



INTEGRATED RURAL  
DEVELOPMENT



NATIONAL MOVEMENT  
FOR FOOD  
SOVEREIGNTY

## SUPPORT FILIPINO RICE FARMERS, REJECT FREE-FOR-ALL IMPORTATION

*October 11, 2018*



reject

Last October 9, 2018 President Duterte ordered to put an end to restrictions on rice imports. The President approved the “unimpeded” importation of rice into the country during the 30<sup>th</sup> Cabinet meeting, supposedly as a measure to ease the soaring inflation which has been rising for months.

We, from the National Movement for Food Sovereignty (NMFS) express our deep concern on the President’s sudden proclamation allowing free importation of rice despite the fact that the bill allowing the tariffication of rice is still pending in the Senate.

The President’s recent directive spells doom for more than 3 million rice farmers who stand to lose in an era of “unimpeded” rice importation, where big companies such as San Miguel Corporation, and rice cartels are the ones to profit from mega rice import transactions. Higher production costs due to TRAIN and the rising fuel costs have already eroded whatever meager

earnings rice farmers have. In 2017, the Philippine Statistics Authority reported net returns from palay farming at only PhP 25, 193 and PhP 21,743 during the dry and wet season respectively or a total of **P 46,936.00 annually**. PIDS projections on the impact of rice tariffication reveals a 29% reduction in income for every P4/kg decrease in farmgate price of palay, which means annual rice income will decline to **PhP33,325.00** or from **PhP 3,911/month** to **P2,777/ month** equivalent to an income loss of **P13,611/year**.

The proposed scheme for cash transfer /decoupled payment to farmers in the event of tariffication of **P9,500/hectare will not even compensate for this loss**.

Since most farmers are highly indebted and are dependent on traders and financiers for their production capital, further reduction in their incomes would result to increased indebtedness that could disastrously lead to mortgaging, selling and conversion of farmlands. Most of our farmers are ageing and lack the skills and education that could enable them to shift easily from farming to other occupation. The President's call for free importation thus spells death to the livelihoods of already impoverished small-scale rice farmers.

On the longer-term, rice tariffication may actually induce reduction in domestic rice output that could trigger further rice price increases, especially when supply tightens. Our country could not rely on the international market for our food security, since international rice trade accounts for only 5% - 6% of global rice production. Moreover, international rice prices have been increasing steadily in recent years suggesting that factors such as speculation that led to the unprecedented food price increases in 2008-2009 still persist. FAO Rice Price Update shows that international rice prices from 2017 (Jan-Sept) to 2018 (Jan-Sept) jumped from \$366/metric ton to \$417/mt for Vietnam 5% broken suggesting a 13.7% increase.

Hence, even if rice imports flood the market, there is no assurance that domestic rice prices may indeed fall to their 2017 levels (at P42/kg retail price of well milled and P38/kg regular milled rice). The 2009 rice imports that reached to almost 2 million metric tons did not tame down rice prices that rose to P40/kg from P30/kg in 2007 – 2008. MAV imports of around 600,000 metric tons in 2016 and 888,000 metric tons in 2017 have not even driven domestic prices down at **P41.72 and P42. 55 in 2016 and 2017 respectively** for well-milled rice (PSA), suggesting that supply and demand is not the only determinant of price. Evidences point to price manipulation of traders and cartels often lead to price spikes that affect the welfare both of producers and consumers.

Thus, we call on the President that rather than unilaterally declaring free importation without respecting the on-going legislative process and consultation with major stakeholders, government should instead focus on strengthening the country's domestic capacity to produce rice, by providing small-scale farmers sufficient support in the form of seeds and fertilizer subsidy, fuel subsidy, price support, functioning irrigation systems, farm machineries and credit. Government should aim at reducing production cost of rice farmers now at P12.40/kg compared to only P6/kg for Vietnamese farmers.

To reduce price speculation and uncontrolled rice price spikes, government should make good at going after and prosecuting unscrupulous traders. Giving them more economic clout by allowing them to import any volume is tantamount to protecting and encouraging their nefarious and profiteering activities.

Protect the Filipino rice farmers and regulate rice prices to ensure that every Filipino has access to affordable rice at all times.

**BusinessMirror** BusinessMirror

# Two Iligan City traders nabbed for 'hoarding'

By [Jasper Y. Arcalas](#)

October 12, 2018

THE government has seized 40,000 bags of rice in four warehouses and arrested two Iligan City-based traders who were allegedly hoarding the stockpile, according to the Department of Agriculture (DA).

Agriculture Secretary Emmanuel F. Piñol said an interagency government group made the successful operation on October 11. The two traders, a Filipino-Chinese and a Taiwanese, would be charged with hoarding, profiteering and involvement in cartel operations, according to Piñol.

“NFA [National Food Authority] Acting Administrator Tomas Escarez said the rice stocks of Filipino-Chinese businessman Sonia C. Payan and Taiwanese trader Jhonny D. Tan kept in four warehouses in Iligan City were seized by the government,” he said in a Facebook post.

“Escarez said the documents in the possession of the two traders were inconsistent with their stock inventory and appeared spurious prompting the NFA to order the seizure,” Piñol added.

Citing Escarez, the DA chief said Payan and Tan are the first people to be arrested in the administration’s intensified campaign against rice hoarding.

