



Required Report - public distribution

Date: 10/9/2000

GAIN Report #RP0056

Philippines

HRI Food Service Sector

2000

Approved by:

Charles T. Alexander

U.S. Embassy

Prepared by:

Leverage Consultants/Joy F. Canono

Report Highlights:

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1], RP

MARKET SUMMARY

The combined effects of the Asian crisis and the El Nino drought significantly slowed the growth of the Philippine economy in 1997 and 1998. The Philippine peso depreciated by as much as 12 percent and annual harvest was lean. Although the Philippines displayed resiliency compared to its ASEAN neighbours, the Philippines managed to post a very modest growth of 0.1 percent in 1998. The quick recovery in 1999 was largely accounted for by a strong rebound in the agriculture sector. This sector's growth peaked at 11 per cent in the second quarter of 1999. The bountiful harvest resulted in the continued decline in the prices of basic foodstuffs. This decline ensured the deceleration of the country's annual inflation rate to 3 percent in the first quarter of 2000. Agriculture is expected to continue to grow by 5.7 per cent in 2000. However, rising fuel costs and utility rates, combined with the effects of the recent peso depreciation will likely accelerate inflation to around 5-6 percent for the year.

Increases in food sales may be expected no matter how the economy performs, food being a basic necessity. Food manufacturing continues to contribute to the modest growth of the manufacturing sector. As the economy continues to recover, consumers' purchasing power is expected to strengthen and a corresponding increase in the expenditures for the food sector may be expected. The economy is expected to grow at about 4.5 percent in 2000 and 5.5 percent in 2001.

Our discussions of the market in this study cover hotels, resorts, restaurants and institutional food contractors.

- C Hotels, restaurants, resorts and public/private caterers are among the segments that comprise the hospitality industry in the Philippines, as defined by the Department of Tourism. Hotels are establishments that provide lodging, food service, valet service and other types of services that may include meeting rooms and dining facilities. Resorts are places endowed with special characteristics such as beaches and lakes. The National Statistics Office has also classified the dormitories, boarding houses, pension houses, camping sites and facilities under Hotels and Motels
- C Philippine restaurants include all establishments selling prepared food and drinks for immediate consumption. Among these establishments are fine dining and specialty restaurants, fastfood outlets, caterers, canteens and lunch centers. Fine dining and specialty restaurants are usually located in luxury hotels and commercial areas.
- C Institutional Contracts include catering services, canteen operations, and lunch canteens which are mostly operated on a concession basis by schools, hospitals, office buildings, passenger ships, theme parks and some golf courses. Casinos, which are operated solely by the Philippine Gaming and Amusement Board, are being catered to by hotels where the casinos are located.
- C The number of hotels, motels and other lodging places as well as restaurants, cafes and other eating and drinking places are shown in Table 1. However, the number of concessionaires or catering companies that service the schools, office buildings, some of the golf courses, theme parks and hospitals can not be shown separately. They are included under Restaurants, Cafés & Other Eating and Drinking Places, as classified by the National Statistics Office.
- C There are approximately 352 passenger ferries and 148 private tertiary hospitals throughout the country today. The Philippine Airlines is the only international airline. There are 4 domestic airlines namely: Cebu Pacific, Air Philippines, Asian Spirit and Mindanao Express. One of them, Air Philippines, is presently applying for international airline status.
- Data from the Philippine Securities and Exchange Commission (SEC) revealed that investments in

hotels and restaurants increased from 1997 to 1998 (data for 1999 are not available yet). The number of registered new restaurants increased by 6.5 percent between 1996 and 1997 and by 6.7 percent between 1997 and 1998. The number of new hotels increased by 2.5 percent between 1996 and 1997, and by 2.7 percent between 1997 and 1998.

