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Report Name: Between Harvests - Panama's Precarious Rice Supply

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Report Highlights:

This report evaluates the critical status of Panama’s rice supply chain for the 2026 cycle. Data from the National Association of Rice Millers (ANALMO) and the Agricultural Marketing Institute (IMA) indicate a structural deficit during the third quarter (Q3). To prevent a national stockout, Panama must navigate a complex landscape of local production cycles and inventory depletion, high per-capita demand, and restrictive import rules.

Summary

Panama's rice sector faces a potential rice shortage, the product of policy choices, rising input costs, and mounting climate risk from El Niño. President Mulino in April publicly committed to halting rice imports while domestic supply remains available, a stance aligned with Executive Decree 14 of July 2025, which closes the market to imports from June 1 to December 31 each year.

In practice, Panama closed its market to new import authorizations in March 2026, when local inventories were approximately 190,000 metric tons (MT). Given Panama’s monthly consumer demand of about 41,000 MT, experts predict shortage conditions beginning in July and extending through September, when the early local harvest is typically ready for milling.

Panama plans to address the supply gap through tightly controlled quotas for private sector importers and public procurement and imports for direct-to-consumer sales at government-run stores that sell staple food products below market rates. There is growing concern that this strategy will prove insufficient due to political constraints on imports, rising input costs, and the impacts of an unusually strong El Niño on local production in 2026.

1. Panama’s Trade Restrictions

Panama restricted rice imports via Executive Decree 14. The decree closes the market to imports between June 1 and December 31 every year and imposes a strict non-automatic import licensing program managed by the Agricultural Trade Policy Unit of the Ministry of Agriculture (MIDA) for the remaining months. Import licenses are subject to local purchase requirements.

Under Article 2 of Decree 14, imports may only be authorized:

a) During documented shortages in national production.

b) Between January 1 and May 31.

The Rice Agrifood Chain is responsible for advising the Government of Panama when imports are necessary based on supply data. The National Customs Authority, the Panamanian Food Agency (APA), and the Ministry of Health (MINSA) are tasked with ensuring all imported rice meets specific regulatory standards. To deter grey market imports or non-compliance with the new windows of entry, the decree establishes severe administrative sanctions with fines of up to $500,000 and product confiscation.

Under the United States – Panama Trade Promotion Agreement (TPA), the 2026 tariff rate quota for U.S. paddy rice is 9,586 MT, and additional imports are allowed with a 45 percent tariff applied. That tariff increases to 78.7 percent if the safeguard limit is activated. The treaty does not call for any additional restrictions on trade and specifically prohibits quantitative restrictions and non-automatic import licenses. The TPA calls for full trade liberalization for milled and rough rice in 2031, when U.S. rice is scheduled to enter duty free and without quantitative restrictions.

2. **Market Landscape**

Fuel and fertilizer prices in Panama have climbed by 30 to 40 percent due to ongoing shipping disruptions in the Strait of Hormuz. On May 22, 2026, Panama's rice producers announced that the farm gate price of local paddy rice must rise by $0.20 to $0.30 per hundredweight to account for input cost increases and expected future volatility.

The National Oceanic and Atmospheric Administration (NOAA) issued warnings regarding the potential emergence of a "Super El Niño" in 2026, which is expected to bring extended drought conditions to the region with negative impacts to local production. Panama's small producers lack irrigation and modern monitoring technology.

3. **Inventory and the Supply Gap**

On September 11, 2025, President Mulino announced the elimination of Panama's rice subsidy of $7.50 per quintal in 2026 due to lack of funds. As a result of this policy change and rising input costs, many producers have decided to reduce their rice planting.

As of March 2026, national inventories stood at 193,714 MT, an 18.3 percent decline from January. The Panamanian diet includes a relatively high per capita consumption of 154.32 pounds of rice annually, which translates to a requirement of 41,096 MT of processing-ready "paddy" rice each month.

Since the Panamanian rice market currently operates on a deficit-filling model, industry estimates the need to import approximately 131,500 MT of paddy rice during the pre-harvest period to avoid shortage conditions before locally harvested rice is ready for milling at the end of September.

On May 18, the Government of Panama published the announcement of the World Trade Organization's rice tender for 2026, for a total amount of 9,711.6 MT of paddy rice, with a 3 percent import tariff, only available for Panamanian rice millers.

On June 9, through Cabinet Decree No. 8 of June 2026, the Government of Panama authorized the import of 36,160 MT of paddy rice, with a 3 percent import tariff, only available for Panamanian rice millers, due to a supply shortage until the start of the next domestic rice harvest period.

The same day, through Cabinet Decree No. 7 of June 2026, the Government of Panama codified a new tariff breakdown for specialty rice varieties under tariff heading 1006.30, to identify rice that is not produced in Panama but is used in the culinary industry. The government is expected to soon issue another decree allowing the importation of these specialty rice varieties with a preferential tariff.

4. **Public Rice Procurement and Sales**

Panama's IMA manages a national network of state-run stores known as *Agroferias* and *Agrotiendas*. The stores sell staple products like rice, beans, sugar, vegetable oil, canned foods, and pasta at subsidized rates.

In April 2026, IMA purchased 31,750 MT of paddy rice from local producers and imported 25,000 MT from international sellers. The rice was milled locally and sold at the IMA outlets. Recent reports indicate that 5-pound bags of rice are offered for $1.25, and 25-pound bags for $6.25, both well below the market rate.

5. U.S. Rice Exports to Panama

While the United States has historically held a commanding market share of 76 percent, intense price competition from South American suppliers has eroded the U.S. share down to approximately 46 percent in 2025. In 2024, rough rice exports to Panama were $53.5 million, falling to $12.6 million in 2025.

Attachments:

No Attachments.