

Voluntary Report – Voluntary - Public Distribution

Date: February 03, 2026

Report Number: RP2026-0004

Report Name: Philippines Implements Quarterly Rice Import Tariff Adjustment Based on International Price Triggers in 2026

Country: Philippines

Post: Manila

Report Category: Policy and Program Announcements, Grain and Feed

Prepared By: Tricia Joy F. Arroyo

Approved By: Herpin Rochet Jateng

Report Highlights:

The Philippines launched a new quarterly, price-indexed tariff system on January 1, 2026, under Executive Order (EO) No. 105 (2025) and Circular No. 2025-001. This mechanism allows for quarterly rice import tariff rate adjustments based on international prices for Vietnam 5 percent broken rice, as published by the Food and Agriculture Organization of the United Nations (UN-FAO). The price-indexed rice import tariff rates will range from 15 to 35 percent, changing by five percentage points for every 5 percent movement in international prices. Following a four-month rice import ban, rice imports resumed on January 1, 2026, with the tariff rate remaining at 15 percent through March 2026, as the government's price trigger/threshold for an increase was not breached. As indicated in EO No. 105 (2025), the rice tariff mechanism aims to stabilize rice retail prices, help Filipino farmers sell their rough rice (palay) at a fair and reasonable price, and ensure national food security.

Executive Summary

Effective January 2026, the Philippines introduced a quarterly, price-triggered rice tariff system under [Executive Order \(EO\) No. 105 \(2025\)](#). Rice import tariffs will range from 15 to 35 percent, allowing quarterly adjustments according to international rice prices. The Inter-Agency Group on Rice Tariff Adjustment (IAGRТА), established through Section 3 of EO No. 105 (2025), issued [Circular No. 2025-001](#) to guide implementation – defining the trigger/threshold price ranges and applicable tariffs as well as the price monitoring, certification, and applicable schedules (see Tables 1-2).

The IAGRТА is composed of representatives from the Department of Economy, Planning and Development (DEPDev), DA, Department of Trade and Industry (DTI), Department of Finance (DOF), and Office of the Special Assistant to the President for Investment and Economic Affairs (OSAPIEA), with the Philippine Central Bank as a resource agency.

Background

The [Rice Tariffication Law \(RTL\) of 2019 \(Republic Act No. 11203\)](#) liberalized rice imports by replacing quantitative restrictions with tariffs and allowing the private sector to import rice. In December 2024, [Republic Act No. 12078 amended the RTL](#), strengthening the DA’s regulatory authority. The amendment authorizes DA to require the registration and inspection of all grain warehouses and facilities, and reestablished DA’s ability to stabilize the market by purchasing local and imported rice during rice supply shortages, or sharp rice price hikes. It also authorizes the President to adjust tariffs or temporarily suspend imports in response to market conditions.

In 2024, [EO No. 62](#) reduced the Most Favored Nation (MFN) tariff on rice imports from 35 to 15 percent for both in-quota and out-quota volumes, subject to review every four months. On November 7, 2025, President Ferdinand Marcos Jr. signed EO No. 105 (2025), extending the 15 percent tariff through December 31, 2025, and established a new price-triggered tariff mechanism effective in January 2026. Circular No. 2025-001 bases price triggers on international prices for Vietnam 5 percent broken rice (UN-FAO).

On September 1, 2025, the [Philippines imposed a 60-day rice import ban](#), which was later [extended until December 31, 2025](#) under [EO No. 102 \(2025\)](#). According to the Philippine government, the measure aims to protect local farmers facing low palay (unmilled rice) prices during the harvest season. By temporarily restricting rice imports, the Philippine government sought to reduce the supply of lower cost imported rice in the domestic market, helping to stabilize farmgate prices for local producers.

After the four-month import ban was lifted, rice importation resumed on January 1, 2026. The rice import tariff rate, as publicly announced by the Philippine Department of Agriculture (DA) in January 2026, will be [maintained at 15 percent until March 2026](#), citing that the price trigger/threshold established by the government to increase rice import tariffs was not breached (see Table 1).

New Tariff Adjustment Mechanism for 2026

EO No. 105 (2025) and Circular No. 2025-001 introduce the following key changes to the Philippines' rice tariff regime:

A central feature of the new mechanism is the adoption of quarterly, price-indexed tariff rates, directly linking tariff adjustments to movements in international rice prices, specifically the international price of Vietnam 5 percent broken rice.