Table 1. Number of Hotel and Restaurant Establishments

	1992	1993	1994	1995	1996*	1997**	1998**
Restaurants, Cafés & other Eating & Drinking Places	3,888	4,050	4,200	4,459	5,804	6,184	6,599
Hotels, Motels & other Lodging Places	470	490	571	575	802	822	844
Total	4,358	4,540	4,771	5,034	6,606	7,006	7,443

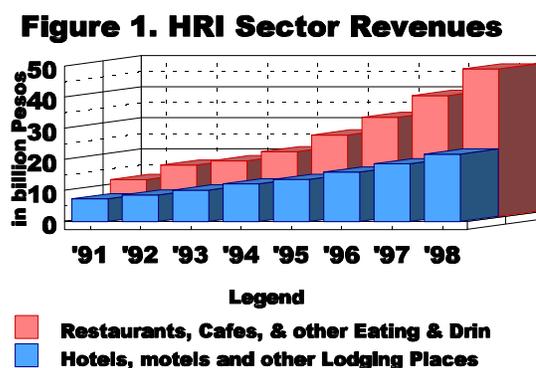
Source: National Statistics Office

*preliminary figures from NSO

**estimated figures (considering the figures from SEC)

Sales and Growth of the Overall HRI Food Service Sector.

- C About 60 percent of total revenues in the HRI Food Service Sector come from restaurants, cafés and other eating and drinking places. The remaining 40 percent are accounted for by sales from hotels, motels and other lodging places.
- C Sales of restaurants, cafés and other eating and drinking places totalled P26.08 billion in 1995 and are estimated at P31.81 in 1996, P38.81 in 1997 and P47.35 in 1998. From 1991 to 1998, sales of restaurants, cafés and other eating and drinking places posted an average annual growth of about 22 percent.



Source: National Statistics Office (NSO)

- C Estimated average growth rate of revenues in Hotels, Motels and Other Lodging Places was 17 percent from 1991 to 1998. In 1995, sales amounted to P13.54 billion, an increase of 11.85 percent over the 1994 figure. Estimated sales for the years 1996, 1997 and 1998 were P15.84 billion, P18.53 billion and P21.68 billion, respectively. Food sales accounted for about 40 percent of hotel revenues.
- C Industry analysts from the National Statistics Office noted that in spite of recent economic downturns, an increase in sales or revenues may still be expected from the food industry. Everyone needs to eat and food is one of our basic necessities. Also, hotel and restaurant establishments are quite sensitive to what their customers like and will like. They have come up with different promotional schemes to attract more possible clients, an example of which is the popular "eat-all-you-can" or buffet style now being offered by most restaurants.

Table 2. Revenues of Restaurants, Cafés & Other Eating & Drinking Places (value in billions)

	1991	1992	1993	1994	1995	1996*	1997*	1998*
in P	11.80	16.44	17.84	20.76	26.08	31.81	38.81	47.35
in \$	0.42	0.64	0.66	0.78	1.01	1.21	1.32	1.16

Table 3. Growth Rate, Cafés & Other Eating & Drinking Places (in percent)

	'91 - '92	'92 - '93	'93 - '94	'94 - '95	'95 - '96	'96 - '97	'97 - '98	Average
in P	39.32	8.52	16.37	25.63	21.97	22.00	22.00	22.26
in \$	52.38	3.12	18.18	29.49	19.80	9.09	(12.12)	17.13

Table 4. Revenues of Hotels, Motels & Other Lodging Places (value in billions)

	1991	1992	1993	1994	1995	1996*	1997*	1998*
in P	7.25	8.51	10.08	12.10	13.54	15.84	18.53	21.68
in \$	0.26	0.33	0.37	0.46	0.53	0.60	0.63	0.53

Table 5. Growth Rate, Hotels, Motels & Other Lodging Places (in percent)

	'91 - '92	'92 - '93	'93 - '94	'94 - '95	'95 - '96	'96 - '97	'97 - '98	Average
in P	17.38	18.45	20.04	11.90	16.99	16.98	16.99	16.96
in \$	26.92	12.12	24.32	15.22	13.21	5.00	(15.87)	11.56

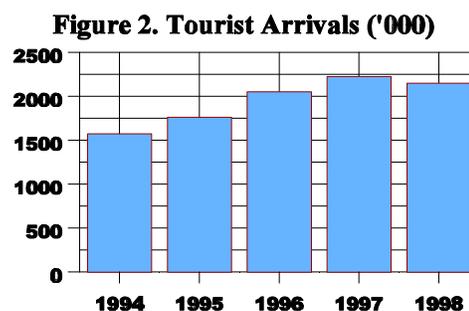
*estimated

Source: National Statistics Office (NSO)

Note: Exchange Rate/yr. based on ave. rate/yr.

