# Target root cause of high rice prices

https://opinion.inquirer.net/179949/target-root-cause-of-high-rice-prices

Since December last year, the Department of Agriculture (DA) has been announcing measures to address the stubbornly high prices of rice. As 2024 was about to end, it decided to order the removal of brand labels and “premium” and “special” markings on imported rice, suspecting that some industry players were using these to justify their high prices. A few days later, it announced that it is considering declaring a “food security emergency” in early 2025. Last week, the agency decided to impose a P58-a-kilo maximum suggested retail price for imported rice initially in Metro Manila beginning Jan. 20.

While these measures will help lower prices by a few pesos, such actions are at most palliative and will not bring the country any closer to President Marcos’ campaign promise of P20-a-kilo rice. The only way to permanently reduce the cost of the staple food is to address the root causes of the problem—hoarding and profiteering by colluding importers and traders acting like a cartel to constrict supply and dictate prices in the local market.

At a House hearing in November last year, Agriculture Undersecretary Asis Perez lamented that the average price of rice should have been about P30 a kilo due to the huge tariff cut on imports and lower international prices. In June last year, the President signed Executive Order No. 62 cutting the rice tariff to 15 percent from 35 percent starting July.

## Desperate measure

However, Marikina Rep. Stella Quimbo noted that local rice prices went down to only P50.68 a kilo from P51.12 in the quarter after the EO took effect. Perez agreed with the committee’s conclusion: The lower price in the international market and reduced tariff did not reflect the current price of rice in the local market. Last month, imported well-milled rice cost anywhere from P40 to P56 a kilo, down from P58 in 2023.

But according to Quimbo, domestic retail prices “should have stabilized” around P35 a kilo considering that the landed price of imported rice had already gone down by P11 a kilo year-on-year. The fact that domestic retail prices have remained high, according to Quimbo, is a clear sign of “abuse.”

What then should the government do to truly bring down the price of rice? We agree with the sentiment of the farmers’ group Kilusang Magbubukid ng Pilipinas (KMP), which felt that removing labels on rice imports will not address price manipulation as it fails to solve the long-standing issues affecting the industry. Calling it a desperate measure that does nothing to address hoarding and profiteering, KMP said the DA has failed to effectively regulate and monitor the rice supply chain in the country with its inability to crack down on rice cartels.

## Remedial legislation

“Instead of taking decisive actions against these exploitative practices, the DA opts for superficial and band-aid solutions that do not address the root of the problem,” the group said in a statement.

In the same way that the government last year showed determination in dismantling the onion cartel and filing criminal charges against the alleged perpetrators, it must also demonstrate the same conviction in going after unscrupulous rice importers and traders acting as a cartel to dictate supply and prices.

The House has formed a five-panel committee to go after agricultural smugglers and price manipulators. It is also expected to come up with a comprehensive report on possible remedial legislation to address smuggling and price manipulation of basic goods. In previous hearings, lawmakers have castigated rice importers and traders for allegedly conniving to manipulate rice prices and cited some indications of possible collusion among rice traders and importers, specifically their cross ownership.

## Harsh penalties

The government has the tool to go after them. Stressing the need to shield both consumers and the agriculture sector from smuggling, hoarding, profiteering, and cartel activities, Mr. Marcos signed in September last year Republic Act No. 12022, or the Anti-Agricultural Economic Sabotage Act, which penalizes such offenses as nonbailable crimes. The law imposes harsh penalties of life imprisonment for those convicted, plus a fine five times the value of the involved agricultural products.

The other measures planned by the DA can be implemented to complement an earnest drive against hoarding and profiteering. These include allowing other government entities such as the Food Terminal Inc. to import significant quantities of rice to directly compete with private importers, directing the Bureau of Internal Revenue to audit the financial records of rice traders to ensure compliance with fair pricing practices, and mandating the DA to look into warehouses and work with the Bureau of Customs to do post-clearance inspections of imported stocks.

Addressing the root causes of the problem is the only lasting solution to the persistently high rice prices. The government needs only to now enforce and apply the law without fear or favor.