

**Required Report:** Required - Public Distribution

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## **Report Name:** Grain and Feed Update

**Country:** Philippines

**Post:** Manila

**Report Category:** Grain and Feed

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### **Report Highlights:**

While COVID-19 and African Swine Fever continue to constrain Philippine feed demand, corn and rice posted strong production in the third quarter of MY20/21 and are both set for record high output. Post raises MY21/22 rice production to 12.4 million MT due to greater adoption of improved varieties through the Hybrid Rice Program. With the pace of corn and wheat trade slowing during the second half of MY20/21, Post lowers imports of corn by 100,000 MT and wheat by 300,000 MT. Reduced feed consumption is the main factor in both cases, although logistical costs are also increasing. With rising wheat prices and lower economic growth expected in 2021, wheat imports for MY21/22 are lowered by 400,000 MT to 6.4 million MT.

## **Rice**

FAS/Manila raises MY 21/22 (July/June) milled rice production by 100,000 MT to 12.4 million MT, flat with the prior year's record level. Philippine officials forecast Calendar Year 2021 paddy rice production between 19.7 million to 20.3 million MT, equivalent to 12.4 to 12.8 million MT milled production, with two percent growth targeted for the following year. Post maintains the current forecast for area harvested at 4.75 million hectares (HA) for MY 21/22, 50,000 HA lower than the previous year. Rice production for MY20/21 is also left unchanged at 8.4 million MT, on track with the latest [Philippine Statistics Authority \(PSA\) report](#) showing January to March 2021 paddy rice production reached 4.6 million MT, 8.6 percent higher than the previous year's level.

Improved yield is expected to offset lower area in MY21/22, boosted by renewed efforts by the Philippine Department of Agriculture's (DA) Hybrid Rice Program. On June 2, 2021, DA through [Memorandum Circular No. 11](#) emphasized the growing importance of hybrid rice in raising local production, particularly in areas that hybrid rice has shown at least 1 MT/HA yield advantage over inbred rice. The General Appropriations Act of 2021 allocated P15 billion (\$315 million) to the Hybrid Rice Program, more than double last year's approximately P7 billion (\$147 million). About 1.3 million HA are currently planted with hybrid rice, representing 27 percent of rice area planted and 36 percent higher than 2020's level. DA's program will target 15 provinces that have demonstrated high yields with hybrid rice. Top-performing areas reach up to 12 MT/HA compared to the national average of 4 to 5 MT/HA.

Post maintains the forecast of MY21/22 rice imports at 2.1 million MT, based on current trade in MY20/21. Consumption is raised 100,000 MT in MY 21/22, however, to match Post's higher production forecast and to account for population growth and traditionally higher consumption during an election year. The latest Bureau of Plant Industry (BPI) data shows Philippine rice imports in January to May 2021 declined by 11.8 percent to 1.03 million MT from 1.16 million MT during the same period in 2020. Vietnam remains the Philippines' top import source, accounting for 91 percent of the total volume. Moreover, the volume of rice covered by Sanitary and Phytosanitary Import Clearances (SPSICs) sought by traders and importers was lower compared to 2020. SPSIC applications for rice from January to May 2021 represented 1.94 million MT, 37.8 percent lower than the 3.1 million MT during January to May 2020. Industry contacts have also noted the increasing logistical costs to ship to the Philippines as a negative factor for imports.

On May 15, 2021, President Rodrigo R. Duterte signed [Executive Order 135](#), Series of 2021 which lowered the Most Favored Nation tariff rates for rice to a uniform 35 percent from the previous in-quota tariff of 40 percent and out-quota tariff of 50 percent. The Philippine government cited three reasons for the one-year policy: 1) Diversifying sources so the country will not be dependent on traditional supplier Vietnam; 2) Rising international prices of rice

imports; and 3) The risk of climate change disrupting local rice production. See the [corresponding GAIN report](#) for more information.

Rice, Milled Market Year Begins Philippines	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4637	4637	4800	4800	4750	4750
Beginning Stocks (1000 MT)	3520	3520	3597	3597	3647	3647
Milled Production (1000 MT)	11927	11927	12400	12400	12300	12400
Rough Production (1000 MT)	18932	18932	19683	19683	19524	19683
Milling Rate (.9999) (1000 MT)	6300	6300	6300	6300	6300	6300
MY Imports (1000 MT)	2450	2450	2100	2100	2100	2100
TY Imports (1000 MT)	2450	2450	2100	2100	2100	2100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	17897	17897	18097	18097	18047	18147
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	14300	14300	14450	14450	14500	14600
Ending Stocks (1000 MT)	3597	3597	3647	3647	3547	3547
Total Distribution (1000 MT)	17897	17897	18097	18097	18047	18147
Yield (Rough) (MT/HA)	4.0828	4.0828	4.1006	4.1006	4.1103	4.1438
(1000 HA), (1000 MT), (MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022						

## Corn

Post maintains the MY21/22 forecast for corn production at 8.0 million MT, 3.6 percent lower than the prior year's record output of 8.3 million MT. This is based on an assumed return to more normal weather and typhoons, unlike the relatively beneficial climate conditions in MY20/21. Interviews with regional corn coordinators in the top three producing regions of Cagayan Valley, Northern Mindanao, and SOCCSKSARGEN all indicated an increase in production for calendar year 2021 through a combination of larger area planted and higher yields.

