



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Philippines

### Grain and Feed

### Corn PSD Update

## 2006

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**Report Highlights:**

Despite corn production in MY05/06 increasing dramatically from the previous year's level, quality issues will constrain its use. As a result, imports will also increase during the period, originating from Argentina, China and the U.S. Imports in MY06/07, however, are expected to decline as a result of tightness in global corn supply.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Manila [RP1]  
[RP]

<b>PSD Table</b>						
<b>Country</b>	<b>Philippines</b>					
<b>Commodity</b>	<b>Corn</b>				(1000 HA)	(1000 MT)
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate[New ]	USDA Official [Old]	Post Estimate[New w]	USDA Official [Old]	Post Estimate[New ]
<b>Market Year Begin</b>		07/2004		07/2005		07/2006
Area Harvested	2400	2400	2500	2500	0	2500
Beginning Stocks	236	236	293	293	0	483
Production	5050	5050	5500	5540	0	5540
TOTAL Mkt. Yr. Imports	157	157	100	250	0	170
Oct-Sep Imports	150	150	100	250	0	170
Oct-Sep Import U.S.	59	59	0	45	0	0
TOTAL SUPPLY	5443	5443	5893	6083	0	6193
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	3600	3600	3800	3800	0	4000
TOTAL Dom. Consumption	5150	5150	5400	5600	0	5700
Ending Stocks	293	293	493	483	0	493
TOTAL DISTRIBUTION	5443	5443	5893	6083	0	6193

According to the Department of Agriculture (DA), first quarter corn harvests this year surpassed the previous year's level by a dramatic 22 percent as a result of a wider area planted and better yields as a result of better quality seeds and favorable growing conditions. Corn output during the period reached 1.53 MMT, up from 1.25 MMT last year necessitating upward revisions to earlier production estimates for MY05/06. Overall corn production during the year is expected to exceed the previous year's level due to favorable growing weather conditions expected through out the year.

Despite the higher production, persistent rains in the second half of MY05/06 negatively affected the quality and use of locally grown corn. Overall consumption figures during the year appear bloated on account of expected higher spoilage. As a result, the figures do not reflect actual corn demand. Hence, although overall corn supply improved in MY05/06, imports too increased. Imports in the first semester of 2006 utilized a considerable portion of the 217,000 MT tariff quota for the year, surpassing overall imports in the previous market year. Argentina, U.S., and China were the major suppliers during the period.

While there appears to be adequate stocks entering MY06/07, a considerable portion are likely to spoil due to inadequate postharvest facilities. This, and tightening global wheat supplies forced the local feedmilling industry in May 2006 to petition the GRP for a 300,000 MT duty-free corn import allocation in anticipation of increased feed demand as a result of the possible resumption of Philippine poultry exports to Japan (refer to GAIN 6020). The request was turned down, however, as the expected arrival would coincide with the peak 3<sup>rd</sup> quarter corn harvest. Local feedmillers reportedly plan to appeal for a 120,000 MT MAV-plus volume, subject to the 35 percent tariff rate, for arrival before the end of the year. The import estimate in MY06/07 assumes that the request will be granted, in addition to about 50,000 MT carryover of the 2006 MAV brought in during the second half of the year. Corn imports during the year are likely to come from the U.S. and Argentina.