

**Bumper rice harvest puts pressure on Philippines**  
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Rice prices in the Philippines have climbed over the last three months. Rice prices in the Philippines have risen for six straight weeks, piling pressure on the government to import more of the national staple to stabilise markets and curb inflation already at two-year highs.

While bumper harvests in other countries have stoked a global rice glut, prices in the Philippines have climbed around 4% in the last three months after Typhoon Haiyan devastated key growing regions and as the government clamps down on smugglers looking to avoid hefty taxes.

Increased purchases by the Philippines, one of the world's largest rice buyers, would help ease global oversupply, with Vietnam and Thailand likely to bid aggressively for any new deal from their Southeast Asian neighbour.

National Food Authority spokesman Rex Estoperez confirmed media reports that Manila has since late January doubled the amount of rice it has been releasing into markets from stockpiles most days, looking to curb price gains.

"Private traders are running out of stocks, that's why we have released (more) rice into the market from our warehouses," he said.

That has further drained NFA stocks that had dwindled to around 275,000 tonnes at the start of the year – equivalent to eight days' worth of consumption, nearly half normal levels. Figures for January are due to be released next week.

The US Department of Agriculture has already said it expects Philippine imports to hit 1.4 million tonnes in 2014, which would be the highest in four years.

The country has yet to confirm any purchases beyond 500,000 tonnes it bought from Vietnam in a government-to-government deal in November.

Vietnam, the world's second-biggest rice exporter after India, is traditionally the Philippines' biggest supplier as it usually offers cheaper rice.

For Thailand, a deal to sell rice to the Philippines would help offload some of its huge reserves and raise much-needed money to pay farmers that participated in a controversial subsidy scheme.

The average retail price of well-milled rice in the Philippines rose a further 1.2% in February from the previous month to 40.12 pesos (RM2.95) per kilogramme, and was up 13.7% from a year ago, data from the Bureau of Agricultural Statistics showed today.

Estoperez said the NFA had doubled the rice allocated each day to government accredited outlets to 2,500 kilogramme per location. Details on the number of accredited outlets in the Philippines were not immediately available.

He also noted that government moves to crack down on smugglers had pushed prices higher. Philippines' customs have been on a drive to curb smuggling that has been rife as some importers look to avoid a whopping 40% duty on private shipments of rice and to get around a quota system.

Critics have long argued the tariff should be reduced to encourage legal imports, but President Benigno Aquino's government says it is necessary to support local farmers.

Climbing rice and fuel costs have driven up inflation in the Philippines, with its central bank predicting annual inflation to have reached its highest in more than two years in February. – Reuters, March 4, 2014.

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