Expected growth rates of the HRI food service sector and its sub-sectors

- C Based on interviews, the HRI food service sector is expected to grow by at least 20 percent this year. This is based on reports of inquiries, bookings and reservations already made with hotels, restaurants and caterers.
- C The population growth rate of 2.3 percent has a direct effect on the growth of this sector.
- C Furthermore, as the economy continues to grow (projected GNP growth is 4.5 - 5.5 percent in years 2000 and 2001), expenditures for this sector may increase proportionately as purchasing power of the consumer increases when the country's economy is on the uptrend.



C Tourist arrivals also have a direct effect on the growth of this industry. Foreign tourists and expatriates are among the customers or patrons of hotels and fine dining restaurants. During the past five years, recorded annual average growth of tourist arrivals in the country was 8.3 percent, from 1994 to 1998. A decline in the number of tourists in 1998 could be attributed to the economic crisis besetting Asian countries from where most of the country's visitors come. However, this is considered a temporary occurrence.

Figure 4. Food Manufacturing Value of Output

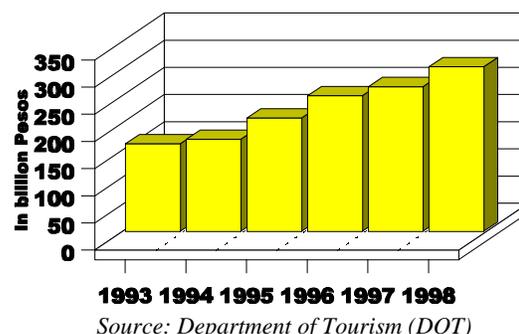


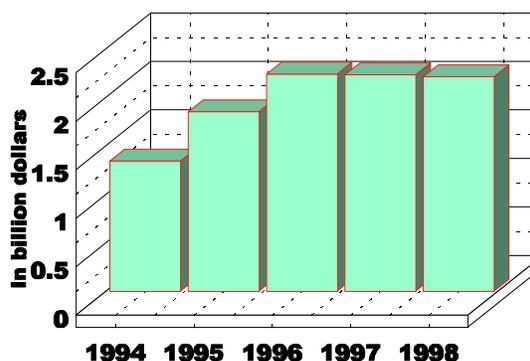
Table 6. Food Imports, 1994 -1998 (\$'000)

	1994	1995	1996	1997	1998
Processed Food % Change	785,946	1,038,459 +32.1	1,045,333 +0.1	1,151,944 +10.2	946,009 -17.9
Fresh Foods % Change	550,078	812,092 +47.6	1,191,915 +46.8	1,074,994 -9.8	1,268,120 +18.0
Total % Change	1,336,024	1,850,551 +38.5	2,237,246 +20.9	2,226,938 -0.5	2,214,129 -0.6

Source: National Statistics Office (NSO)

The greatest impact of the regional economic crisis and devaluation are seen in the food import numbers. Total food imports in 1998 amounted to \$2.21 billion, a slight decrease of 0.6 percent from the \$2.22 billion value in 1997. In 1998, 57 percent of food imports were fresh foods, while 43 percent were processed foods. Import value of fresh food imports increased by 18 percent from 1997 to 1998. Processed food, on the other hand, recorded a decrease in value by 17.9 percent in 1998. Overall, total food imports grew by an average of 14.6 percent from 1994 to 1998. Preliminary information for 1999 indicate a strong rebound in imports of processed food products.

Figure 3. Total Food Imports



Domestic Food Production

Total output value of the Food Manufacturing Sector has been on an uptrend. The sector grew by an average of 13.64 percent from 1993 to 1998. Total value increased to P302.67 billion (\$7.41 billion) in 1998 from P266.43 billion (\$9.05 billion) in 1997, or an increase of 13.6 percent. Equivalent dollar

value, however, reflects a decrease due to the 12 percent devaluation of the peso.

