



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
Elliptical Road, Diliman 1100 Quezon City  
+63(2) 8928-8741 to 64 and +63(2) 8273-2474

**NOTICE OF INITIATION OF A PRELIMINARY SAFEGUARD MEASURES  
INVESTIGATION ON THE IMPORTATION OF RICE FROM VARIOUS COUNTRIES  
(SG CASE NO. 01-2026)**

Pursuant to Section 6 of Republic Act No. 8800 (Safeguard Measures Act) and its Implementing Rules and Regulations (IRR), the Department of Agriculture (DA), through the Secretary of Agriculture, hereby gives notice of the initiation of a preliminary safeguard measures investigation to determine whether rice imports are being imported into the Philippines in such increased quantities as to cause or threaten to cause serious injury to the domestic rice industry.

The product under investigation (PUC) is rice, whether unmilled (palay), husked (brown), semi-milled, wholly milled, or broken, classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Heading 1006, including tariff subheadings 1006.10, 1006.20, 1006.30, and 1006.40.

The period of investigation (POI) covers 2020 to August 2025.

An initial review of the petition and supporting evidence, based on publicly available data from the Philippine Statistics Authority (PSA), the Bureau of Customs (BOC), and other official sources, shows prima facie evidence of:

1. a substantial and sustained increase in the volume of rice imports, both in absolute terms and relative to domestic production and consumption;
2. serious injury or threat thereof to the domestic rice industry, particularly local rice farmers, as indicated by loss of market share, rising import penetration, increasing commercial inventories, declining self-sufficiency, rising production costs without commensurate productivity gains, volatile and suppressed farmgate prices, contraction in harvested area, and a widening farmgate-to-retail price gap; and
3. a causal link between increased imports and the serious injury or threat thereof, as shown by persistent price undercutting of domestic rice by imported rice and the transmission of import price effects to farmgate prices through the integrated rice value chain.

Upon the recommendation of the Policy Research Service – Trade Remedies Office (PRS-TRO), the Secretary of Agriculture has determined that the petition and evidence submitted are sufficient in form and substance to establish a prima facie case justifying the initiation of a preliminary safeguard measures investigation.


In accordance with Rule 5.2 of the IRR of Republic Act No. 8800, the public interest, including the absence of a political or economic crisis and the availability of adequate domestic supply, shall be considered in the course of the investigation.

All interested parties, including importers, exporters, domestic producers, traders, millers, and other stakeholders, are hereby invited to submit their written comments, evidence, and positions on this investigation within five (5) working days from the date of publication of this Notice, to:

**Trade Remedies Office (TRO)**

Policy Research Service – Department of Agriculture  
3rd Floor, Office of the Secretary Building  
Elliptical Road, Diliman, Quezon City  
Email: [prs.tro@da.gov.ph](mailto:prs.tro@da.gov.ph)

Issued this 24<sup>th</sup> day of MARCH 2026, Quezon City, Philippines.

  
**FRANCISCO P. TIU LAUREL JR.**  
Secretary

## **Initiation of Investigation Report and Recommendations**

### *Petition for Imposition of General Safeguard (GSG) Duties on Rice Imports*

#### **I. Introduction**

The Federation of Free Farmers (FFF) and Magsasaka Partylist (*herein referred to after as "Petitioners"*) filed a petition for the imposition of GSG duties on rice imports at the Office of the DA Secretary on 29 September 2025. The Petitioners pray that a provisional safeguard duty be immediately imposed that will result in at least 35% total tariff or higher on rice imports. The petition was endorsed to the Trade Remedies Office (TRO) of the DA-Policy Research Service (PRS) on 06 October 2025. The DA-PRS TRO evaluated the initial documents and informed the petitioners to submit additional data using the pro-forma questionnaire provided. The Petitioners alleged that serious injury to the domestic industry was caused by the increased imports of milled rice which is classified under HS Code/ ASEAN Harmonized Tariff Nomenclature (AHTN) Code Heading 1006.

On 5 November 2025, TRO received the Pro-forma petition. After a series of communication and correspondence such as emails and a virtual meeting to assist the petitioners in the completeness of their submission, the petitioners submitted a supplemental petition on 18 December 2025.

The PRS-TRO reviewed the petition to determine whether there is sufficient evidence to justify the initiation of an investigation. Specifically, this report aimed to determine the following:

1. Whether the Petitioners form part of the domestic rice industry;
2. Whether the product under consideration (rice milled and unmilled) are like or directly competitive products;
3. Whether there exist a surge of rice imports on the period covered;
4. Whether injury or threat of injury exist against to local farmers; and
5. Whether the injury or threat of injury to local farmers was caused by the oversupply of imported rice.

#### **II. Whether the Petitioners Form Part of the Domestic Industry**


1. The Petitioners, FFF and Magsasaka Partylist, assert that they represent the Filipino farmers with the argument that the domestic rice industry cannot be segmented into a separate "palay industry" and "rice industry" because palay (unmilled rice) though not the end-product of consumption, is the "direct, primary and indispensable raw material" from which milled rice is derived hence, not a distinct industry but a necessary stage of processing the agricultural commodity (**Paragraph 1, Supplemental Petition**). They argue that the core of the domestic rice industry is the production of palay. Consequently, the rice farmers are the primary and indispensable actors in the rice value chain (**Paragraph 8, Supplemental Petition**) and as producers of palay, they are the party suffering

serious injury caused by increased imports. They further allege that **increased rice imports have resulted in depressed farmgate prices, stagnant palay output, and even causing the loss of life of several farmers due to extreme financial pressure** caused by devastating loss of expected income from the palay sales, evidencing serious injury at the farm level. They justify the non-participation of downstream actors, such as traders and millers, on the ground since they are relatively insulated from injury, as price pressures are absorbed by farmers. **(Paragraph 14, Supplemental Petition).**

2. The PRS-TRO referred to the relevant provisions of the WTO Agreement on Safeguards (ASG) and Republic Act (RA) No. 8800 (Safeguard Measures Act) pertaining to domestic industry. PRS-TRO confirms that the domestic rice industry may be assessed with reference to the integrated production chain of the like product, specifically rice, encompassing both unmilled and milled forms. Neither in the WTO ASG nor in RA No. 8800 and its implementing rules and regulations (IRR) require that the member of the domestic industry be engaged exclusively in the final processing stage of the like product. Specifically, Section 6 of RA No. 8800 states that application on the imposition of General Safeguard measures may be filed by *"any person, whether natural or juridical, belonging to or representing a domestic industry xxx that action be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration."* Further, Section 4(f) of RA No. 8800 defines domestic industry as *"domestic producers as a whole, of like or directly competitive products manufactured or produced in the Philippines or those whose collective output of like or directly competitive products constitutes a major proportion of the total production of those products"*. This is comparable to the definition of "domestic industry" under Article 4 (1c) of the WTO ASG.
3. Petitioners profiling establishes that FFF is a one of the largest and most effective non-governmental organizations of rural workers in the Philippines and a registered non-stock labor union with 250,000 members nationwide while Magsasaka Partylist is a non-profit organization and a nationwide farmers party seeking to advocate farmers rights **(Paragraph 1.4.1, Petitioner Questionnaire)**. To further determine the legal standing of the Petitioners, the intent of the RA No. 8800 was revisited as reflected in the deliberations of the Philippine Congress, including the Committee Report<sup>1</sup> dated 16 May 2000. It was recognized that while globalization and trade liberalization yield broad consumer benefits, small farmers and those dependent on small producers require adequate protection to preserve their livelihoods, maintain purchasing power, and prevent displacement. The law thus contemplates the extension of safeguard protection not only to downstream processors but also to vulnerable upstream producers who bear the immediate and direct effects of import competition.

