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Striking the Balance: Philippine Rice Policy between Farmers' Livelihoods, Consumer Welfare, and National Self-Sufficiency

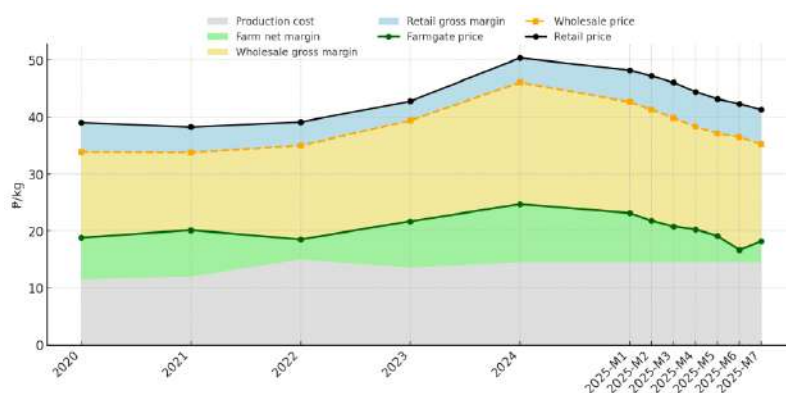
IRRI Rice Market Brief #2 – Sep 15, 2025

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Striking the Balance: Philippine Rice Policy between Farmers' Livelihoods, Consumer Welfare, and National Self-Sufficiency

- The Philippines imposed a 60-day rice import suspension (Sept–Oct 2025) through Executive Order (EO) No. 93 to protect local farmers by allowing the domestic market to absorb the supply from the on-going harvest season, after unmilled rice prices collapsed to ₱16–₱18/kg by July 2025 while retail milled rice stayed above ₱40/kg. What will be the effects internally and externally?
- The halt temporarily removed one of the world's biggest buyers from the market, adding downward pressure on already weak global rice prices. We expect global prices will drop further with this move.
- The import suspension underscores Philippines's push for greater rice self-sufficiency, forcing the market to prioritize local harvest and stabilize rice prices, but is this only an import pause?
- Markets suggest the ban may extend beyond November 1, and a return to a 35% tariff is under discussion - adding risk for those waiting to re-import after the ban.

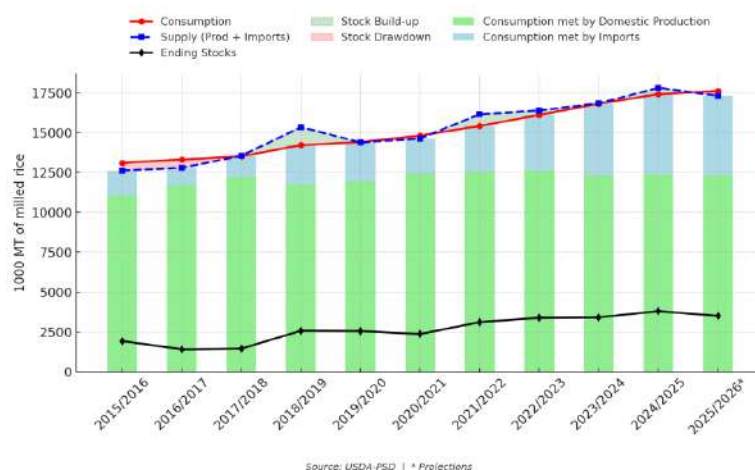
Rice import suspension: On August 29, 2025, President Ferdinand R. Marcos Jr. ordered a 60-day suspension of rice imports effective September 1 to October 30, 2025¹. This temporary ban covers imports of regular-milled and well-milled rice, with the aim to protect Filipino rice farmers amid a bumper local harvest and foreign markets oversupplied with cheap rice. Domestically, the Department of Agriculture (DA) expects 2025's total