“The arrest of the suspected hoarders and the seizure of the rice stocks was the first major accomplishment of the government team involved in the campaign against rice hoarding,” Piñol said.

The interagency government team against rice hoarding, cartel and smuggling is comprised of members of the National Intelligence Coordinating Agency, the National Bureau of Investigation, the Bureau of Customs, the Philippine National Police, the Philippine Ports Authority, the Philippine Coast Guard, NFA and the Departments of Labor and Employment and of Trade.

## Crackdown

IN a statement on Thursday, **the National Movement for Food Sovereignty (NMFS)** urged the government to strengthen its crackdown on unscrupulous traders to shield farmers from unfair rice trade.

“To reduce price speculation and uncontrolled rice price spikes, the government should make good at going after and prosecuting unscrupulous traders,” the NMFS said. “Giving them more economic clout by allowing them to import any volume is tantamount to protecting and encouraging their nefarious and profiteering activities.”

The NMFS argued that flooding the market would not be sufficient to bring down the high retail prices of rice. It explained that price manipulation by big traders and cartels is big a factor to price spikes.

As an example, the group cited the 2008 to 2009 rice crisis, wherein the government’s importation of about 2 million metric tons (MT) was not enough to reduce the prevailing retail prices that have risen to P40 per kilogram from P30 kilogram (kg).

“[Minimum access volume] imports of around 600,000 MT in 2016 and 888,000 MT in 2017 have not even driven domestic prices down at P41.72 per kg and P42.55 per kg in 2016 and 2017, respectively, for well-milled rice, suggesting that supply and demand is not the only determinant of price,” it said.

“[Pieces of evidence] point to price manipulation of traders and cartels often lead to price spikes that affect the welfare both of producers and consumers,” the NMFS added.

<https://businessmirror.com.ph/two-iligan-city-traders-nabbed-for-hoarding/>

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**MANILA  
BULLETIN**

## Open rice importation favors big firms

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By *Madelaine B. Mirafior*

The “unimpeded” rice importation order of President Rodrigo Duterte did not only prompt an altercation between Finance Secretary Carlos Dominguez III and Agriculture Secretary Emmanuel Piñol but also fueled concerns that it could negatively impact local farmers and the country’s domestic output.



Such order, a couple of non-government organizations (NGOs) agreed, will only benefit companies like San Miguel Corp. (SMC) and AgriNurture, Inc. (ANI), which have openly expressed their interest to import rice.

In a statement, the **National Movement for Food Sovereignty (NMFS)** and the **Integrated Rural Development Foundation (IRDF)** raised concern over Duterte’s sudden proclamation on allowing free importation of rice despite the fact that the bill allowing the tariffication of rice is still pending in the Senate.

During a Cabinet meeting on Monday, Duterte ordered to put an end to restrictions on rice imports supposedly as a measure to ease the soaring inflation, which recently surged to its fastest level in nearly a decade.

NMFS and IRDF said in a joint statement that Duterte's recent directive spells doom for more than three million rice farmers, while it supports the plan of big companies such as SMC and rice cartels to conduct "mega rice import transactions."

The groups have claimed that rice farmers are already suffering from higher production costs due to Tax Reform for Acceleration and Inclusion (TRAIN) law and the rising fuel cost.

In 2017, a data from the Philippine Statistics Authority (PSA) showed that net returns from palay farming stand only at only P25,193 and P21,743 during the dry and wet season respectively or a total of P46,936.00 annually.

This could be further lowered once the country liberalized rice importation through the passage of Agriculture Tariffication Act.

Based on the projection of Philippine Institute for Development Studies (PIDS), the impact of rice tariffication could reduce a farmer's annual rice income to P33,325.00.

"The proposed scheme for cash transfer/decoupled payment to farmers in the event of tariffication of P9,500 per hectare will not even compensate for this loss," the joint statement reads.

Right now, since most farmers are highly indebted and are dependent on traders and financiers for their production capital, further reduction in their incomes would result to increased indebtedness that could lead to mortgaging, selling, and conversion of farmlands.

"Most of our farmers are ageing and lack the skills and education that could enable them to shift easily from farming to other occupation. The President's call for free importation thus spells death to the livelihoods of already impoverished small-scale rice farmers," NMFS and IRDF further said.

On the longer term, it is also feared that rice tariffication may induce reduction in domestic rice output that could trigger further rice price increases, especially when supply tightens.

"Our country could not rely on the international market for our food security, since international rice trade accounts for only 5 percent-6 percent of global rice production. Moreover, international rice prices have been increasing steadily in recent years suggesting that factors such as speculation that led to the unprecedented food price increases in 2008 to 2009 still persist," NMFS and IRDF further said.

Food and Agriculture Organization rice price update shows that international rice prices from 2017 (January to September) to 2018 (January to September) jumped from \$366 per metric ton (MT) to \$417 per MT for Vietnam's five percent broken rice, suggesting a 13.7 percent increase.

The statement of NMFS and IRDF are in line with the stand of Piñol, who thinks the country can't rely on importation to supply the growing demand for rice.

For his part, Dominguez said that rice tariffication and reforms in food policy are needed to address the repeated rice supply problems.

The rice tariffication bill, once passed into law, is expected to liberalize the importation of rice in the country by imposing a corresponding tariff rate of 35 percent.

<https://business.mb.com.ph/2018/10/13/open-rice-importation-favors-big-firms/>