

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Philippines Reduces MFN Tariff Rates for Rice Imports

**Country:** Philippines

**Post:** Manila

**Report Category:** Grain and Feed, Trade Policy Incident Report, Trade Policy Monitoring

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**Report Highlights:**

In a bid to diversify market sources and maintain affordable rice prices, the Philippines has temporarily lowered the Most Favored Nation tariff rates for rice. On May 15, 2021, President Duterte signed Executive Order 135, Series of 2021, setting the in-quota and out-quota rice tariff rates to 35 percent, compared to the original 40 percent in-quota and 50 percent out-quota rates. This places the MFN duty in line with the ASEAN rate of 35 percent, although U.S. rice export prospects remain limited due to higher prices. The Philippine government also cited climate change's potential to disrupt local production as a factor for the policy.

### **Philippine government seeks lower rice tariffs outside ASEAN**

On February 4, 2021 the Tariff Commission (TC) conducted a public hearing on the [Philippine Department of Agriculture's \(DA\) petition](#) to reduce the Most Favored Nation (MFN) tariff rate on imported rice (HS code 1006). In its final report to National Economic Development Authority (NEDA), the TC highlighted the need to expand the sources of rice imports in light of rising prices and potential export restrictions of traditional ASEAN suppliers like Vietnam and Thailand.

### **Economic planners and Office of the President approve proposal**

Upon the recommendation of NEDA and the interagency Committee on Tariff and Related Matters, President Rodrigo Duterte signed [Executive Order 135, Series of 2021](#), reducing the MFN tariff rates for one year. The EO sets the tariff at 35 percent for both in-quota and out-quota from the original 40 percent in-quota and 50 percent out-quota rates. This places the MFN duty at the same rate as rice from ASEAN member countries. Previously, the Implementing Rules and Regulations of the Rice Tarrification Law set the Minimum Access Volume (MAV) or tariff rate quota for rice imports at 350,000 MT.

The President justified the decision as a way to boost supply and keep prices stable during the uncertainties of COVID-19. Despite an increase in total rice stocks, the order noted that estimated local production may fall short of expected demand and that more imports may be required. News articles had previously reported that South Asian rice suppliers such as India and Pakistan would be likely to benefit from the improved market access, although industry contacts have noted that Vietnamese rice prices are stable and the country is set to maintain its dominant market share in the Philippines. Prospects for U.S. rice exports are limited outside of niche markets, due to their relatively higher price

### **Climate change impacts to rice production considered**

The Philippine government also cited climate change as a factor that could affect the domestic rice supply. A recently published farm-level, long-term [study by North Carolina State University](#) suggests that warmer temperatures adversely affect rice yields in the Philippines. Moreover, the Philippine Department of Science and Technology [reported recently](#) that the Philippine heat index soared to a high of 53 degrees Celsius (127.4 degrees Fahrenheit), with many areas reaching 42 – 51 °C (107.6 to 123.8 °F).

<b>MFN Tariff Rates</b>		
	<b>Upon Effectivity</b>	<b>After 12 Months</b>
In-quota	35 percent	40 percent
Out-quota	35 percent	50 percent

**Import Requirements**

A licensed importer must secure a Sanitary and Phytosanitary Import Clearance (SPSIC) from the Bureau of Plant Industry prior to the exporter shipping rice to the Philippines. Products must be shipped within 20 days of the SPSIC's issuance and arrive within 65 days following its issuance. See the [2021 FAIRS Country Report](#) and the following for more information:

**Pre-shipment requirements for rice**

1. Fumigate milled rice with Phosphine at 2g/m<sup>3</sup> for 120 hours or 9g/m<sup>3</sup> for 72 hours at 28 °C. Such treatment must be stated in the accompanying Phytosanitary Certificate.

**Post-entry requirements for rice**

1. Samples to be taken from consignment for laboratory examination.
2. Grains shall be released only after physical examination, treatment if necessary.
3. Each shipment should have a GM certification.

**Attachments:**

No Attachments.