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Philippines

Livestock and Products

BSE Update

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Approved by:

Charles T. Alexander

US Embassy

Prepared by:

Perfecto G. Corpuz

Report Highlights:

The mad cow scare in the Philippines has escalated and consumers are avoiding consuming beef. The President and Cabinet are being photographed consuming beef to reassure the public about the safety of "Philippine" beef. Industry players predict an impending meat shortage and shifting to pork, chicken and fish. A ban on European beef has been in place since late last year.

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

Despite Memorandum Order 19 issued last Nov. 29, 2000 by former Ag. Secretary Edgardo J. Angara imposing a ban on the importation of live cattle, sheep and goats, their meat and meat products, bovine embryo, meat and bone meal and other feed ingredients derived from said animals from 13 European countries, boneless beef from Ireland was discovered late last year in the port of Cebu. There has been extensive media coverage on this and the BSE situation in Europe.

As a result, many Filipino consumers are now avoiding beef, no matter where it is from and how it has been fed despite assurances from the Department of Agriculture (DA), the Department of Health (DOH), and President Gloria M. Arroyo herself that beef sold locally is safe. DA diagnostic laboratories have not found any trace of any cattle disease similar to BSE.

The mad cow scare coupled has drawn reactions from local meat players. Some say that the drop in European meat prices may encourage unscrupulous traders to smuggle the banned meat into the country. Others believe that the import bans may force consumers to shift and increase their pork, chicken, and fish purchases. Prices of the latter three commodities have reportedly increased already. Meat importers and processors have been placing full and half page ads in the major newspapers assuring the public of the safety of their products.

The Philippine Association of Meat Processors Inc. (PAMPI) warned of a possible meat shortage this year as a result of import restrictions on European beef. PAMPI has proposed the DA to scrap its Australian cattle import reduction scheme (refer to RP0045) and allow feedlot operators to bring in their normal volumes. Higher tariffs were also imposed on feeder cattle imports by Executive Order No. 334 (EO334) starting this year through 2004 issued January 2001 (refer to RP1004). This is expected to be repealed.

Australian businessmen reportedly are optimistic Philippine purchases of live Australian feeder cattle will grow this year despite the GOP's imposition of a higher tariff. William F. Mason, president of the Australian-New Zealand Chamber of Commerce (ANZCham) said better economic prospects and a local beef shortage may eventually outweigh the dampening effect of the tariff increase. Mr. Mason predicts feeder cattle imports this year to exceed 200,000 partly recovering from 196,777 heads in 2000. The country purchases all its feeder cattle from Australia. However, imports will be dampened by the weak Peso and the increasing prices of Australian feeder cattle.

In response to the anticipated meat shortage the Tariff and Related Matters (TRM) cabinet committee will be considering reducing the tariffs on feeder cattle in order to boost beef supply. The DA will be conducting public consultations on the proposed reduction from the 7 percent duty imposed by EO334 to 3 percent - the duty before EO 334.

Cattle feedlot operators, on the other hand, warned that Europe's mad cow outbreak may compel meat processors to bring in more manufacturing grade beef from India. While Indian beef is the cheapest it is not totally free from the foot-and mouth disease (FMD). Hog raisers and other livestock producers have repeatedly been against PAMPI's importation of buffalo meat from India. A source from the Cattle Feedlot Association of the Philippines (CFAP) reportedly stated

that the country purchases an average of 40,000 MT of buffalo meat from India and another 40,000 MT of packed meat from Europe. PAMPI has identified India, the U.S., Canada, Australia and New Zealand as the country's alternative sources of boxed beef.