



Voluntary Report - public distribution

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GAIN Report #RP8057

## **Philippines**

### **Coffee**

### **Coffee PSD Update**

### **1998**

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#### **Report Highlights:**

**Philippine coffee production declined to 800 thousand bags in MY97/98 and is predicted to continue declining in MY98/99. The drop is the result of exposure of generally old and poorly maintained coffee trees to an extended drought caused by the El Nino weather pattern. Low production coupled with further liberalization of the market should translate into more imports in MY98/99.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report, RP

Coffee production in MY97/98 was adjusted upwards as effects of the El Nino weather pattern were not as severe as anticipated. Although it did result in production losses in MY97/98, drought-like conditions for most of 1998 is expected to extend the decline in coffee production to the following market year.

Executive Order (EO) 478 signed in late May 1998 increased the Minimum Access Volume (MAV) or tariff rate quota for coffee beans from 1,060 tons to 5,060 tons. Shortly afterwards, EO No. 486, which took effect July 10, 1998, reduced in-quota tariffs of coffee bean imports from the former 45 percent to 10 percent. Beyond the tariff quota, the 80 percent duty was retained. Despite these developments, imports for MY97/98 was pared down due to better-than-expected production. Imports during the year, however, still quadrupled from their year-ago level.

Import Trade Matrix			
Country: Philippines		Units: 60 kg Bag GBE	
Commodity: Coffee			
Time period:	Jul-Jun		
Imports for	1996		1997
U.S.	18,055	U.S.	6,601
Others		Others	
Singapore	2,792	Vietnam	41,820
Canada	2,564	Indonesia	26,365
Australia	496	Thailand	6,326
France	153	Singapore	6,855
Vietnam	600	Hongkong	3,107
		China	2,678
Total for Others	6,605		87,151
Others not listed	632		5,250
Grand Total	25,292		99,002

Imports are expected to continue to increase in MY98/99 as stocks reach relatively low levels and big roasters rely more on imports for their coffee requirements. The majority of imports are expected to originate from other ASEAN countries.

Coffee exports in MY97/98 was adjusted upwards as exports increased by 32 percent from the same period last year. Most of the coffee exported were bound for Singapore. Exports the following market year may decline modestly owing to predicted supply constraints.

Export Trade Matrix			
Country:		Units:	60 kg Bag GBE
Commodity:			
Time period:	Jul-Jun		
Exports for	1996		1997
U.S.	1	U.S.	1,002
Others		Others	
Singapore	21,674	Singapore	26,078
Oman	4,217	Oman	7,576
Taiwan	645	Taiwan	1,452
Korea	301	Korea	511
PNG	258	TTP	118
Malaysia	242		
USR	115		
Total for Others	27,452		35,735
Others not listed	377		1,501
Grand Total	27,830		38,238

A revised PSD Table is provided in the following page.

PSD Table						
Country:	Philippines					
Commodity:	Coffee, Green					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		07/1996		07/1997		07/1998
Area Planted	144	144	137	137	137	137
Area Harvested	115	115	115	115	115	115
Bearing Trees	113000	113000	112500	112500	112500	112500
Non-Bearing Trees	19060	19060	17000	17000	17000	17000
TOTAL Tree Population	132060	132060	129500	129500	129500	129500
Beginning Stocks	412	412	312	312	134	174
Arabica Production	49	49	35	40	36	35
Robusta Production	833	833	595	720	616	630
Other Production	98	98	70	40	73	35
TOTAL Production	980	980	700	800	725	700
Bean Imports	1	1	80	48	90	90
Roast & Ground Imports	0	0	30	21	35	35
Soluble Imports	24	24	40	30	50	50
TOTAL Imports	25	25	150	99	175	175
TOTAL SUPPLY	1417	1417	1162	1211	1034	1049
Bean Exports	7	7	7	13	3	3
Roast & Ground Exports	0	0	0	0	0	0
Soluble Exports	21	21	21	24	17	20
TOTAL Exports	28	28	28	37	20	23
Rst,Ground Dom. Consum	110	110	80	80	80	80
Soluble Dom. Consum.	967	967	920	920	920	920
TOTAL Dom. Consumption	1077	1077	1000	1000	1000	1000
Ending Stocks	312	312	134	174	14	26
TOTAL DISTRIBUTION	1417	1417	1162	1211	1034	1049