

**Voluntary Report** – Voluntary - Public Distribution

**Date:** November 02, 2022

**Report Number:** RP2022-0060

**Report Name:** Brewing Ingredients and Beer Market Brief

**Country:** Philippines

**Post:** Manila

**Report Category:** Product Brief, Retail Foods, SP1 - Expand International Marketing Opportunities, Beverages

**Prepared By:** Ramona Singian

**Approved By:** Mark Hanzel

**Report Highlights:**

Prospects for U.S. brewing ingredients remain strong amidst a robust local beer manufacturing industry. Beer is the most widely consumed alcoholic beverage in the Philippines, accounting for 72 percent of total alcohol consumption or 2.1 billion liters annually. Export prospects in the region are especially strong because of the country's membership in various free trade agreements and its strategic location. While imported beer accounts for less than one percent of total consumption, traders are optimistic the country's resumption of economic activities and its young and growing population will drive sales of imported craft beer in the coming years.

## Philippine Market Brief

### Brewing Ingredients and Beer



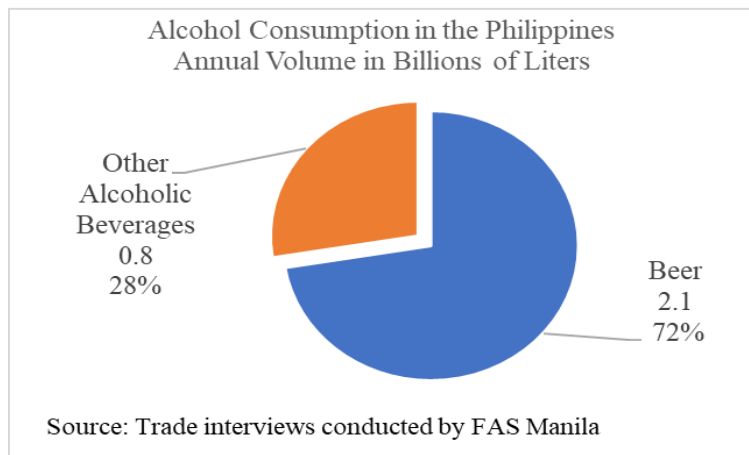
**The robust domestic beer industry presents strong opportunities for U.S. exporters to supply brewing ingredients. Beer is the most widely consumed alcoholic beverage in the Philippines accounting for 72 percent (about 2.1 billion liters) of total alcohol consumption.**

Beyond the local market are the lucrative East and Southeast Asian markets, with a combined population of about 2.4 billion people. Local beer manufacturers can compete in these markets because of the Philippines' membership in various free trade agreements as well as its strategic location in the region. The prospects are also strong for imported beer. While imported beer accounts for less than one percent of consumption<sup>1</sup>, a small but growing number of beer enthusiasts, who are on the lookout for a variety of beer styles, are driving demand.

#### Fast Facts: Philippine Market

- Young and growing population: 115 million (2022 est.), annual growth rate of 1.6 percent, 51 percent below 24 years old
- Urbanized: 48 percent live in urban areas
- At least 20 million people earn \$12,700 annually
- Strong preference for U.S. food and beverage products
- Steady growth in retail, food service and food processing sectors

Sources: The World Factbook and Philippine Statistics Authority, 2020 Census of Population and Housing



Food and beverage consumption in the Philippines is buoyed by a strong and growing consumer base. The country's population is young (51 percent under the age of 24). Although GNI per capita stood at \$3,300 in 2021, 20 percent of the population (more than 20 million people) earn an average of \$12,700 annually. Some analysts describe the Philippines as a consumption 'sweet spot' despite broad income disparity.

<sup>1</sup> Trade interviews conducted by FAS Manila.

## Local Manufacturing and Importation

### Large Local Manufacturers

There are two large local beer manufacturers in the Philippines. San Miguel Brewery dominates the market with 93 percent volume share, followed by Asia Brewery with six percent volume share. Local craft beer and imported beer account for one percent of consumption.