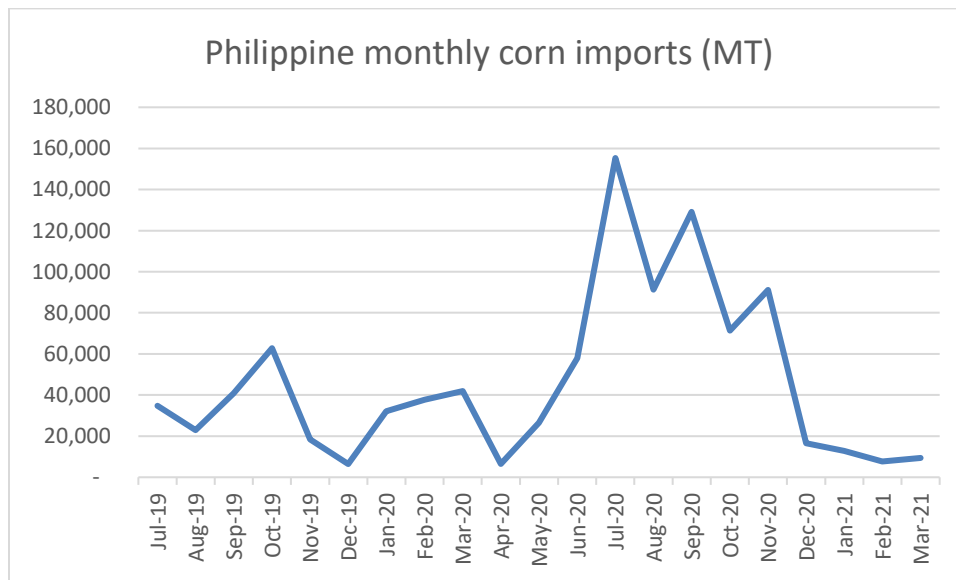
Corn feed demand, however, will remain under pressure due to lower poultry and hog production, with the former particularly reliant on corn for feed energy. Broiler production dropped 10 percent in 2020 due to the extended quarantines to contain the spread of COVID-19. Post expects broiler production to grow 2 percent in 2021 and to accelerate further in 2022 as economic restrictions are loosened. Hog feed demand, however, will remain dampened through 2022 due to the damaging effects of African Swine Fever on the local hog herd. See the wheat section for more details.

[PSA estimated total chicken production](#) from January to March 2021 was 402,770 MT, 11.2 percent lower than the previous year's quarterly output of 453,720 MT (both live weight). Total

[chicken egg production](#) from January to March 2021 was approximately 152,550 MT, 3 percent higher by 3 percent compared with 148,000 MT from the same quarter during the previous year.

According to the [latest PSA report](#), corn production increased 6.5 percent during the third quarter of MY20/21 compared to the prior year's level. The Philippine government forecasts Calendar Year 2021 corn production will reach 8.85 million MT, which assumes maximum yield potential and minimal damage from climate events. The forecast is composed of 6.37 million MT (72 percent) of yellow corn (primarily for feed) and 2.47 million MT (28 percent) of white corn (primarily for food).

Post maintains the MY21/22 import forecast of 500,000 MT, based on updated trade during the latter half of MY20/21. Philippine corn imports have slowed to an average of 10,000 MT from January to March of 2021, according to PSA. Post therefore lowers MY20/21 imports by 100,000 MT to 650,000 MT. MY20/21 imports through March 2021 are 584,523 MT, with shipments from Myanmar notably dropping 82 percent compared to last year's level.