Table 7. Food Manufacturing Value of Output (value in billions)

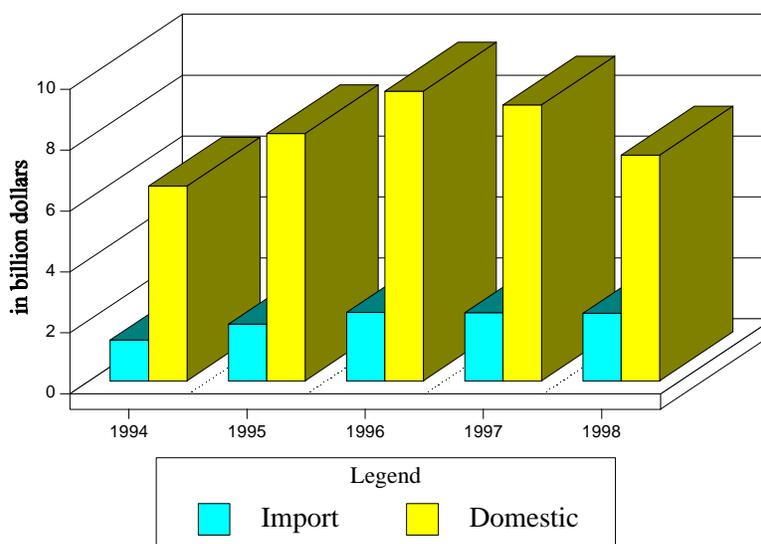
Year	1993	1994	1995	1996	1997	1998*
in P	161.083	169.190	208.632	249.365	266.427	302.66
in \$	5.968	6.395	8.117	9.512	9.053	7.41

Source: National Statistics Office (NSO)

Note: Exchange Rate/yr. were based on BSP's ave. rate/yr.

*Estimate based on growth rate

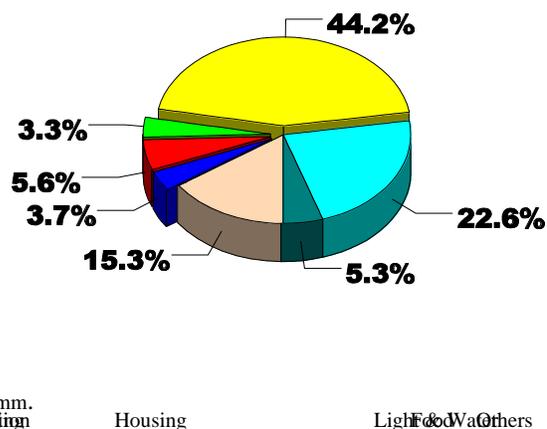
Figure 5. Value of Imported vs. Domestic Food Manufacturing Output



Macro Economic Factors and Key Demand Drivers Affecting the Food Service Market

- C The HRI industry is expected to continue to grow amidst the rapidly changing Filipino lifestyle: changing consumer income and expenditure trends, the worsening urban traffic, the increasing number of shopping malls, the increasing number of working wives, and the introduction of new services.
- C The National Statistics Office (NSO) conducts the Family Income and Expenditures Survey (FIES) every three

Figure 6. Expenditure Patterns



years, the latest of which was 1997. The total family income in 1997 was estimated at P1.748 trillion, an increase of 64.8 percent from the 1994 figure. Total family expenditures reached P1.413 trillion, higher by 63.7 percent from 1994. Almost half of the total family expenditures of a typical Filipino family were spent on food. In 1997, the share of food expenditures to total expenditures amounted to 44.2 percent. Other expenditures included: Clothing, Footwear & Other wear (3.3 percent); Transportation & Communication (5.6 percent); Education (3.7 percent); Housing (15.3 percent); Fuel, Light & Water (5.3 percent); and Other expenses (22.6 percent).