---

<sup>1</sup> The Committee Report was guided by the tenet that globalization is positive for everyone, including and especially the poor. Globalization affords us a world where we produce goods as cheaply as possible so that millions of people can buy them at lowest prices. But the small farmers and those dependent on the small producers and entrepreneurs must have the adequate purchasing power to consider the good virtues of free trade. To achieve this, we must extend to them the necessary protection. Protection for them to keep their jobs and the assurance against displacement, protection for industries to be competitive and the assurance against unfair competition. (p.62)





4. Accordingly, for purposes of initiation, the PRS-TRO finds that the Petitioners sufficiently represent and form part of the domestic rice industry. Their members are mainly small-scale producers of palay sold to local traders, the National Food Authority (NFA) and other local buyers (**Paragraph 1.5, Petitioner Questionnaire**). These producers are directly engaged in the production of palay (unmilled rice), which is an indispensable component of domestic rice production and are plausibly affected by the alleged surge in rice imports.

### III. Whether the product under consideration (rice milled and unmilled) are like or directly competitive products

5. The Petitioners identified the product under consideration as rice, encompassing both milled and unmilled (palay), and described as “*husked (brown) rice, semi-milled or wholly milled or broken rice grains, of different varieties and varying milling grades from whole grains up to 100% broken*” (**Item 2.1 [a] and [b], Petitioner Questionnaire**). Further, Petitioners state that almost all imported rice are long grain *Indica* varieties which are similar to the domestically grown rice. Specialty rice such as glutinous rice and non-traditional fragrant varieties are also considered as substitutes for local heirloom, upland or traditional rice varieties (**Paragraph 10, Initial Petition**). Based on the Questionnaire submitted by the Petitioners, these are products with tariff classifications: HS Codes 1006.10, 1006.20, 1006.30 and 1006.40.
6. The RA No. 8800 requires that there shall be an increase in import of **like or directly competitive products**. Section 4(e) of RA No. 8800 defines **directly competitive product** as “*domestically produced substitutable products*” while Section 4(h) defines **like product** as “*domestic product which is identical, i.e., alike in all respects to the imported product under consideration, or in the absence of such product, another domestic product which, although not alike in all respects, has characteristics closely resembling those of the imported product under consideration.*” (emphasis supplied).
7. While the WTO agreement does not prescribe an exhaustive test for determining whether products are “like or directly competitive,” Article 4.1(c) of the WTO ASG requires that the domestic industry be defined by reference to producers of like or directly competitive products vis-à-vis the imported product. As affirmed by the Panel in *Dominican Republic – Safeguard Measures*<sup>2</sup>, once a domestic product is found to be like or directly competitive with the imported product, it must be included in defining the domestic industry, and investigating authorities may not arbitrarily limit the scope to only a subset of such products by reference to production stages or other artificial distinctions. Consistent with the guidance from the Advisory Centre on WTO Law (ACWL)<sup>3</sup>, investigating authorities enjoy a degree

---

<sup>2</sup> WT/DS415/R WT/DS416/R WT/DS417/R WT/DS418/R 31 January 2012 (12-0542). Retrieved from: [https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S006.aspx?Query=\(%20wt/ds417/\\*\)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(%20wt/ds417/*)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#)

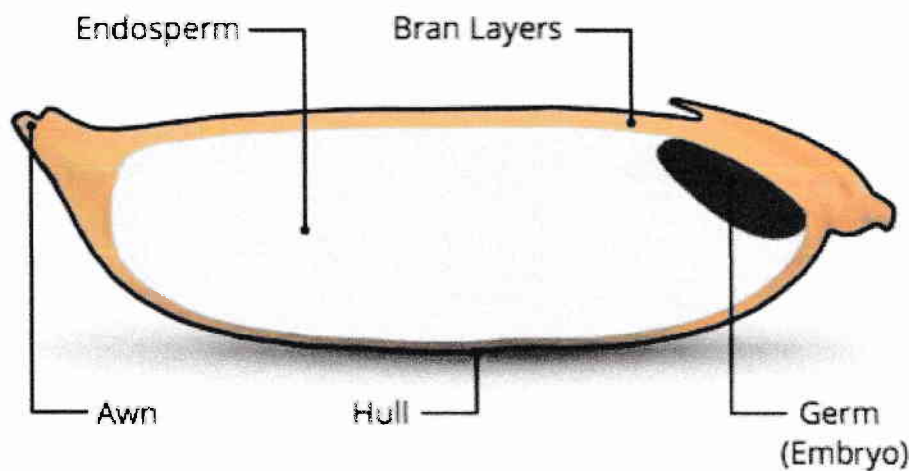
<sup>3</sup> During the Trade Remedies Seminar-Workshop for Officials of the Republic of the Philippines, 13-15 November 2024

of discretion in establishing appropriate criteria, provided that such criteria are reasonable and supported by evidence. Moreover, similarity of end uses alone is not determinative; rather, a holistic assessment is required.

8. Applying the above discussion, the PRS-TRO assessed whether palay (unmilled) rice and milled rice may be considered like or directly competitive products of the produce under consideration by examining their physical characteristics, end uses, production relationship, and tariff classification.

### **Physical Characteristics**

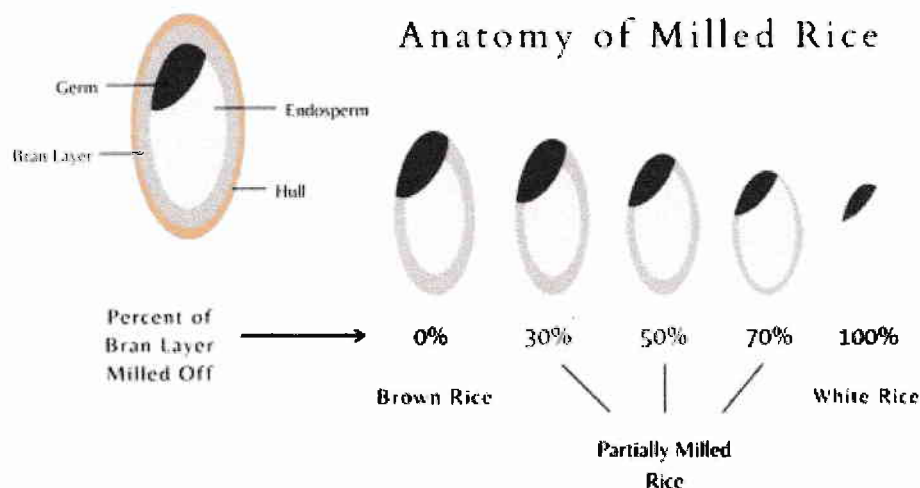
9. One issue that may be raised is the likeness of palay and rice. Palay (unmilled rice) and rice, including husked (brown) rice, semi-milled, wholly milled, or broken rice, share the same essential physical identity as the same agricultural commodity at different stages of processing. **Figure 1** illustrates the basic anatomy of a rice grain, which consist of four principal layers: the hull (husk), the bran layer, the germ (embryo) and the endosperm (the main body of the rice grain).



**Figure 1. Rice Grain Anatomy<sup>4</sup>**

10. **Figure 2** illustrates that the differences consist primarily in the presence or absence of the hull (husk) , bran layers and a portion of the germ (embryo), which are removed through milling. Milling merely removes the inedible hull (husk) and depending on the degree of milling, layers and portions of the bran and germ. However, it does not alter the grain's intrinsic structure, dimensions or core physical characteristics. These differences result from mechanical processing and do not alter the fundamental nature of the product. The remaining endosperm that defines the grain's size and shape, remains unchanged regardless of the processing stage.

