

THE DEMAND ANALYSIS FOR IMPORTED RICE IN THE PHILIPPINES
1981-2010

Undergraduate Thesis
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ABSTRACT

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The study was conducted to determine the status of rice industry in the Philippines; determine the proportion of imported rice against the domestic supply of rice; determine the relationship between the demand for imported rice and the selected variables which are the real price of imported rice, real price of domestic rice, volume of domestic rice production, real gross national product, population, and rice trade liberalization; determine the elasticity between prices; and formulate policy implications on rice production. Data were obtained from the Department of Agriculture (DA); University of Philippines, Los Baños (UPLB); National Food Authority (NFA); National Statistics Office (NSO); National Statistics Coordination Board (NSCB); Bureau of Agricultural Statistics (BAS); and Philippine Tariff Commission.

Data were analyzed using descriptive analysis and the multiple linear regression with the aid of Statistical Packages for Social Sciences (SPSS).

The area planted to rice increased at an average growth rate of 1.09 percent. Local production of rice exhibited an upward trend with some variations in other years. Low production was caused by drought and typhoons. However, unstable trend in the size of the farm devoted to rice production can be attributed to the limited hectareage of rice due to the crop diversification, conversion of land to agroforestry, industrial, and residential site. The increasing trend in average rice productivity was because Philippines have

enthusiastically taken up rice science technologies that have helped farmers dramatically increase their yields.

The country continuously experienced insufficient domestic rice production due to the increasing population brought about continuous increase in rice importation with some variations. The major suppliers of rice imports were United States of America (USA), Thailand, Taiwan, China, Indonesia, Burma, Vietnam, Netherlands, Pakistan, and Myanmar which were recorded from 1981 to 2010.

The changes in the real price of imported rice have a relatively small effect on the quantity demanded for imported rice. At 0.61 price elasticity, may be considered inelastic. This is because rice is a main staple food of the country. Likewise, the study revealed us that volume of imported rice increased when the price of domestic rice increased and vice versa. At 0.81 cross-price elasticity, the two goods, imported rice and domestic rice, can be considered substitutes and may replace each other in consumption.

With the use of full model regression method, it was found that the factors such as real price of rice imported rice and population of the country were significantly associated at five percent level of significance with the quantity demanded for imported rice. While the real price of domestic rice, volume of domestic rice production, real gross national product, and rice trade liberalization did not have significant relationship with the quantity demanded for imported rice.

To improve the rice industry in the Philippines, the government should implement more programs and policies on rice farming technology and should also provide financial, technical and other forms of assistance to farmers.