- C The proportion of food consumed outside the home went up slightly from 4.2 percent in 1994 to 4.7 percent in 1997.
- C The proportion of expenditures on food consumed at home declined from 43.5 percent to 39.5 percent, during the same period.
- C Rising female employment has increased expenditure on time-saving products like restaurant meals. Aside from the fact that working wives have less time to cook making restaurant food a practical alternative, average family income of dual-income households has increased, pushing the family's level of food consumption upward.
- C A major driving factor for the industry is accelerated urbanization, not only in Metro Manila but also its suburban areas. Increased urban population and the proliferation of shopping malls have resulted in greater demand for restaurant food, particularly those in fast food outlets.
 - Urbanization is not only rapidly happening in the National Capital Region. Cebu and Davao City in the southern part of the country represent the urban areas in their regions. Davao City has been on an uptrend. There are already P346 million worth of investments registered at the Board Of Investments in Davao City while some P1.4 billion more worth of investment are in the pipeline. A major shopping mall will also be built in Davao and is expected to generate 3,000 jobs for the people. The Davao International Airport is now under construction.
 - Cebu City has a total of 20 projects lined up which are mostly road concreting and improvements, as well as flyover projects in the city. It also has its own international airport. These projects are expected to spawn more investments for the city, thus creating more jobs for the local people and improving their standard of living.
- C Consumer preference is a major factor affecting demand for the HRI food service sector. The increase in culinary choices is an indication that there will be further increase in demand. The market is continuously growing in sophistication.
- C Aside from expanded menus, service diversification has become an important direction taken by the industry. Examples are 24-hour operations and kiosks and portable stalls in strategic places in shopping malls, groceries, supermarkets and bus terminals.

Advantages & Challenges of the HRI Food Service Sector

Advantages	Challenges
------------	------------

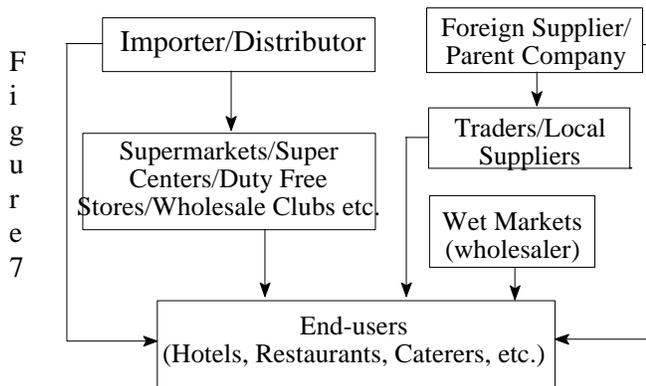
<p>Acceptance by Filipinos of the franchising concept. Most franchised fast food chains are popular US companies or brands. The first fastfood establishments set up were mostly American franchise chains.</p> <p>To increase market share and bargaining power, modern restaurants and food chains continue to look into importing food products in order to be able to offer more variety of food choices.</p> <p>The industry will constantly seek ways to expand the variety in their menus and reduce the amount of waiting time for customers. This will pave the way for the use of frozen foods, and easy-to-prepare foods.</p> <p>Offering bold, flavourful food is the trend in most restaurants today.</p>	<p>The devaluation of the Philippine Peso makes importing expensive.</p> <p>To ensure regularity of supply</p> <p>There will be stiffer competition, particularly from food products produced in other Asian countries, as trade barriers continue to be brought down. Under the ASEAN Free Trade Agreement (AFTA) there are no tariffs on imports among ASEAN countries</p> <p>Pricing scheme. Price is a major factor in this sector, particularly for the lower segment of the market.</p> <p>There is need for constant and regular quantity and quality especially when supplied to big hotels and restaurants.</p> <p>There is inadequate cold-chain warehousing and transportation facilities.</p>
--	---

ROAD MAP FOR MARKET ENTRY

Entry Strategy

Interviewed hotels and restaurants source their supply from distributors and importers. It is therefore best for new-to-market exporters to appoint distributors for their products or to contact experienced importers or agents to distribute for them. Appointing an exclusive distributor is advisable. Experience in dealing with big hotels and companies is a prerequisite for good distributors. Distributors should be specially experienced in directly reaching the market. Distributors can boost sales of the product and ensure that all downstream markets are covered.

Market Structure



C Approximately 70 percent of food requirements of the HRI industry are

sourced from Importer/Distributors and Trader/Local Suppliers. About 20 percent are sourced from Supermarkets and 10 percent from the wet markets. Only fresh fruits and vegetables are usually sourced from wet markets, and only when regular suppliers fail to deliver the volume required.