<sup>4</sup> Riceland Foods (n.d.). *Anatomy of Rice*. Riceland. Retrieved from: <https://www.riceland.com/anatomy-of-rice>



**Figure 2.** Rice Grain Anatomy from unmilled to milled<sup>5</sup>

11. Both unmilled (palay) and milled (whole or broken) rice are obtained from the same rice plant and retain the same intrinsic grain characteristics. In terms of standards, the Codex Alimentarius Commission (Codex) defines rice as whole and broken kernels obtained from *Oryza sativa* L.<sup>6</sup>. Similarly, the Philippine National Standard (PNS) on Paddy and Milled Rice — Product Standard — Grading and Classification<sup>7</sup> offers separate definitions for paddy and milled rice:

***“paddy***

*unhulled grain of Oryza sativa L., which means grain with the glumes enclosing the kernel (NFA-DA, 2002) admitted terms: rough rice, palay*

***milled rice***

*kernels obtained after removal of hull and bran (NFA-DA, 2002) admitted term: polished rice”*

These definitions confirm that the kernel or the grain itself and not the presence or absence of the husk or hull constitutes the product.

12. Based on Codex Standard, both paddy and milled rice could be classified based on either kernel length/width ratio or kernel length: long grain, medium grain and

<sup>5</sup> *Anatomy of Milled Rice (n.d.)* Kim’C Market. Retrieved from: [https://kimcmarket.com/blogs/korean-food-blog/anatomy-of-milled-rice?srltid=AfmBOop18OM5VV-fLGJConp sjPK31LOgrOw3Yyx9VWJa\\_c6-czZE3r27](https://kimcmarket.com/blogs/korean-food-blog/anatomy-of-milled-rice?srltid=AfmBOop18OM5VV-fLGJConp sjPK31LOgrOw3Yyx9VWJa_c6-czZE3r27)

<sup>6</sup> Codex Alimentarius Commission (CAC). (2025). Standard for Rice (CXS 198-1995 Rev. 2025). [https://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXS%2B198-1995%252FCXS\\_198e.pdf](https://www.fao.org/fao-who-codexalimentarius/sh-proxy/en/?lnk=1&url=https%253A%252F%252Fworkspace.fao.org%252Fsites%252Fcodex%252FStandards%252FCXS%2B198-1995%252FCXS_198e.pdf)

<sup>7</sup> Bureau of Agriculture and Fisheries Standards (BAFS). (2025). Philippine National Standard (PNS) on Paddy and Milled Rice — Product Standard — Grading and Classification (PNS/BAFS 290:2025). <https://bafs.da.gov.ph/wp-content/uploads/2025/12/PNS-BAFS-290-2025-Paddy-and-Milled-Rice-%E2%80%94-Product-Standard-%E2%80%94-Grading-and-Classification-1.pdf>

short grain rice while; the PNS provides grain length classification as extra long, long, medium, and short grain sizes. In terms of milling degree, Codex Standard categorized milled rice as milled, undermilled, well-milled, and overmilled; and the PNS as undermilled, regular milled, well-milled, and overmilled. This leads to the understanding that both the international and national standards treat paddy rice, husked rice, and milled rice as the same product, differentiated only by the extent of husk, bran, and germ removal and classified based on kernel dimensions rather than processing stage.

13. The removal of the husk and bran layers explains why international trade in rice occurs almost exclusively in milled, semi-milled, or broken form. The husk is non-consumable and adds unnecessary bulk, weight, and handling costs. Thus, differences between palay and rice, including broken rice, reflect only the degree of processing rather than any fundamental distinction in physical identity. Accordingly, palay and rice possess closely resembling physical characteristics within the meaning of Section 4(h) of the RA No. 8800.

### **Processing and Utilization**

14. Milled rice is directly consumed as a staple food, while palay is not consumed in its unmilled form. However, palay's sole and inevitable end use is to be milled into rice for human consumption. There is no alternative commercial end use for palay that is independent of rice production, except in limited cases where palay is imported or used as seed. This is evidenced by the Philippine Statistics Authority (PSA) Supply Utilization Account (SUA) where it shows that the dominant use of rice is human consumption and not as seed. As shown in **Table 1**, the Total Net Food Disposable consistently accounts for the largest share in the gross supply of rice ranging from 78% in 2020, 81% in 2021 and 82% in 2022. In contrast, non-food uses remain marginal: seeds accounted only to 1%, feeds and waste at 5% and processing about 3%, while exports were negligible. These data demonstrate that unmilled rice or palay has no economically significant end use independent of its conversion into rice for human consumption. The utilization pattern shown below confirms that palay and milled rice form part of a single production and consumption continuum directed at satisfying the same staple food demanded by the majority of the consumers in the country.

**Table 1. Supply Utilization Accounts (SUA) for Rice in thousand metric tons**

Category	2020	% Share from SU Gross Supply	2021	% Share from SU Gross Supply	2022	% Share from SU Gross Supply
<b>SU Gross Supply</b>	17513	100%	18353	100%	18643	100%
<b>UT Exports</b>	a/	a/	a/	a/	a/	a/
<b>UT Seeds</b>	231	1%	236	1%	236	1%
<b>UT Feeds and Waste</b>	820	5%	849	5%	840	5%
<b>UT Processing</b>	505	3%	522	3%	517	3%
<b>UT Ending</b>	2332	13%	1859	10%	1850	10%



Category	2020	% Share from SU Gross Supply	2021	% Share from SU Gross Supply	2022	% Share from SU Gross Supply
<b>Stocks</b>						
<b>UT Total Net Food Disposable</b>	13624	78%	14886	81%	15200	82%

**Note:**

SU - Supply

UT - Utilization

a/ - Less than 1 thousand metric tons

\*no data for 2023-2025

Source: PSA, 2020-2022

15. Thus, although palay and rice differ in immediate consumption, their ultimate end use converges entirely. As discussed above, jurisprudence and safeguard practice recognize that differences in immediate end use arising solely from processing stages do not preclude a finding of likeness or direct competitiveness where products serve the same ultimate consumption purpose. In this case, palay and rice are functionally linked in satisfying the same consumer demand for rice as a staple food.

### **Production Relationship and Market Interaction**

16. While palay is not directly consumed, it is the indispensable raw material from which consumable rice is derived, and differences between palay and milled rice relate primarily to the degree of processing rather than to fundamental product characteristics. Moreover, price movements and demand conditions for rice are transmitted directly to palay through the rice value chain, indicating a close economic relationship and direct competitiveness between the two forms for purposes of safeguard analysis.

17. Palay and rice are vertically integrated within a single and continuous production and marketing chain, encompassing planting and harvesting, trading, milling, wholesaling and retailing, up to final consumption as shown in **Figure 3**. Palay serves as the indispensable raw material for the production of consumable rice, and the domestic rice industry necessarily includes palay farmers, traders, millers, and distributors whose economic interests are closely interconnected.





**Figure 3. Supply Chain of Rice**

18. The Petitioners correctly argue that large-scale importation of palay for human consumption is, as a matter of logistics and economics, not commercially feasible because it requires the transport of substantial volumes of non-consumable components particularly the husk. This entails higher freight, storage, handling, and spoilage costs than milled rice. Consequently, with the exception of the limited quantities imported as seed, no country imports palay in large volumes for human consumption and import competition happens in the milled rice stage rather than the unmilled rice (palay) stage. In the Philippines, this is shown in the data provided by the petitioner in their second submission (*Sec 1.5, Petitioner's Questionnaire*) where it shows that of all the product under consideration imported to the country, 82% of the total rice imports are semi-milled or wholly milled rice while, 17% are broken rice and less than 1% for unmilled rice (palay).
19. Imported milled or semi-milled rice competes directly with domestically milled rice, and this competition is transmitted upstream through the supply chain. Increased rice imports exert downward pressure on domestic rice prices, which in turn reduces demand for domestically produced palay and depresses farmgate prices received by palay farmers. This price transmission mechanism demonstrates a direct and substantial competitive relationship between imported rice and domestically produced palay. Accordingly, the absence of palay imports does not negate direct competition. Rather, it confirms that palay producers are exposed to import competition indirectly but inevitably through the integrated rice market. Excluding palay from the scope of like or directly competitive products would artificially segment the domestic industry along processing stages, contrary to economic reality and the requirements of Article 4.1(c) of the WTO Agreement on Safeguards.