Source: PSA

unmilled rice harvest to exceed 20.46 million MT, surpassing earlier forecasts². In mid-2025, some traders even slashed buying prices of dry and unmilled rice to ₱8–₱10 per kg³, well below production costs (₱12–₱14 per kg)⁴, prompting urgent government intervention. The ban exempts basmati, glutinous, and japonica rice⁵. The policy aims to guide private millers and traders to buy domestic rice during the main harvest (Sept–Oct), shoring up farmgate prices. Suspension will also allow for a drawdown of existing rice inventories to make room for the new harvest. Many commercial warehouses – and the National Food Authority (NFA)'s own one million MT of storage capacity – are nearly full going into the harvest^{6,7}. In this context, DA Secretary Francisco Tiu Laurel, Jr. has proposed a comprehensive reform package to amend the Rice Tariffication Law aiming to restore a more balanced government market intervention and to support the entire rice value chain. Broader efforts also include modernizing the NFA, streamlining the Rice Competitiveness Enhancement Fund (RCEF), reinforcing extension services, and strengthening measures for increased farmer protection and consumer welfare. The proposed 2026 budget allocation to increase the competitiveness of the rice sector significantly underscores the scale of this vision.

Impact on Domestic Rice Prices: The import suspension has been reported to be triggered by a widening gap between falling farmgate prices and retail prices. Farmgate rice prices in the Philippines declined steeply from 2023 to mid-2025. By July 2025, rice farmgate prices had slipped down to roughly ₱16–₱18/kg (dry basis) from ₱23–₱24/kg in January 2025⁸. Farmers were selling close or some even below production cost. Meanwhile, retail rice prices remained above ₱40/kg throughout this period, despite some easing⁸. This means that cost savings from cheap imports were not fully passed on to consumers either – traders and retailers captured most of the benefit. Even as farmgate prices plunged, ~20–25%, retail prices in early 2025 were only ~6–13% lower than a year prior⁸. The suspension is expected to lift rice prices paid to Filipino farmers (improving rural incomes) while having a manageable impact on rice consumers in this short term. The longer-term effects are more complicated and more difficult to predict in their overall effect.



Impact on International Rice Trade: The Philippines' import hiatus comes amid a softening of global rice prices. Global benchmark prices for 5% broken white rice from the top exporters (India, Vietnam, Thailand) fell roughly 30% from their early-2024 peak by August 2025^{5,9}. Prices have fallen more than \$150 PMT over the last year. Asian exporters such as Vietnam and Thailand are grappling with thinner profit margins and rising stockpiles⁹. Notably, Vietnamese exporters are anxious about the Philippine ban, as the Philippines is their top market. With roughly 2.85 MMT already shipped to the Philippines in 2025 before the ban⁵, losing two months of sales forces Vietnam (and other suppliers) to seek alternative buyers or hold stocks. The uncertainty is compounded by record global rice supplies. Many exporters face a storage glut⁹. Thus, the ban accelerates a buyers' market dynamic – importers can delay purchases or bargain for lower prices given abundant options, while exporters confront rising unsold stocks and carrying costs that change the trade equation.

Short-Term Outlook for 2025/26: Domestic milled rice production in the Philippines is estimated at around 12.3 MMT, while consumption requirements are closer to 17.6 MMT¹⁰, leaving a structural gap that must be met. In the near-term, the global rice market is expected to remain amply supplied and relatively soft in price. The short-term outlook (MY 2025/26) in the Philippines hinges on the success of the wet-season harvest and the management of rice stocks post-ban. If the September–October 2025 harvest meets expectations, local supply should be sufficient to temper retail prices through the ban period. Once the 60 days lapse, the Philippines will more likely resume imports (November onwards) to augment holiday-season supply and rebuild buffers. Exporters can anticipate a surge of deferred demand at that point. However, given the global glut, any Philippine buying spree is unlikely to drastically lift international prices – exporters in India, Vietnam, and Thailand all have ample inventories ready to ship. We are in a very dynamic time for the global rice markets and one must be assured to delicately balance the effects of key moves as they could have dramatic effects, which could be felt for years to come.

Sources: ¹PNA, 30.08.2025, ²Business World, 14.08.2025, ³Business Mirror, 25.08.2025, ⁴Philippines Statistic Authority (PSA), ⁵The Rice Trader, 25.08.2025, ⁶DA, 10.03.2025; ⁷PNA, 06.08.2025; ⁸Philippines Statistic Authority (PSA); ⁹IRRI Market Brief #1, 03.09.2025; ¹⁰USDA-PSD

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