- C Hotels and other big restaurants source from importers/distributors. For their local requirements, they usually source from traders/local suppliers and sometimes from supermarkets.
- C Fastfood shops, particularly franchised ones, import directly some of their requirements or source from their parent companies abroad. When they source from local suppliers, these suppliers are usually appointed or accredited by their parent company or head office. Likewise, food ingredients used by US-franchised establishments are usually prescribed or approved by parent company thus increasing the requirement for US food service products.
- C For institutional contracts,

School canteen concessionaires, office building/company cafeteria caterers or concessionaires, special events caterers, hospital canteen concessionaires, and theme parks concessionaires source their supplies from importer/distributors for their import requirements and from Traders/Local suppliers for the local products they need.

Dietary departments of big hospitals, such as St. Lukes, source their import requirements from importers/distributors. Items which they import are mostly fruit juices.

Some golf courses have their own restaurants while others have concessionaires. Imported items are supplied by importers/distributors and local requirements are supplied by local traders. Items which are imported include: frozen beef with distinct preference for Angus, lettuce, asparagus, cauliflower, mushrooms, broccoli, whole corn, etc.

Approximately 5 to 15 percent of food requirements of schools, hospitals, company cafeterias, theme park concessionaires, special events concessionaires and golf courses are imported.

Most domestic airline requirements are local food products. Philippine Airlines (PAL), on the other hand imports about 60 percent of their food requirements. PAL sources their imported requirements directly abroad, from importers/distributors and sometimes from local manufacturers. Items which they import include, meat, fresh and processed fruits and vegetables.

Passenger ships import 60 to 70 percent of their food requirements. Concessionaires are used in some of the vessels of Super Ferry , but purchasing is centralized under the Super Logistics Department. They import beef, pork and chicken.

- C The distribution flow for both local and imported products are the same, both using distributors. (Please see diagram above)

Table 8. Company Profiles

Company Name & Sub-sector Type	Sales (\$M) 1998	Outlet name, Type & No. of Outlets	Location	Purchasing Agent
Jollibee Foods Corporation (R)	269.20	JOLLIBEE (ff) (1570)	NATIONAL	Importer Distributor Direct

Greenwich Pizza Corp. (R)	43.02	Greenwich (FF)	National	Importer Distributor Direct
Chowking Food Corporation (R)	29.65	Chowking (FF) (S) (77)	National	Importer Distributor Direct
New World Intl. Devt. Phils. (H)	29.21	Hotel Restaurant (CS)(1)	Makati City	Importer Distributor
Wenphil Corp. (R)	26.76	Wendy's (FF) (D)(27)	National Capital Region	Importer Distributor Direct
Phil. Pizza, Inc. (R)	21.24	Pizza Hut (FF)(D)(45)	National	Importer Distributor Direct
Triple V Food Services Inc. (R)	15.90	Kamayán (FF)(S)(6) Saisaki (FF)(S)(5) Dads (FF)(S)(3) Islands Fisherman (FF)(S)(1) 8 Treasures (FF)(S)(2) Triple V Express (FF)(D)(6)	Makati City, Mandaluyong City, Cebu, Muntinlupa City, Manila	Importer Distributor Direct
Manila Peninsula Hotel, Inc. (H)	9.31	Hotel Restaurant (CS)(1)	City of Manila	Importer Distributor
Philippine Hoteliers, Inc. (H)	5.45	Hotel Restaurant (CS)(1)	Makati City	Importer Distributor
Philippine Diamond Hotel & Resort, Inc. (H)	4.08	Hotel Restaurant (CS)(1)	City of Manila	Importer Distributor
Via Mare Catering Services (R-I)	3.78	Via Mare Restaurant (CS, S)(2) Via Mare (CC)(2)	Makati City Manila Pasig City	Importer Distributor
Tokyo, Tokyo Inc. (R)	2.11	Tokyo Tokyo (FS,S)(8)	San Juan, Makati City (2), manila (2), Las Pinas City, Pasig City, Quezon City	Importer Distributor
Makati Skyline, Inc. (R-I)	0.41	The Makati Skyline (FF, CC, CS)(4)	City of Manila, Makati, San Juan, Pasig City	Importer Distributor
The LJC Restaurant, Inc. (R)	0.36	Bistro Lorenzo, Bistro Remedios, Cafe Adriatico Premiere, Cafe Adriatico 1900, Cafe Adriatico Cebu, Larry's Bar, Cafe Havana, Hemingway's, In The Mood Dance Bar, Larry's at Trafalgar (FF)(S)(10)	Manila (8), Cebu, Makati City	Importer Distributor