### **Tariff classification**

20. As to tariff classification, palay (rice in the husk), husked rice, semi-milled or wholly milled rice, and broken rice are all classified under Heading 1006 of the ASEAN Harmonized Tariff Nomenclature (AHTN) 2022. This classification reflects a continuum of the same agricultural commodity at different stages of processing rather than distinct or unrelated products. The product under consideration is similar to the product of the domestic industry, represented by the tariff lines under the ASEAN Harmonized Tariff Nomenclature (AHTN) 2022 as presented in **Table 2**.

**Table 2.** Products under consideration, AHTN 2022

Code	Description
1006.10	- Rice in the husk (paddy or rough)
1006.10.10	- - Suitable for sowing
1006.10.90	- - Other
1006.20	- Husked (brown) rice
1006.20.10	- - Hom Mali rice
1006.20.90	- - Other
1006.30	- Semi-milled or wholly milled rice, whether or not polished or glazed
1006.30.30	- - Glutinous rice
1006.30.40	- - Hom Mali rice
1006.30.50	- - Basmati rice
1006.30.60	- - Malys rice
1006.30.70	- - Other fragrant rice
1006.30.91	- - - Parboiled rice
1006.30.99	- - - Other
1006.40	- Broken rice
1006.40.10	- - Of a kind used for animal feed
1006.40.90	- - Other

21. Furthermore, these products are subject to the same tariff treatment under the Philippine tariff schedule, including a Most-Favored-Nation (MFN) rate of 15 percent and a preferential rate of 35 percent under the ASEAN Trade in Goods Agreement (AITIGA). The uniform tariff treatment across unmilled (palay) and milled rice further supports the conclusion that palay and rice are regarded, for trade and regulatory purposes, as closely related and directly competitive forms of the same product.
22. Based on the foregoing, the PRS-TRO finds that palay (unmilled rice) and rice (husked, semi-milled, wholly milled, or broken) are like or, at a minimum, directly competitive products within the meaning of Sections 4(e) and 4(h) of RA No. 8800 and Article 4.1(c) of the WTO Agreement on Safeguards. As to physical characteristics, palay and rice are the same agricultural commodity at different stages of processing, sharing the same varietal origin and essential grain characteristics, with differences arising solely from the mechanical removal of the husk and bran layers. As to end use, although palay is not directly consumed, its sole and inevitable purpose is to be milled into rice for human consumption, resulting in a complete convergence of ultimate end use. As to production relationship and market interaction, palay and rice are vertically integrated within a single and continuous value chain, and import competition in rice is transmitted directly to palay producers through price and demand linkages, such that the absence of palay imports does not negate but rather confirms their direct competitive relationship. As to tariff classification, both palay and rice fall under

Heading 1006 of the AHTN 2022 and are subject to uniform tariff treatment, reflecting their recognition as closely related forms of the same product.

#### IV. Whether or not there exist a surge of rice imports on the period covered

23. In determining whether there exists a surge of rice imports, it is necessary to first define the appropriate period of investigation. The Petitioners' original submission covered import data from 2020 up to August 2025, while a subsequent submission included data up to September 2025 based on publicly available sources. For purposes of initiation, the period of investigation is confined to 2020 to August 2025, with imports from January to August of each year used in determining whether there exists a surge of rice imports on the covered period for comparison to ensure consistency. This limitation is also warranted in light of the import suspension on regular and well-milled rice implemented beginning 1 September 2025 and extended through the end of the year pursuant to Executive Order No. 102. Verification of Bureau of Customs (BOC) data shows that while a limited number of rice import entries were recorded in September 2025, no further rice imports were recorded thereafter. Import data beyond August 2025 would therefore be affected by this policy intervention and would not reflect normal import conditions, and is accordingly excluded from the surge analysis.

##### Increase in Absolute Terms

24. The Petitioners claimed in **paragraph 8 of its petition** that rice imports from January to August 2025 were 15% higher than the average volume during the same period over the past three years, based on the Bureau of Customs (BOC) public website as summarized in **Table 3**.

**Table 3.** Rice Import Volume in metric tonnes (MT), January to August 2022-2025

Year	Volume (MT)
2025	3,048,497
2024	2,894,922
2023	2,327,906
2022	2,714,873

*Source: Bureau of Customs, as stated in the Petition*

25. The PRS-TRO verified data from the PSA and the BOC for the period January to August each year from 2020 to 2025 and show a **substantial and sustained increase in rice imports in absolute terms as shown in Table 4**. It indicated an upward trend in rice imports during the period of investigation. Both data sources show that import volumes in 2025 were the highest in the six-year period, surpassing those recorded in all previous years. The 2025 recorded import volume exceeded the 2020-2024 annual average by 30% based on the BOC data and 33% based on the PSA data, indicating the existence of a surge during the period of investigation.



**Table 4.** Rice Import Volume in metric tonnes (MT) from BOC and PSA, January to August 2022-2025

Year	BOC	Annual % Change	PSA	Annual % Change
2025	3,040,589.63	6%	3,062,497.95	6%
2024	2,866,234.85	20%	2,880,178.31	21%
2023	2,381,773.45	-15%	2,384,417.38	-15%
2022	2,785,955.59	58%	2,795,771.34	58%
2021	1,758,642.76	-6%	1,766,188.95	4%
2020	1,879,538.92	-	1,703,755.03	-
<b>Annual Average 2020-2024</b>	<b>2,334,429.11</b>		<b>2,306,062.20</b>	
<b>Absolute Increase</b>	<b>706,160.52</b>		<b>756,435.75</b>	
<b>Percentage Increase</b>	<b>30%</b>		<b>33%</b>	

Sources: BOC, 2020-2025; PSA, 2020-2025

### Increase in Relative Terms

26. Moreover, based on the annual rice import data, PRS-TRO verification confirms that both PSA and BOC data show a **substantial and sustained increase in rice imports from 2020-2024 in relative terms**. The evidence shows that rice imports increased significantly relative to domestic rice production during the period of investigation. Import as share of domestic rice production rose from 28% in 2020 to 47% in 2022 and peaked at 59% in 2024, notwithstanding largely stable or declining domestic production levels as shown in **Table 5**. This indicates a sustained and heightened level of import penetration on the rice domestic industry.

**Table 5.** Comparison of Volume of Imports vis-a-vis Domestic Production of Rice in MT from 2020 to August 2025

Category	2020	2021	2022	2023	2024	2025
Imports (MT)	2,111,710.57	2,856,013.61	3,723,155.82	3,442,177.91	4,406,788.74	3,340,875.94
Domestic Palay Production (MT)	11,903,022.31	12,552,593.67	12,533,391.83	12,824,041.74	11,859,541.68	11,576,097.85
Domestic Rice Production (MT)*	7,498,904.06	7,908,134.01	7,896,036.85	8,079,146.30	7,471,511.26	7,292,941.65
Import as % of Domestic Rice Production	28%	36%	47%	43%	59%	46%

**Note:** Milling Recovery Rate = 63%

\*No data available

Source: PSA, 2020-2025

27. The increase in rice imports was primarily driven by shipments from Vietnam, Thailand, Myanmar, and Pakistan. Vietnam remained the dominant supplier, accounting for about 82% of total imports from 2020 to August 2025. Thailand followed with 8% share while Myanmar and Pakistan contributed 5% and 4%, respectively, to total imports. These four countries consistently exceeded the 3% share threshold under Section 13, Paragraph 4 of Republic Act No. 8800, confirming that the rise in imports was largely driven by a concentrated group of key supplying countries led by Vietnam. Also, other developed countries importing to the Philippines are Singapore, South Korea, Taiwan, and Japan.