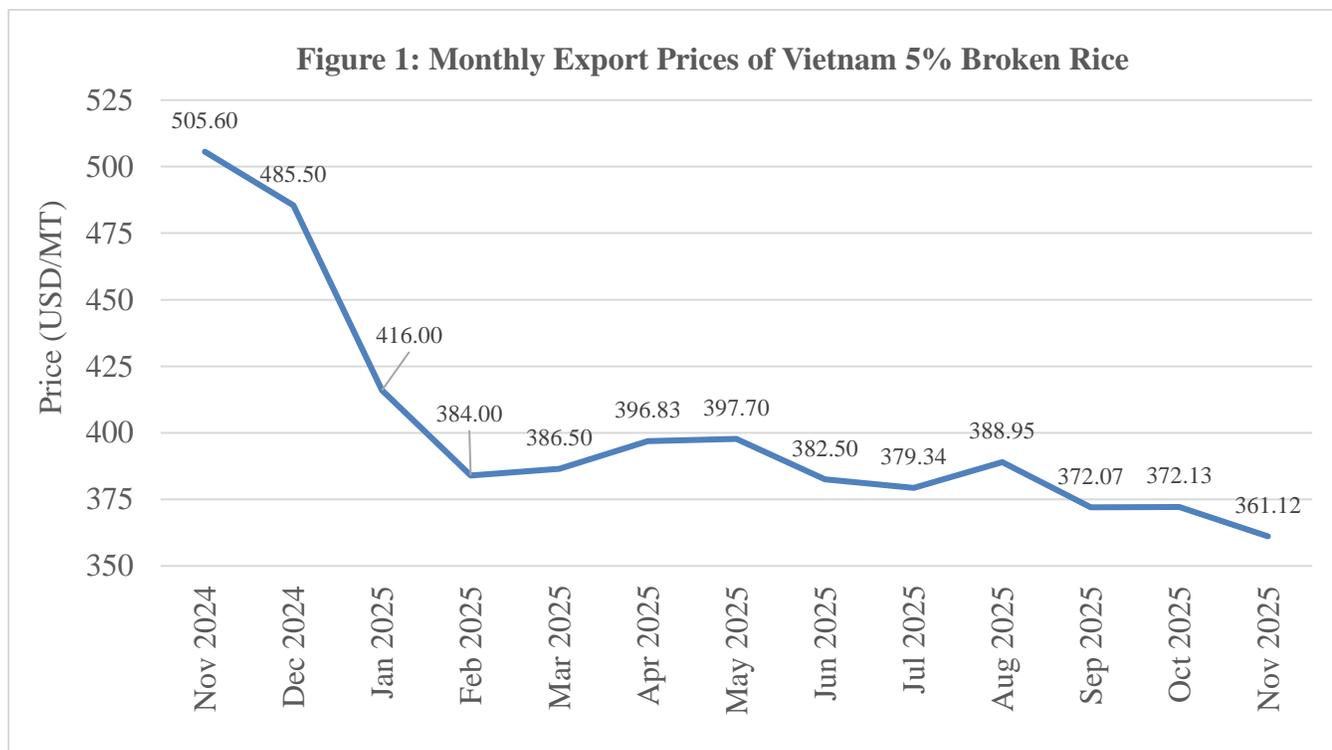
a. Price-Indexed Tariff Rates

Under Section 2 of EO No. 105 (2025), starting January 1, 2026, MFN tariff rates on rice will be adjusted as follows:

- Tariffs increase by five percentage points per 5 percent decrease in international rice prices.
- Tariffs decrease by five percentage points per 5 percent increase in international rice prices.
- Tariff rates will remain within a 15 to 35 percent range.

To implement these guidelines, the IAGRTA issued Circular No. 2025-001, which provides that international rice prices will be monitored quarterly, based on the export price (USD Free-On-Board [FOB]) of Vietnam 5 percent broken rice, as published by United Nations’ Food and Agriculture Organization (UN-FAO). If the monitored price breaches a specified price trigger/threshold (Table 1), a tariff adjustment will be made following the schedule outlined in Table 2.

The baseline price is set at USD 386.50 per metric ton (MT), based on the March 2025 average. According to the latest available UN-FAO data, the international export price for Vietnam 5 percent broken rice decreased by an average of 2.7 percent per month, falling from USD 505.60/MT in November 2024 to USD 361.12/MT in November 2025.



Note: Data as of January 30, 2026.