The Aristocrat Inc. (R-I)	0.13	The Aristocrat (CS, S, FF, D)12	Quezon City (5), San Juan, Manila (2), Mandaluyong City (2), Pampanga, Paranaque City	Distributor
------------------------------	------	---------------------------------	--	-------------

Sub-Sector Trends

- C Customers of Hotels and Resorts are usually from the upper AB¹ market segment, expats, or tourists, dignitaries, business executives and young professionals. It is estimated that 85 percent of hotel bookings are foreign tourists and expatriates, while 15 percent are locals. Customers of fine dining restaurants are also usually from the upper AB market segment, tourists and expats. On the other hand, customers of fast food restaurants come from all segments, depending on the type of food the restaurant offers. Institutional contractors such as caterers are contracted for special occasions as weddings, baptisms, office parties, exhibits, etc., The customer base depends on the reputation of the Catering Service. Large or renowned caterers are usually contracted by customers from the upper market segment of society.
- C Based on preliminary figures from the National Statistics Office (NSO), the number of Restaurants, Cafés and other Eating and Drinking Places rose to 5,804 in 1996 from the 4,459 in 1995, an increase of 30 percent. Average annual growth rate was recorded at 11 percent from 1992 to 1996. Estimated number were 6,184 in 1997 and 6,599 in 1998, reflecting an annual growth of 6.6 percent.

Hotels, motels and other lodging places also increased in number by as much as 28.3 percent or a total of 802 establishment in 1996. By 1998, the corresponding number was placed at 844.

Recent developments in the hotel industry include the development of boutique hotels by Waterfront Philippines Inc. The boutique hotels will follow the concept of luxury-type travellers hotel similar to the Days Inn chain and will be put up in various locations. Microtel Inn & Suites (Pilipinas) Inc. has signed a franchise agreement with the RGV Group of Companies to develop a 50-room hotel in Calapan, Oriental Mindoro. The hotel will be built on a hilltop, where it will be the pioneer structure in Neo-Calapan, a commercial center that the RGV Group is developing. The hotel is expected to be ready for occupancy by November 2000.

- C We can expect to see tougher competition among restaurants and hotels. New food chains are being developed and old ones being refurbished. Restaurant owners constantly upgrade their facilities and improve service and product quality. Being part of a mini chain seems to be the trend. Restaurants locate in areas where diners live and work, making it easy for consumers to avoid the hassles of traffic.

Major Market Drivers Affecting Demand

- C The growth of the economy, particularly the tourism industry, greatly affects the demand for hotels, restaurants and catering food service. With the increasing number of Asian and local visitors, hotels and restaurants have had to adjust their menu selections to include other Asian dishes.
- C For establishments classified as fine dining and specialty restaurants, price is often thought of as an

¹With annual income of P500,000 and above; elite

indicator of status, quality and elegance. Food in fine dining restaurants are believed to be relatively insensitive to price increases.

- C For fastfoods, price strongly influences demand. Consumers are also keen on "cut price" offers of fastfood items. There is a growing preference by most Filipinos for less formal meals and "value-for-money" offerings. Thus, value meals or premiums like toy offerings are very popular. Demand for fast food services has increased with society today consisting mostly of dual-family income earners.
- C The increasingly popular "eat-all-you-can" buffet offer in dining places offers variety at reasonable price to customers. Eating establishments are increasingly providing live musical entertainment.
- C There is a growing preference for food with piquant flavors, more colorful presentation, bigger portions and health foods. These strongly influence menu offerings of hotels, restaurants and caterers.
- C Catering services are considered seasonal. Demand for these services reach their peak during the latter part of the year, when most parties such as weddings and Christmas parties are held.
- Bars, bistros, cafes and coffee houses are sprouting all over metro cities and are emerging to be a popular hang-out for urban young professionals and college students
- The proliferation of malls is bringing food establishments within easier reach of consumers.