## **V. Whether injury or threat of injury exist against to local farmers**

28. Upon determining whether the increase in importation of the PUC is causing serious injury or threat thereof to a domestic industry, all relevant factors having bearing on the situation of the domestic industry shall be evaluated (Sec. 12, RA No. 8800). The Rule 12.2 and 12.3 of the IRR specifically mentions what needs to be evaluated to determine the existence of serious injury or threat thereof. It must however be noted that not all factors under the IRR can, by itself, necessarily give decisive guidance but the totality of the factors considered must lead to the conclusion that further increased imports are imminent and that, unless protective action is taken, serious injury would occur (Last Para. 12.3.d, IRR). This is supported by WTO case law<sup>8</sup> where it was clarified that no single factor is decisive, nor is it required that all injury indicators show negative trends. It is however material that an investigating authority must conduct an objective examination based on positive evidence and explain how it reconciles any factors showing positive performance with its overall injury determination.

29. It is also important to note that the domestic rice industry in the Philippines is marked by highly fragmented, small-scale production, with numerous individual farmers who typically lack standardized or audited financial and operational records. Consistent with this structure, the Petitioners relied primarily on official public data, supplemented by affidavits and qualitative information describing farm-level conditions. At the initiation stage, and for purposes of determining whether sufficient evidence exists to warrant the commencement of an investigation, reliance on data from government sources such as the Philippine Statistics Authority and the Bureau of Customs is appropriate. These data are national in scope, methodologically consistent, and publicly verifiable, and thus provide an objective basis for assessing preliminary trends in production, prices, stocks, employment, and import penetration affecting the domestic rice industry as a whole. The qualitative submissions are considered in a contextual and corroborative manner, without prejudice to a more detailed evidentiary assessment during the investigation proper.

30. For purposes of initiation, the PRS-TRO assessed the following injury indicators based on the evidence submitted by the Petitioners and data verified from official government sources: a. Market Share and Import Penetration, b. Cost of

<sup>8</sup> (Panel Report, Pakistan — BOPP Film (UAE), para. 7.281). WT/DS538/R (January 2021) . Retrieved from: <https://www.wto-ilibrary.org/content/reports/25189832/235/read>

Production, Sales and Returns, d. Productivity, e. Other losses/injury and threat thereof.

### **Market Share and Import Penetration.**

31. Section 12 of RA No. 8800 provides that the share of the domestic industry taken by the increased imports must be evaluated to determine serious injury. In this case, the increased market share of imports is represented by the import market share to the national rice consumption consequently, a decline in the domestic industry's market share is an indication of injury to the domestic industry because the share of the domestic industry is taken by the increased imports (Rule 12.1.b, IRR). As shown on the data collected during the period of investigation (**Table 6**), **national rice consumption grew from 9.61 million MT in 2020 to 11.87 million MT in 2024**, with imports capturing an increasing share of this demand. **Import market share increased from 22% in 2020 to 37% in 2024**, while the **domestic rice market share fell from 78% in 2020 to 63% in 2024**. The temporal correlation between rising imports and declining market share demonstrates that imports displaced, rather than supplemented, domestic rice causing substantial loss of market share for domestic producers.

**Table 6.** Market Share of Imports and Domestic Rice to National Rice Consumption in MT from 2020 to August 2025

Year	2020	2021	2022	2023	2024	2025
Imports (milled) (MT)	2,111,710.57	2,856,013.61	3,723,155.82	3,442,177.91	4,406,788.74	3,340,875.94
Domestic Rice (milled) Production (MT)*	7,498,904.06	7,908,134.01	7,896,036.85	8,079,146.30	7,471,511.26	7,292,941.65
Exports (MT)	313.04	415.49	465.86	377.62	181.38	215.34
<b>National Rice Consumption</b>	<b>9,610,301.59</b>	<b>10,763,732.13</b>	<b>11,618,726.81</b>	<b>11,520,946.59</b>	<b>11,878,118.62</b>	<b>10,633,602.25</b>
Domestic Rice Market Share	78%	73%	68%	70%	63%	69%
Import Market Share	22%	27%	32%	30%	37%	31%

**Note:** Milling Recovery Rate = 63%; National Rice Consumption = Domestic Production + Imports – Exports

**Source:** PSA, 2020-August 2025, TRO processed data

32. Rule 12.3.d of the IRR provides that growing inventories of the product being investigated whether maintained by the Philippine producers, importers, wholesalers or retailers must also be considered. Growing inventories held by importers, wholesalers, or retailers indicates market congestion attributable to imports. The Petitioners state in **paragraph 23 (Original Petition)** that a sizable portion of the record-high rice imports of 4.78 million MT in 2024 was not consumed and was carried over into 2025. As a result, rice inventory at the start of

2025 was 15% higher than during the same period in the previous three years. **Table 7 shows that household and NFA stocks declined from 2020 to 2024, with NFA stocks gaining a modest rebound in 2024. In contrast, commercial stocks remained stable and reached their highest level in 2024.** Notably, commercial stock for 2025, covering only the period up to August, already exceeds the full-year commercial stock levels recorded in all preceding years except 2024. This indicates accelerated accumulation of inventories within the commercial sector, notwithstanding the partial-year coverage of the data. The simultaneous decline in household and NFA stocks and increase in import-dependent commercial inventories reflect a transfer of market power and market share from local producers to traders and importers. Moreover, reduced public buffer stocks (NFA) and declining household stocks amid rising imports indicate that the domestic industry lacked the capacity to stabilize prices or manage supply fluctuations. This situation increases farmers' exposure to low prices during peak harvest periods, exacerbating the injurious effects of import surges on farmgate prices.

**Table 7. Stock Inventory of Rice in MT from 2020 to August 2025**

Category	2020	2021	2022	2023	2024	2025
<b>Commercial Stock</b>	10,042,340.00	9,392,994.30	9,474,478.16	9,718,238.60	13,418,587.20	11,060,760.85
<b>Household Stock</b>	14,896,901.00	13,787,657.60	13,108,185.92	10,583,397.97	9,292,278.99	11,764,644.83
<b>NFA Stock</b>	4,074,630.00	2,823,918.90	1,779,901.00	924,052.00	1,293,496.64	4,730,982.00
<b>Total Stock</b>	29,013,862.00	26,004,570.27	24,362,972.58	21,207,027.52	24,004,362.81	27,556,387.67

**Notes:**

The household stocks are taken from the results of Palay and Corn Stocks Survey (PCSS) of the PSA, which covers farming and non-farming households nationwide.

The commercial stocks are sourced from registered grains businessmen through the Commercial Stocks Survey (CSS). The CSS is conducted by the NFA, the results of which are submitted to PSA.

NFA stocks are monitored from their warehouses/depositories.

Source: PSA, 2020-August 2025

33. Self-Sufficiency Ratio (SSR) measures the extent to which a country relies on its own production to meet the domestic requirements of the populace. The higher the ratio, the greater the self-sufficiency while a ratio of less than 100% indicates inadequacy of food production to cope with the demand of the population. A declining self-sufficiency ratio also indicates that a progressively smaller share of domestic consumption is being supplied by domestic production. As shown in **Table 8, Self-Sufficiency Ratio (SSR) fell from 85% in 2020 to 71.7% in 2024,** indicating that local production increasingly failed to meet national demand. Conversely, the **Import Dependency Ratio (IDR), which gauges reliance on imports, rose from 15% in 2020 to 23% in 2022,** showing growing dependence on foreign rice to satisfy consumption needs. This trend demonstrates that the domestic industry's ability to supply the market was weakening, while imports captured a larger share of the growing demand. The combination of declining SSR, rising IDR, and stable or modest domestic production confirms volume and market share loss. The data show that domestic producers were unable to maintain



self-sufficiency, making the industry increasingly vulnerable to import competition and price displacement.

**Table 8. Import Dependency Ratio (IDR) and Self-Sufficiency Ratio (SSR) of Rice**

Year	2020	2021	2022	2023	2024	2025
Import Dependency Ratio (IDR)	15	18.5	23	*	*	*
Self Sufficiency Ratio (SSR)	85	81.5	77	77.9	71.7	*

**Note:** \*No data available

**Source:** PSA, 2020-2025

### **Sales, Cost of Production, and Returns**

34. Section 12 of RA No. 8800 and its rules provides that changes in the level of sales, prices, production, profits and losses of the domestic industry must be evaluated to determine serious injury. An examination of the available data on **production costs, sales value, and profitability** shows that the domestic industry experienced injury in its financial condition during the POI. Data provided in Tables 5 and 6 illustrates that the domestic industry is operating under persistent cost pressure, weak productivity gains and high dependence on price movements to sustain profitability. While it was observed that certain years improved returns, these improvements are rather episodic and price-driven rather than being a result of a productivity gain.