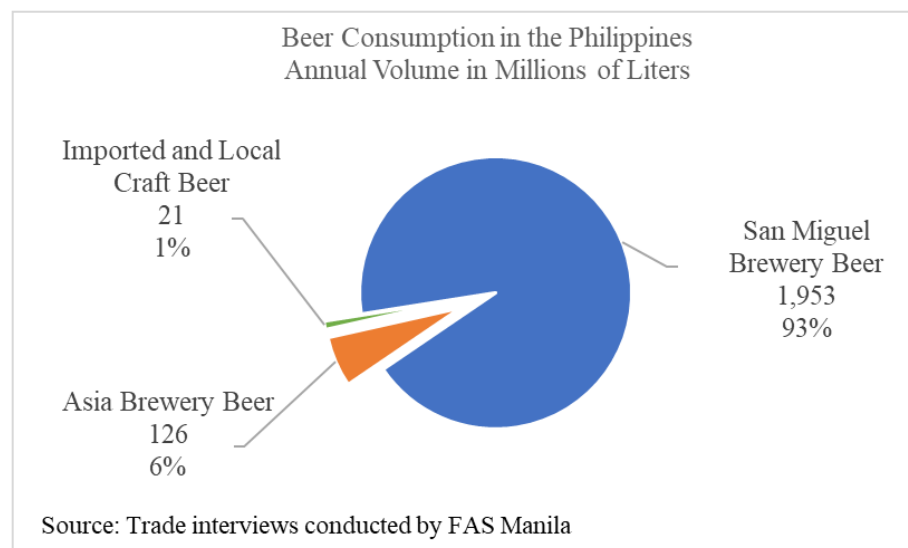
**San Miguel Brewery** is jointly owned by [San Miguel Corporation](#) and [Kirin Holdings Co. Ltd.](#) It is the 12<sup>th</sup> largest brewer in the world and among the top 10 largest beer producers in Asia in terms of volume, with strong presence in China, Indonesia, Thailand, and Vietnam. Since 1890, San Miguel Brewery has been developing an array of beer products to cater to the market's ever-changing tastes. Today, the company carries a strong portfolio of beer brands including San Miguel Pale Pilsen (Southeast Asia's oldest beer brand), San Miguel variants San Mig Light, San Miguel Super Dry, and San Miguel Premium All-Malt, Red Horse Beer, Cerveza Negra, Gold Eagle Beer, Dragon, Blue Star, and Anker Bir.

**Asia Brewery** was established in 1982 with the inauguration of its brewery and the launch of its first brand, Beer Hausen Pale Pilsen, followed by Max Premium beer, Manila Beer,

and Beer Pale Pilsen (now, Beer Na Beer). The company currently brews [Colt 45](#) beer under license and distributes Asahi Super Dry beer. It was previously a licensee brewer of Carlsberg, Budweiser, Lone Star, Coors Original, and Coors Light beers; however, the brands did not gain traction in the market. In 2016, an agreement with [Heineken International](#) established AB Heineken Philippines, Inc. as the brewer and distributor of Heineken beer and Tiger Beer. In 2017, Asia Brewery launched Brew Kettle, a Belgian-style witbier, to veer from the typical lager and cater to a small but increasing segment of the market that is adventurous and quality-driven.

