing countries in Asia. Major findings of the project are that production cost per kilogram of paddy in the Philippines, as represented by Nueva Ecija—the country's gold standard in rice production—was higher than in similarly intensively cultivated sites such as Can Tho, Vietnam; Suphan Buri, Thailand; Tamil Nadu, India; Zhe Jiang, China; and West Java, Indonesia.

Although production cost in Nueva Ecija is lower (PHP 12.41) than in other rice-importing countries, such as China (PHP 14.07) and Indonesia (PHP 15.77), it is still significantly higher than in exporting countries such as India (PHP 8.87), Thailand (PHP 9.46), and Vietnam (PHP 6.53) per kilogram of dry paddy. Labor and mechanization account for the cost difference between the Philippines and exporting countries. The Philippines spends much more on labor for transplanting and harvesting than countries (exporters) that have mechanized these process.

Findings also indicate that rice prices in the Philippines are high due to the high price of paddy and high marketing costs—results of lower economies of scale, underutilized rice mills, high costs of transportation, and high working capital.

It was also found that rice produced in Nueva Ecija is unable to compete pricewise in wholesale markets in Manila that sell imported rice from Vietnam, Thailand, or India, even with a 35% tariff. A 75% tariff is needed to ensure competitiveness.

Higher yields from use of better seeds or growing hybrid rice and reducing labor costs through direct seeding and use of combine harvesters/ threshers have been found to be crucial in improving competitiveness and farmer profit. Improving milling efficiency and capacity utilization are also important.

Available publications

Competitiveness of Philippine Rice in Asia

Changes in rice farming in the Philippines: Insights from five decades of a household-level survey

Rice self-sufficiency under the lens of provincial analysis: A new way of looking at the national rice security

Is the Philippines' leading rice-producing province faring good enough?

Partners

Department of Agriculture

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November 2016

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