### **Cost of Production, Yield and Farmgate Prices**

35. Total Production Cost is the total monetary value of all inputs used in production over a given period. This includes cash cost, non-cash cost and imputed cost in the production of rice. Average Yield Per Hectare is an indicator of productivity derived by dividing total production by the area harvested, while Farmgate Price is the price received by farmers for the sale of their produce at the location of the farm. Thus, the marketing costs, such as the transport and other marketing costs (if any) incurred in selling the produce, are not included in the farmgate prices. An increase in production cost without proportional increase in yield (output per hectare) or increase in output price (farmgate prices) indicates a diminishing marginal return to inputs, cost pressure and therefore a deteriorating production efficiency. An increasing or high production costs weakens farm competitiveness and may justify support measures.

36. As shown in **Table 9**, total production cost increased steadily from 47,027.00 pesos per hectare (Php/ha) in 2020 to 59,695.05 Php/ha in 2024. This increase reflects rising input costs and higher production expenses borne by the domestic rice producers. Over the POI, average yield levels remained relatively stable, fluctuating within a narrow range of 4.09 to 4.17 metric tons per hectare, indicating that productivity gains were limited and insufficient to offset the increase in production costs. Farmgate prices also remained stagnant at 16 Php/kg in 2020 to 2021, and increased unevenly thereafter. While higher prices were recorded in 2023 and 2024, these increases did not correspond proportionately with the sustained rise in production costs. The combination of increasing production costs, relatively

stagnant yield performance, and volatile farmgate prices indicates that domestic producers were constrained in their ability to recover higher costs through improved productivity or stable price adjustments. These trends adversely affected the cost-price relationship of the domestic industry and supported a finding of financial pressure on domestic rice producers during the period of investigation.

**Table 9.** Production Cost, Yield and Farmgate Price of Rice (unmilled) during the POI (2020-August 2025)

Year	2020	2021	2022	2023	2024	2025
<b>Total Production Cost (PhP/ha)</b>	47,027.00	49,920.00	54,372.93	56,491.33	59,695.05	*
<b>Average Yield (mt/ha)</b>	4.09	4.15	4.11	4.17	4.11	4.14
<b>Farmgate (PhP)</b>	16.76	16.76	17.44	19.88	23.48	18.26
<b>Cost per kilogram (in PhP)</b>	14.98	14.98	14.98	13.54	14.52	*
<b>Net Margin per Kg</b>	1.78	1.78	2.46	6.34	8.96	

**Note:** \*No data available

*Source: PSA, 2020-August 2025, TRO processed data*

37. **Profitability** of the domestic industry was assessed primarily on the basis of net returns or profits and the net profit-cost ratio, as these indicators reflect the industry's ability to recover production costs and earn adequate returns. Gross returns, while indicative of sales performance, do not by themselves determine profitability. Net Return (Profit) directly determines whether farmers are operating at a profit or at a loss, because it accounts for both revenue and costs while Net Profit-Cost Ratio measures how much income is earned for every peso spent, making it a relative and efficiency-based indicator of profitability. As shown in **Table 10**, net profit of domestic producers decreased between 2020 to 2022 from 21,492.00 PhP/ha to 10,835.61 PhP/ha in 2022 indicating a deterioration in profitability during this period as rising costs were not sufficiently offset by gross returns. In contrast, net returns improved markedly in 2023 and 2024, reaching 26,422.70 PhP/ha and 36,211.42 PhP/ha, respectively. The net profit-cost ratio followed a similar pattern. It decreased from 0.46 in 2020 to 0.20 in 2022, signaling reduced profitability and efficiency of production. The ratio subsequently increased to 0.47 in 2023 and 0.61 in 2024, suggesting a recovery in profit margins during these years. The net profit-cost ratio for the most of the POI is under .50. Further, cost per kilogram remained relatively stable at 14.98 PhP/kg from 2020 to 2022, declined to 13.54 PhP/kg in 2023, and increased slightly to 14.52 PhP/kg in 2024. Despite the temporary reduction in unit cost in 2023, the overall level of cost per kilogram remained elevated, indicating persistent cost pressure. Overall, the table shows that while production costs consistently increased over the POI, profitability weakened in the early years and improved only in the later years, largely due to higher gross returns rather than sustained reductions in production costs.

**Table 10.** Average Production Costs and Returns of Rice(unmilled/palay) in PhP/Ha

Year	2020	2021	2022	2023	2024	2025
<b>Total Production Cost (PhP/ha)</b>	47,027.00	49,920.00	54,372.93	56,491.33	59,695.05	*
<b>Gross Return (PhP/ha)</b>	68,519.00	69,600.00	65,208.54	82,914.03	95,906.47	*
<b>Net Returns (Profit) (PhP/ha)</b>	21,492.00	19,680.00	10,835.61	26,422.70	36,211.42	*

Year	2020	2021	2022	2023	2024	2025
<b>Net Profit - Cost Ratio</b>	0.46	0.39	0.20	0.47	0.61	*
<b>Cost per kilogram (in PhP)</b>	14.98	14.98	14.98	13.54	14.52	*

**Note:** For 2023-2024 data, the input structures are based on the benchmark generated from the 2022 Survey on Costs and Returns of Palay Production. While the previous data are based on the surveys conducted in 2002, 2009 and 2013.

Total Cost - sum of cash costs, non-cash costs and imputed costs of rice production

Gross Return - gross value of production.

Net Returns - returns after subtracting total cost from the total value of production.

\*No data available

Source: PSA, 2020-2025, TRO processed data

## **Productivity**

38. The PRS-TRO observed that the domestic rice industry experienced a sustained weakening of productivity and production capacity during the period of investigation. As shown on **Table 11**, national rice area harvested declined from 4.82 million ha in 2023 to 4.65 million ha in 2024, while key producing regions accounting for over 50% of national output showed substantial reductions, reflecting a withdrawal of land from rice cultivation despite rising national consumption (see Annex A).

**Table 11. Annual Rice Area Harvested in the Philippines in million hectares**

Year	Area Harvested (in million ha)
2020	4.72
2021	4.81
2022	4.80
2023	4.82
2024	4.65
2025	*

Source: PSA, 2020-2025

39. Moreover, average yields remained broadly stable over the POI and did not exhibit notable improvement sufficient to offset the loss in harvested area. As shown in **Table 12**, average yield fluctuated narrowly from 4.09mt/ha in 2020 to 4.11mt/ha in 2020. This indicates stagnation rather than productivity enhancement. In addition, farmer-level yield distribution data reveal that a substantial proportion of rice farmers continued to operate in low-yield brackets where 37% are producing at 3mt/ha or below in 2021 and 30% in 2022. The majority of the farmers in both years with data available operates only with a 4mt/ha and below output while only a limited share achieved yields above 5mt/ha. This distribution reflects uneven productivity gains and structural constraints affecting a large segment of the domestic producers. The decrease in harvested area, combined with stagnant yields, coincided with rising import penetration and declining domestic market share, which, as reported by the Petitioners, led farmers to reduce planting, scale down operations, or exit rice cultivation altogether. Taken cumulatively, the reduction in production capacity, stagnant productivity, and producer exit constitute a significant impairment of productivity and production capacity, providing prima facie evidence of serious injury to the domestic rice industry.