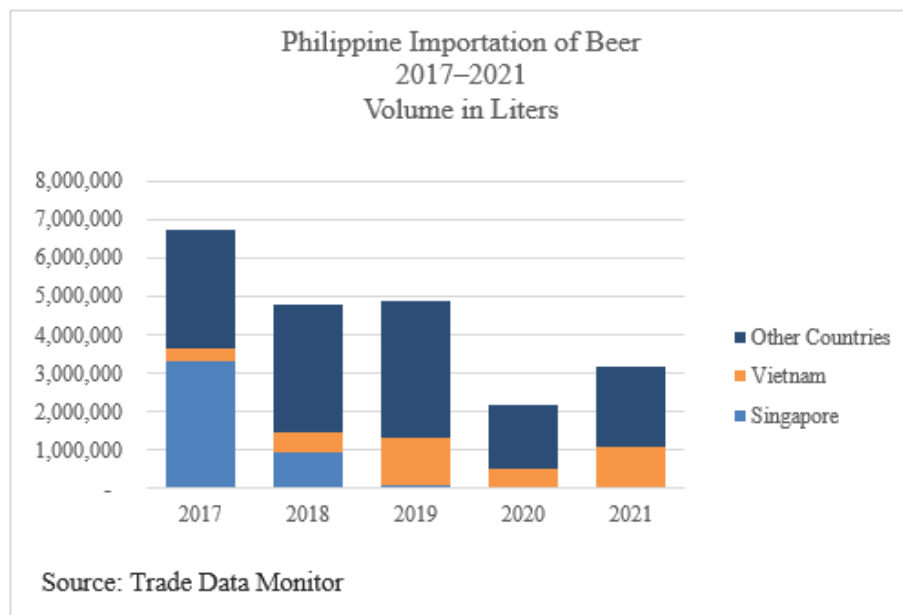
### Importation of Brewing Ingredients

The Philippines' burgeoning beer manufacturing industry presents strong opportunities for U.S. exporters of brewing ingredients. Commercial production of hops and barley in the Philippines is non-existent. In 2021, the Philippines imported close to \$44 million worth of malt primarily from Australia and China, and \$1.4 million worth of hop cones from Germany, the Netherlands, and the United States.



## Commercial and Craft Beer Importation

Since at least 2006 (earliest period on record), the volume of commercial and craft beer imported by the Philippines has been erratic. The highest on record was 6.7 million liters imported in 2017. Beer coming from Singapore—mostly Heineken beer and Tiger Beer produced by Malayan Breweries—comprised the bulk of Philippine imports. When AB Heineken Philippines began to brew Heineken beer and Tiger Beer locally in 2018, the volume of imports dropped 29 percent to 4.8 billion liters. In 2019, imports of beer from Vietnam, mostly Budweiser, more than doubled. The other imported commercial beer brands in the market are Stella Artois from Belgium, Tsingtao from China, Pilsner Urquell from Czech Republic, Corona from Mexico, and Singha from Thailand. After suffering a sharp decline, beer importation in 2021 picked up as the coronavirus lockdowns eased. Imports are up 52 percent through July 2022, and traders forecast year-end imports will reach \$4.7 billion, topping 2021 by 38 percent.



In 2018, the United States ranked number eight among the countries that export beer to the Philippines but has lagged since then. The lack of imported beer variety in the market sparked interest among the large retail chains to import U.S. commercial and craft beer brands.

## Local Microbreweries

Shortly after the influx of imported craft beer, microbreweries began to sprout all over the country. In 2015, they banded together to form the Craft Beer Association of the Philippines (CBAP) primarily to consolidate their orders of brewing ingredients, collectively promote their brands through social media and special events and encourage home brewers to get on the commercial brewing bandwagon by offering technical seminars. CBAP membership has about 50 microbreweries all over the Philippines including Baguio Craft, Crazy Carabao, Engkanto, Monkey Eagle, and Nipa Brew.

## Tariff and Taxes

This overview is not a comprehensive guide. Regulations are subject to change.

### Tariff Rates

ASEAN Harmonized Tariff Nomenclature (AHTN) Code	Description	Most Favored Nation	ASEAN and ASEAN-FTA Preferential
1003	Barley	7%	0%
1107	Malt	1%	0%
1210	Hop cones	1%	0%
210220	Brewer's yeast	3%	0%
2203	Beer, finished product	15%	0%

See Philippine Tariff Commission's [website](#) for the tariff rates of other products.

### Excise Tax

Beginning on January 1, 2022, the excise tax on imported beer is ₱39.00 per liter. Based on [Republic Act No. 11467](#), the excise tax on imported beer will increase ₱2.00 at the beginning of each year until it reaches ₱43.00 in 2024, and increase by six percent effective on January 1, 2025, and every year thereafter. The law does not include a sunset provision.

## Assistance and Further Information

USDA-FAS Manila can assist U.S. exporters in identifying potential importers in the Philippines. For information on import regulations, see [Philippines: FAIRS Country Report](#).

Access other reports on the Philippine market:

- [Philippines: Exporter Guide](#)
- [Philippines: Food Service - Hotel Restaurant Institutional](#)
- [Philippines: Retail Foods](#)
- [Philippines: Food Processing Ingredients](#)

**Attachments:**

No Attachments.