COMPETITION

- C Estimated market share of domestically produced food items is 80 percent while 20 percent is accounted for by imported items. The 20 percent share of imported items is expected to increase due to economic reforms which includes Retail Trade Liberalization and the country's commitment to the World Trade Organization (WTO).
- C The main advantage of locally-produced products is that they are readily available. Imported items, on the other hand, are regarded to be of better quality and offer good price value. Even if they are more expensive, they are usually considered to be more tasty and delicious compared to local items.
- C Interviews revealed that some disadvantages of local food products are irregularity and inconsistency in supply as well as concerns about handling and food safety. A disadvantage of imported items on the other hand is the high price of importing, especially with the fluctuations of the peso against the dollar.

U.S. Market Share of Imported Food Products

- C In 1998 the United States was the top supplier in the country of imported food and food preparations, with a share of 25.4 percent of total imports. It was followed by China -18.5 percent, Australia - 13.7 percent, Vietnam - 7.1 percent, Thailand - 4.7 percent, New Zealand - 4.6 percent, and other different countries - 25.7 percent.
- C Food and food preparations are being imported as Processed Food or Fresh Food. For the Processed Food category, the United States is still the number one supplier with a share of 30.1 percent, followed by Australia with 18.5 percent share and New Zealand with 10.1 percent share.

C For the Fresh Food category, China is the number one supplier accounting for 30.7 percent. United States accounts for 21.9 percent followed by Vietnam accounting for 12.6 percent and Australia supplying 10.1 percent.

C The market share of US by major product categories are as follows:

Processed Food	Country	percent Share
Meat & Meat Preparations	China	33.2
	US	29.2
Dairy Products & Birds Eggs	Australia	44.3
	New Zealand	31.0
	US	5.1
Marine Products	Hong Kong	34.2
	Singapore	11.5
	Portugal	10.0
	Germany	8.7
	Taiwan	7.3
	US	5.7
Cereal & Cereal Preparations	Australia	43.1
	Belgium	12.6
	US	9.4
Vegetables & Fruits	US*	43.0
	China	13.7
Sugar, Sugar Preparations & Honey	Thailand	19.1
	Korea	13.9
	Malaysia	12.0
	Netherlands	9.6
	Germany	9.4
	US	7.4
Coffee	US*	47.2
	Belgium	19.2
Cocoa, Tea, Spices & Mfrs. thereof	US*	49.2
	Indonesia	9.6
Misc. Edible Products & Preparations	US*	23.6
	Netherlands	21.6

Fresh Food	Country	percent Share
Meat & Meat Preparations	Australia	34.4
	India	33.1
	US	7.1

Marine Products	Taiwan Japan Indonesia US	21.4 18.3 15.7 3.4
Cereals	China US	40.5 27.4
Vegetables & Fruits	US* China	30.7 29.6
Coffee	Indonesia Vietnam US	95.2 4.3 0.4
Cocoa, Tea, Spices & Mfrs. thereof	Indonesia P. N. Guinea Singapore US	39.0 23.4 15.3 3.3

**top supplier*

Source: National Statistics Office (NSO)

BEST PRODUCT PROSPECTS

C Products Present in the Market

Based on interviews of hotels and restaurants, the most imported items are:

pasta products	hamburger patties
canned mushrooms	condiments, sauces and seasonings
canned fruits especially fruit cocktail	salami & other deli products
sardines	cheese
fresh & frozen vegetables	fresh & processed fruits
frozen french fries	fruit juices
dairy products	dried fruits and nuts
cherries and berries	herbs & spices
cookies	
prunes	
snack items (chips and extruded snacks)	wines and alcoholic beverages
frozen meat and poultry	
frozen seafood	

C US Products Not Present in Significant Quantities But Which Have Good Import Potential

fresh vegetables (lettuce, broccoli)	California wines
more variety of fresh fruits	frozen seafood
cheese	

C Products That Will Not Do Well Or Can Not Be Used in the Market

There is no limit to the kind of product that can be used or consumed by the market today. However, this depends on the product's quality, packaging and specially price. Price must be reasonable and affordable. New products must also be acceptable to the local taste. Local consumers tend to have sweeter palates and have preference for spicy and barbecue flavors.