**Table 12.** Productivity of Rice Farmers in Terms of Average Yield in the Philippines in metric tons per hectare

	2020	2021	2022	2023	2024
<b>Average Yield</b>	4.09	4.15	4.11	4.17	4.11
<b>Yield Distribution</b>					
< or = to 3 mt/ha	*	37%	30%	*	*
>3 to 4 mt/ha	*	23%	23%	*	*
>4 to 5 mt/ha	*	20%	20%	*	*
>5 to 6 mt/ha	*	11%	14%	*	*
>6 mt/ha	*	-	12%	*	*

**Note:** Productivity of Rice Farmers presents farmer-level yield performance based on the rice-based farm household survey, highlighting the distribution of rice farmers across different yield levels. (in metric tons per hectare, in fresh palay)

\*No data available

Source: PSA, 2020-2025

### **Other Losses/Injury and Threat Thereof**

40. In addition to the above injury indicators, the price gap between farm gate and retail prices, the employment in rice farming, the bargaining power of farmers, the expected imports evidenced by the certificates provided to importers and other qualitative evidence were also considered to determine whether.
41. Widening Farmgate-to-Retail Price Gap. The widening gap between farmgate prices of palay and retail prices of rice provides further evidence of injury suffered by domestic rice farmers. Farmgate price refers to the price received by farmers for unmilled palay, while retail rice price reflects the prevailing consumer price of milled rice at the retail level. To allow comparability, farmgate prices were converted into rice-equivalent prices using a standard milling recovery rate of 63 percent, representing the average proportion of milled rice obtained from palay. The resulting farmgate rice-equivalent price therefore reflects the implied value of palay expressed on a milled-rice basis. The price gap represents the difference between the retail rice price and the farmgate rice-equivalent price, indicating the margin between upstream producers and downstream market levels.
42. As shown in **Table 13**, the price gap has generally increased from 18.50 Php/kg in 2020 to 21.39 Php/kg in 2025. The increasing price gap between farmgate and retail price illustrates clear evidence of serious injury to domestic rice farmers. The observed increase indicates that farmers are receiving a declining share of the final consumer price, despite stable or rising retail prices. This margin compression demonstrates that domestic producers are economically disadvantaged relative to downstream market actors, reducing their profitability, bargaining power, and capacity to sustain employment. As discussed above, the data show that middlemen and importers capture a disproportionate share of the retail price, leaving farmers with depressed returns despite rising consumer prices. This condition exacerbates



income losses and reinforces the conclusion that the domestic industry has suffered serious injury.

**Table 13.** Farmgate and Retail Rice Prices, Rice-Equivalent Conversion, and Price Gap, 2020–2025

	2020	2021	2022	2023	2024	2025
<b>Farmgate Price (unmilled)</b>	16.76	16.76	17.44	19.88	23.48	18.26
<b>Milling Recovery Rate</b>	63%	63%	63%	63%	63%	63%
<b>Retail Price (milled)</b>	45.11	44.71	45.27	49.02	56.73	50.37
<b>Farmgate Rice-Equivalent Rice</b>	26.60	26.60	27.68	31.56	37.27	28.98
<b>Price Gap (Php/kg)</b>	18.50	18.10	17.59	17.46	19.46	21.39

*Source: PSA, 2020-August 2025, TRO processed data*

43. The resulting debt dependency creates a vicious and unsustainable cycle that further aggravates economic injury to the domestic industry. Over time, this condition erodes farmers' resilience, undermines production continuity, and contributes to broader social distress within farming communities. The seriousness of this injury is further corroborated by sworn narratives submitted by the petitioners, which describe cases where prolonged financial distress, mounting indebtedness, crop failure, and persistently low palay prices allegedly contributed to extreme psychological and social harm, including loss of life. While these accounts are not presented as statistical indicators, they serve as qualitative evidence illustrating the depth and gravity of the adverse conditions confronting the domestic rice industry during the period of investigation, as reflected in Annexes A1, A2, and A3 of the Supplemental Petition.
44. Rule 12.3 of the IRR of RA No. 8800 requires that a determination of threat of serious injury be based on facts and not mere allegations or conjecture. Under Rule 12.3.a provides that a threat may be established by a significant increase in imports as evidenced by existence of letters of credits, supply or sales contract, the award of a tender, an irrevocable offer or other similar contracts.
45. In the case of rice, Sanitary and Phytosanitary Import Clearances (SPSIC) constitute a mandatory precondition to importation and serve as a reliable, forward-looking indicator of importer intent and readiness to import. As shown in **Table 14**, a marked increase in SPS IC approvals and expected import volumes, rising from 5,535 approvals and 4.80 million MT in 2020 to 9,818 approvals and 9.39 million MT in 2024. Even for the period January to August 2025, expected import volume already reached 3.79 million MT, indicating sustained and imminent import pressure. Notably, SPS IC approvals continued to be issued during the period September to December 2025, notwithstanding the issuance of Executive Order No. 102, which suspended rice importation beginning 1 September 2025 until the end of the year. During this period, an additional 493 SPS ICs were approved, corresponding to an expected import volume of 0.53 million MT.

**Table 14. SPSIC Issuance and Expected Volume**

Year	Approved SPS IC	Volume Expected (MT)
2020	5,535.00	4,795,598.26
2021	7,821.00	7,003,551.38
2022	471.00	632,466.38
2023	5,459.00	4,825,408.99
2024	9,818.00	9,388,028.47
January to August 2025	4,007.00	3,789,211.67
September to December 2025	493.00	531,008.51

Source: BPI, 2020-2025

46. The continued issuance of SPSICs and the accumulation of authorized import volumes during the period of suspension underscore the persistence of importer readiness and intent to import, and demonstrate that import pressure was deferred rather than eliminated. These authorized volumes remain capable of entering the domestic market upon the lifting of the suspension, thereby posing an imminent risk of substantially increased importation.
47. Taken together, the sustained increase in SPSIC approvals and expected import volumes reflects a significant rate of growth in authorized imports, constituting facts, not mere allegations or conjecture, within the meaning of Rule 12.3. Accordingly, the criterion under Rule 12.3(a) is satisfied, and the evidence supports a finding of threat of serious injury to the domestic rice industry.
48. Based on an objective examination of all relevant factors under Section 12 of RA No. 8800 and its IRR, the totality of the evidence establishes the existence of serious injury and a continuing threat thereof to the domestic rice industry, particularly to local rice farmers. During the period of investigation, imports captured a rapidly increasing share of national consumption, rising from 23% in 2020 to 39% in 2024, while the domestic industry's market share correspondingly declined. This displacement was accompanied by growing commercial inventories linked to imports, declining self-sufficiency, rising import dependency, and reduced capacity of public stocks to stabilize the market. At the farm level, producers faced steadily increasing production costs without commensurate gains in productivity or stable price recovery, resulting in weakened profitability for most of the period. Although net returns improved in the later years, these gains were episodic and price-driven, occurring amid persistent cost pressure, stagnant yields, declining harvested area, and evidence of farmer exit. The widening farmgate-to-retail price gap further shows that farmers received a shrinking share of the consumer peso, reflecting diminished bargaining power and income compression despite rising retail prices. Considered cumulatively, these trends demonstrate that **increased imports have substantially impaired the condition of domestic producers which are the local rice farmers and that, absent timely protective measures, further increased imports are likely to aggravate these conditions, thereby constituting both serious injury and a clear threat of further injury to the domestic rice industry.**

## **VI. Whether the injury or threat of injury to local farmers was caused by the oversupply of imported rice**

49. The last element to be established in order for a general safeguard measure to be applied as provided in RA No. 8800 is the causal link between the increased imports of the product under consideration and the serious injury or threat thereof. Such causality should be “genuine and substantial relationship of cause and effect”<sup>9</sup> In order to do so, a positive and negative test (non-attribution) is used to determine to address 1. Whether increased imports caused serious injury to the domestic industry (Positive test) and 2. Whether there are any other factors behind the injury sustained by the domestic industry (Negative test). Case law provides that if causation is present, an increase in imports normally should coincide with a decline in the relevant injury factors.<sup>10</sup>

### **The Positive Test is conducted through the price effect analysis**

50. Price Effects Analysis shows whether imports are causing domestic prices to be lower than they would be in the absence of imports, through undercutting. This analysis is essential to establish the causal link between import surges and injury to domestic producers, which is required in both the positive test and overall safeguard investigation. Though not required by law, it has been a practice of Philippine investigating authorities to include, price effect of imports on domestic goods and demand. The price effects data provide prima facie evidence that increased rice imports exerted significant downward pressure on domestic prices during the period of investigation, adversely affecting the condition of local rice farmers hence a causation. Consistent patterns of price undercutting observed in the data reinforce the finding of injury and support the plausibility of a causal link between increased imports and the deterioration of farm-level economic conditions.