Source: Philippine Statistics Authority

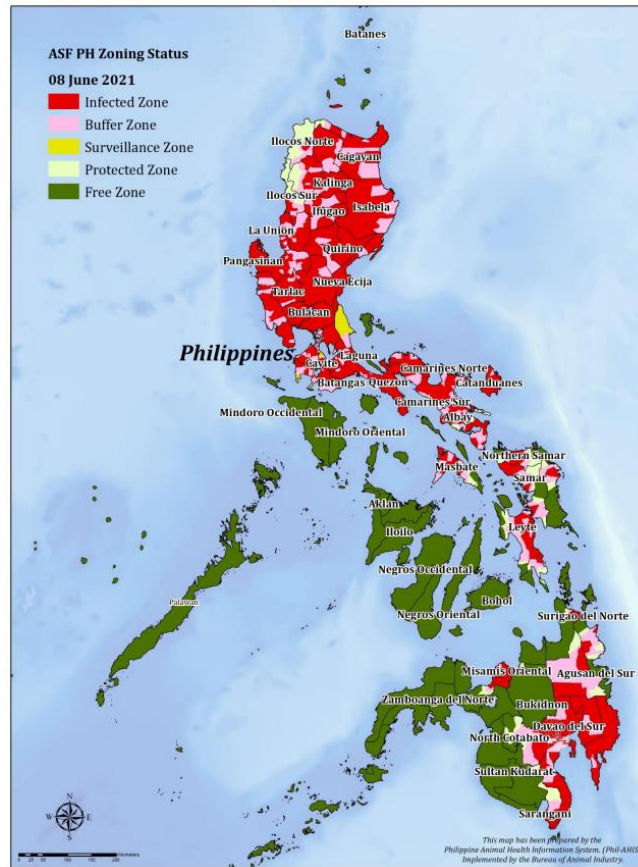
Corn Market Year Begins Philippines	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2508	2508	2600	2600	2500	2500
Beginning Stocks (1000 MT)	335	335	354	354	454	454
Production (1000 MT)	8030	8030	8300	8300	8000	8000
MY Imports (1000 MT)	389	389	750	650	500	500
TY Imports (1000 MT)	666	666	650	550	500	500
TY Imp. from U.S. (1000 MT)	96	96	0	0	0	0
Total Supply (1000 MT)	8754	8754	9404	9304	8954	8954
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	6400	6400	6850	6750	6500	6500
FSI Consumption (1000 MT)	2000	2000	2100	2100	2100	2100
Total Consumption (1000 MT)	8400	8400	8950	8850	8600	8600
Ending Stocks (1000 MT)	354	354	454	454	354	354
Total Distribution (1000 MT)	8754	8754	9404	9304	8954	8954
Yield (MT/HA)	3.2018	3.2018	3.1923	3.1923	3.2	3.2
(1000 HA), (1000 MT), (MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022						

## Wheat

Post lowers MY21/22 wheat imports by 400,000 MT to 6.4 million MT, based on weaker demand for feed wheat and the effects of prolonged quarantine measures on consumers' capacity to buy wheat-based products. With lower imports expected, Philippine exports of wheat-based products are also lowered from 70,000 MT to 65,000 MT. Wheat imports for MY20/21 through April 2021 reached 5.0 million MT, down 16 percent compared to the 5.9 million MT during the same period last year. MY20/21 imports are thus lowered by 300,000 MT, from 6.5 million MT to 6.2 million MT. Industry contacts note that higher wheat prices and logistical costs will constrain milling wheat demand through MY21/22. Post reduces MY21/22 and 20/21 milling consumption by 250,000 MT and 100,000 MT, respectively.

Post lowers feed wheat demand in MY21/22 and 20/21 by 50,000 MT and 200,000 MT, respectively. African Swine Fever (ASF) continues to be a major challenge for the Philippine hog sector, especially in key producing areas of Luzon. ASF has spread to locations previously free of the disease, including in the Visayas and Mindanao (see map on the next page). [PSA recently reported](#) that total pork production was down 25.8 percent from January to March 2021 compared to the same period in 2020. The hog sector's decline, as a major consumer of feed wheat, has dampened feed wheat demand through MY21/22. With DA's herd repopulation and biosecurity programs underway, however, Post expects pork production to grow by 1 to 2 percent in MY 21/22.

African Swine Fever Zoning Status as of June 8, 2021



Source: Bureau of Animal Industry

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	2300	2300	2284	2284	2019	2019
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	7059	7059	6500	6200	6800	6400
TY Imports (1000 MT)	7059	7059	6500	6200	6800	6400
TY Imp. from U.S. (1000 MT)	3229	3229	0	0	0	0
Total Supply (1000 MT)	9359	9359	8784	8484	8819	8419
MY Exports (1000 MT)	75	75	65	65	70	65
TY Exports (1000 MT)	75	75	65	65	70	65
Feed and Residual (1000 MT)	3100	3100	2700	2500	2600	2550
FSI Consumption (1000 MT)	3900	3900	4000	3900	4100	3850
Total Consumption (1000 MT)	7000	7000	6700	6400	6700	6450
Ending Stocks (1000 MT)	2284	2284	2019	2019	2049	1954
Total Distribution (1000 MT)	9359	9359	8784	8484	8819	8419
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

**Attachments:**

No Attachments