Source: [UN-FAO](#)

Tariff rates adjust according to the following trigger prices:

Applied MFN Tariff Rate (Percent)	Trigger Prices (USD/MT)	Threshold Price Range (USD/MT)
15	387	Greater than or equal to 368
20	367	350 to 367
25	349	332 to 349
30	331	316 to 331
35	315	315 and below

Source: [Circular No. 2025-001](#)

Within the first month of each quarter, the DA will monitor prices and issue a certification if a trigger price is breached, alongside the applicable tariff based on Tables 1 and 2. If a tariff change is certified, the Bureau of Customs (BOC) will issue the corresponding Customs Memorandum Order (CMO), effective until the next adjustment.

Reference Month	Release Date of Data*	DA Issuance of Certification (on or before)	BOC Issuance of CMO (on or before)	Applicable Period
December	By January 2	January 9	January 15	January 16 to May 15
March	By April 3	April 10	April 15	May 16 to August 15
June	By July 3	July 10	July 15	August 16 to November 15
September	By October 2	October 9	October 15	November 16 to January 15

Note: * – FAO releases data on the first Friday of every month, except when it falls on the 1st, in which case it will release data on the 8th of that month.

Source: [Circular No. 2025-001](#)

b. Implementation and Oversight

The Sub-Committee on Inflation Monitoring and Market Outlook (SC-IMMO) Technical Working Group on Food Inflation – part of the Department of Economy, Planning, and Development (DEPDev)’s Economic Development Committee and tasked with analyzing food supply, demand, and pricing – will monitor the implementation of EO No. 105 (2025).

Accordingly, the IAGRТА will conduct an annual review of the guidelines, including the baseline price, reference and applicable periods, and trigger/threshold levels. If changes are needed, the IAGRТА will issue amended guidelines no later than 30 days before the start of the effective year.

Market Outlook

The Philippine rice market for the remainder of Marketing Year (MY) 2025/26 will be influenced by the new quarterly, price-indexed tariff system, continued currency depreciation, and the ongoing gap between domestic production and consumption. These factors are expected to affect import volumes, local production, and price trends throughout the period.