51. Price undercutting occurs when imported rice enters the market at prices lower than domestically produced rice. **Table 15** shows that import prices were consistently below domestic prices, with undercutting margins from 14% to as high as 35% during the POI. The persistence of price undercutting over multiple years demonstrates that domestic producers were forced to lower prices or risk losing sales to imports. In a staple market characterized by high price sensitivity, this dynamic directly depresses farmgate income and profitability.

---

<sup>9</sup> ABR, *US – Wheat Gluten* para. 69- [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds166\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds166_e.htm)

<sup>10</sup> PR, *Argentina – Footwear (EC)*, para. 8.238 - [https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds121\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds121_e.htm)

**Table 15. Price Undercutting of Domestic Rice by Imported Rice, 2020–2025**

Year	Domestic Price	Import Price	Undercutting Margin
2020	40.14	34.11	15%
2021	39.85	25.79	35%
2022	40.33	31.48	22%
2023	43.95	37.38	15%
2024	50.89	43.86	14%
2025	43.74	33.22	24%

**Note:**

Undercutting Margin =  $[(\text{Domestic Price} - \text{Import Price}) / \text{Domestic Price}] \times 100$

**Source:** PSA, 2020-August 2025, TRO processed data

52. In addition to the evidence of undercutting, the data in the previous section showing the gap between farmgate rice-equivalent prices and retail rice prices expanded during the POI, demonstrating that farmers bore the brunt of import-induced price competition. This is because though retail prices increased in certain years, farmgate prices did not rise proportionately. Although imports enter the market at the milled rice stage, the effect transmits upstream through the integrated rice value chain that is millers and traders reduce farmgate purchase prices in response to lower-priced imported rice, internal pricing memos and records confirm that domestic producers deliberately lowered prices to remain competitive with imports and contract negotiations with buyers show that domestic buyers leveraged alternative import offers to negotiate lower domestic prices, further pressuring farmgate returns.

53. Based on the positive test, the evidence shows that imports directly caused serious injury to the domestic rice industry by forcing domestic producers to lower farmgate prices as evidenced by price undercutting and reducing farmgate income relative to retail prices as evidenced by the widening farmgate-to-retail gap. These patterns collectively satisfy the positive test requirement, establishing that the surge in imports materially contributed to the deterioration of farm-level economic conditions.

**The Negative Test known as Non-Attribution.**

54. Consistent with RA No. 8800 and established jurisprudence, the PRS-TRO examined whether factors other than increased imports could have caused the injury, and whether such factors break the causal link such as Production Costs and Input Prices, Demand Conditions, Weather and other Structural Factors, Government Policies.

55. Production Costs and Input Prices. While production costs increased during certain years, cost escalation alone cannot explain the injury. If rising costs were the primary cause, domestic prices would have increased correspondingly. Instead, the



evidence shows price suppression and depression, indicating that farmers were unable to pass on higher costs due to competitive pressure from imports.

56. Demand Conditions. There is no evidence of a sustained contraction in domestic demand for rice. Rice remains a staple commodity with stable consumption patterns. Injury occurred despite continued demand, negating demand decline as an alternative cause.
57. Weather, Productivity, and Structural Factors. Although weather variability and productivity differences affect agriculture generally, these factors are structural and persistent. They do not explain the timing and severity of the observed price declines, which coincide with surges in import volumes and intensified price undercutting. Moreover, such factors would normally reduce supply and increase prices, not depress them.
58. Government Policies. No policy change unrelated to imports has been shown to independently cause the observed price depression at the farmgate level. To the extent that tariff liberalization facilitated increased imports, it reinforces the causal role of imports.
59. In conclusion as to causality, applying both the positive and negative tests, the **evidence establishes a genuine and substantial relationship of cause and effect between increased imports of rice and the serious injury or threat thereof to local farmers.** The persistent price undercutting by imports, the suppression and depression of domestic prices, the widening farmgate-to-retail price gap, and the demonstrable role of import prices in shaping domestic pricing decisions collectively show that injury was caused by the oversupply of lower-priced imported rice. No other factors, whether singly or collectively, can explain the magnitude, persistence, and timing of the injury observed. Accordingly, the causation requirement under RA No. 8800 is satisfied, justifying the application of a general safeguard measure.

## VII. Conclusion

60. Based on the foregoing analysis, the preliminary verification provides *prima facie* evidence of serious injury to the domestic rice industry caused by the increase in imports of the product under investigation during the POI. This is evidenced by the sustained growth in rice imports, which coincided with declining farmgate prices and largely stagnant productivity. The widening farmgate-to-retail price gap demonstrated that domestic producers absorbed the bulk of market pressures, while the observed shifts in stock inventories indicate a transfer of market control from local producers to traders and importers. Taken together, these trends confirm that domestic rice farmers are economically disadvantaged and exposed to the risk of further injury in the absence of timely safeguard measures.
61. Moreover, the evaluation of the petition and supporting documents, including consultations with representatives of the domestic industry, confirms the completeness and reliability of the submission. The application was duly signed, all relevant questions were addressed, and explanations were provided for any

missing information. Attachments and supplementary data are consistent with official sources, and ambiguous statements by the petitioners were clarified during follow-up. Accordingly, the information submitted provides a sound and coherent basis for initiating a formal investigation into the imposition of general safeguard measures.

## **VIII. Recommendations**

62. WHEREFORE, premises considered, the documents submitted by the Petitioners consist of a properly documented application and finds *prima facie* evidence to initiate and conduct a preliminary safeguard investigation to determine whether rice imports being imported to the Philippines in increased quantities are causing serious injury to the domestic industry. Such investigation shall be led by the DA-PRS TRO. Further, a notice of initiation of the conduct of this preliminary safeguard investigation be published in two (2) newspapers of general circulation and individual notices be sent to all interested parties including country members concerned.

### **Attachments:**

1. Petition submitted by the Federation of Free Farmers and Magsasaka Partylist;
2. Pro-Forma Protestant's Questionnaire; and
3. Supplemental Petition.



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
 Elliptical Road, Diliman 1100 Quezon City  
 +63(2) 8928-8741 to 64 and +63(2) 8273-2474

### ANNEX A

Annual Rice Area Harvested from the Top 5 Region Producing Rice in hectares (ha)

Region	2020		2021		2022		2023		2024	
	Area Harvested	% Share to Total Area Harvested	Area Harvested	% Share to Total Area Harvested	Area Harvested	% Share to Total Area Harvested	Area Harvested	% Share to Total Area Harvested	Area Harvested	% Share to Total Area Harvested
<b>CENTRAL LUZON</b>	711,208	15%	728,063	15%	705,078	15%	692,877	14%	673,654	15%
<b>CAGAYAN VALLEY</b>	589,717	13%	613,121	13%	621,995	13%	632,728	13%	625,570	13%
<b>WESTERN VISAYAS</b>	656,936	14%	676,927	14%	681,300	14%	666,296	14%	571,971	12%
<b>ILOCOS REGION</b>	407,701	9%	409,035	9%	407,408	8%	410,925	9%	408,569	9%
<b>BICOL REGION</b>	346,629	7%	346,010	7%	348,848	7%	344,007	7%	333,806	7%

\*No Annual Data for 2025

Source: PSA, 2020-2025