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THE PHILIPPINES

Price of rice could jump 60 per cent

A shortage in summer is expected to push up rice prices, forcing govt to import staple grain

By Alastair McIndoe, PHILIPPINES CORRESPONDENT

MANILA - PHILIPPINE farmers yesterday warned of soaring rice prices, a result of a shortage in supply that is taking place locally and worldwide.



RICE OUT OF REACH: A Philippine housewife feeding her children shredded cassava, after rice prices shot up on fears of a shortage of the staple food. -- PHOTO: AFP

The shrinking global

stocks of the staple grain have also prompted the Philippine government to sign a deal with Vietnam to import more rice to boost the country's reserves.

The National Rice Farmers Council said a shortage in the lean July to September period could trigger a 60 per cent rise in the price of rice - the country's staple food - based on current average prices.

'The traders will definitely take advantage of the limited supply,' said Mr Jimmy Tadeo, the group's chairman.

The government has assured Filipinos that rice buffer stocks will hold out, but has acknowledged that rice prices are set to rise further.

As well as the tight global supply of rice and rising demand, upward

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pressure on prices is coming from higher oil and fertiliser costs.

GLOBAL SHORTAGE: MANY CAUSES



THE global rice shortage and high rice prices are caused by a variety of factors and vary from country to country.

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sufficiency firmly on the front burner.

President Gloria Arroyo made this one of her economic goals when she came to power in 2001. But only one president, Mr Ferdinand Marcos, has succeeded, and then only briefly, in the late 1970s.

Dr Leocadio Sebastian, executive director of the Philippine Rice Research Institute, believes that coming close to self-sufficiency is possible, even within the term of the current administration, which ends in mid-2010.

'We have to increase production yields, which are below Vietnam and Indonesia, and invest more in irrigation systems, seeds and cropmanagement technologies,' he said.

One lawmaker has urged the administration to tap two cashed-up farm funds making up to S\$760 million available this year.

Recovering post-harvest rice losses caused, among other things, by poor storage facilities could alone offset imports, according to the International Rice Research Institute.

Against the backdrop of rising prices, a steady supply of the subsidised rice sold by the National Food Authority (NFA), the state's rice-purchasing agency, will be crucial for Filipinos with low incomes.

The NFA spends millions of dollars a year buying rice at market prices and selling it more cheaply. Its rice costs 18.25 pesos (S\$0.60) a kilogramme, a third less than some local and imported grains.

Rice prices in Vietnam and Thailand, among the world's top exporters, have fetched up to US\$500 (S\$690) a metric tonne, a 25 per cent jump in the last month.

The Philippines consumes close to 12 million metric tonnes of rice a year. Most of it is grown domestically and production has been rising.

But wastage and the loss of rice lands have created a recurrent shortfall of around 10 to 15 per cent, which must be met by imports.

Vietnam yesterday agreed to supply the Philippines with 1.5 million metric tonnes of rice this year, a sizeable increase on an earlier commitment. The Philippines now plans to import up to 2.2 million metric tonnes this year, higher than earlier projections.

Not surprisingly, the scramble for imports has put rice self-

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President Arroyo on Tuesday announced a crackdown on hoarders and profiteers buying subsidised NFA rice and then selling it at higher prices in public markets.

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