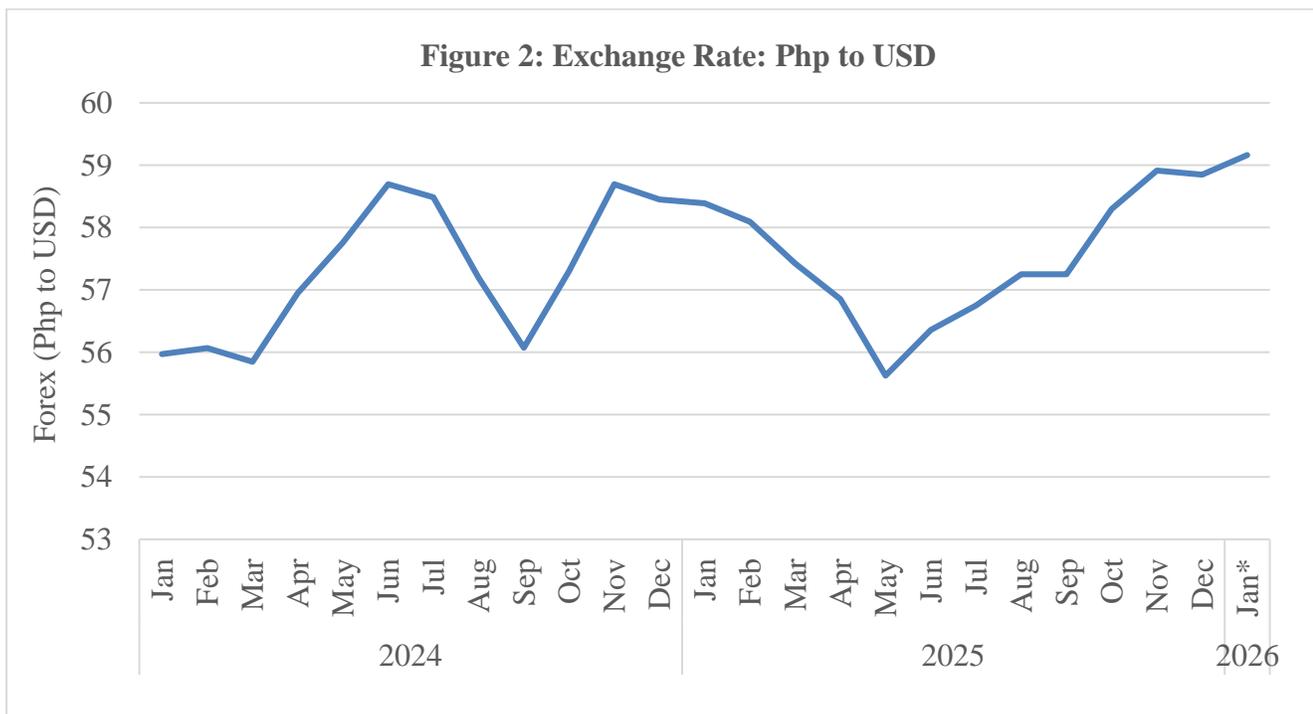
a. Imports and Demand

In January 2026, the DA Secretary announced a [projection of 3.6 to 3.8 million metric tons \(MMT\) of rice imports for Calendar Year \(CY\) 2026](#), assuming production remains at CY 2025 levels while demand continues to rise.

On December 2025, the DA Secretary also announced import allocations of [450,000 MT for private importers and an additional 50,000 MT for government agencies \(as needed\) for January 2026](#). Note: January 2026 allocations are based on the DA Secretary’s announcements and are not specified in EO No. 105 (2025) or its implementing guidelines. The DA may adjust allocations or import procedures as market conditions change.

b. Tariff Mechanism and Price Dynamics

The price-indexed tariff system allows for quarterly adjustments of rice import tariffs based on international prices for Vietnam 5 percent broken rice, [the country’s main import grade](#). Given the sharp decline in global rice prices (Figure 1), imported rice may become less expensive than local rice even with higher tariff rates, which could potentially exert downward pressure on [already constrained local farmgate prices](#). However, continued depreciation of the Philippine peso may increase import costs, partially offsetting the impact of lower global prices (Figure 2).



Note: * – Average exchange rate as of January 30, 2026.

Source: [Philippine Central Bank](#)

c. Local Production

Local rough rice production has shown limited growth in both area harvested and yield in recent years, with yield growth estimated to average less than 1 percent annually from MY 2021/22 to MY 2025/26. Meanwhile, consumption is expected to rise due to population growth, likely widening the gap between production and demand. The increase of the Rice Competitiveness Enhancement Fund (RCEF) from Php 10 to Php 30 billion until 2031, signed in December 2024, is designed to support productivity through rice-supporting programs such as mechanization, seeds, credit, and extension. Despite slower gains in yield (Table 3) – factoring in other variables such as weather conditions, among others – farmer contacts have noted benefits from RCEF-supported programs, particularly highlighting the provision of free but partial seed and fertilizer requirements, as well as farm machinery and equipment. Farmer contacts expressed optimism, noting that the increased RCEF budget is anticipated to translate to improved national yields over time. As the expanded RCEF is still at an early stage of implementation, its full effects on productivity will become clearer as more data become available. With rice imports resuming on January 1, 2026, under a new price-indexed tariff system – and rice import tariff remaining at 15 percent until March 2026 – stakeholders remain divided: some view the system as a means to stabilize supply and manage price volatility, while others advocate for reinstating the previous 35 percent tariff to better protect local producers from low cost, high-quality imports.

Table 3: Production, Area Harvested, and Yield of Locally Produced Rough Rice

MY	Production (1000 MT)	Area Harvested (1000 hectare [ha])	Yield (MT/ha)	Growth in Yield (percent)
2021/2022	19,905	4,802	4.15	
2022/2023	20,040	4,848	4.13	-0.5
2023/2024	19,563	4,744	4.12	-0.2
2024/2025	19,635	4,701	4.18	1.5
2025/2026*	19,524	4,700	4.15	-0.7

Note: * – as of January 2026 World Agricultural Supply and Demand Estimates (WASDE)

Source: [USDA Official Estimates](#)

Conclusion

FAS-Manila estimates rice imports to remain robust through the rest of Marketing Year (MY) 2025/26, as a rising population continues to drive demand. This increasing demand, combined with limited growth in domestic production despite the expanded RCEF, will result in a persistent and growing production-consumption gap, requiring the Philippines to rely on imports to meet domestic needs. The new price-indexed tariff system is intended to stabilize retail prices and protect consumers; however, declining international prices for Vietnam 5 percent broken rice – [the grade that accounts for most Philippine imports](#) – may depress farmgate prices and reduce incentives for local producers, further constraining domestic output. At the same time, continued [depreciation of the Philippine peso](#) is expected to increase the cost of imports, affecting import prices for both rice and farm inputs (e.g., fertilizer), which could put additional upward pressure on retail prices. As a result, these interconnected factors lead Post to project that the Philippines will remain dependent on rice imports for the rest of MY 2025/26 to address supply gaps.

Attachments:

No Attachments.