

Required Report: Required - Public Distribution

Date: June 23, 2022

Report Number: RP2022-0033

Report Name: Grain and Feed Update

Country: Philippines

Post: Manila

Report Category: Grain and Feed

Prepared By:

Approved By: Morgan Haas

Report Highlights:

Executive Order #171, Series of 2022, modifies market access for MFN tariffs on corn and rice through December 31, 2021, necessitating changes to Post's corn and wheat balance sheets but not rice. The new rice tariff effectively only provides a safeguard to ensure the Philippines will have access to alternative foreign supplies should ASEAN members limit exports. The new corn tariff is expected to shift some but not all imports of duty-free wheat and barley for as long as it remains in effect and current price relationships hold. Meanwhile, Post also lowers forecast corn production to reflect reports of both reduced area and yields.

Executive Summary

Executive Order #171, Series of 2022, modifies market access for MFN tariffs on corn and rice through December 31, 2021, necessitating changes to Post's corn and wheat balance sheets but not rice.

The new rice tariff effectively only provides a safeguard to ensure the Philippines will have access to alternative foreign supplies should ASEAN members limit exports.

The new corn tariff is expected to shift some but not all imports of duty-free wheat and barley for as long as it remains in effect and current price relationships hold. While it is unlikely to reduce feed costs let alone support expansion of the livestock and poultry sector given its duration and the new tariff level, it will also ease the Philippines' reliance on Australian supplies. Meanwhile, Post also lowers forecast corn production to reflect reports of both reduced area and yields.

Table 1: Philippine Energy Supply (1000 MT, Corn-Eq.)					
Commodity	Corn Equiv.	MY 20/21	MY 21/22	MY 22/23	%Δ
Corn	100%	6,800	6,800	7,650	13%
Wheat	95%	2,375	2,375	1,710	-28%
Cassava	50%	725	696	668	-4%
Barley	100%	115	575	525	-9%
DDGS	85%	213	170	136	-20%
Sorghum	95%	29	24	29	21%
Total		10,257	10,640	10,718	1%

Source: FAS/Manila

Table 2: Philippine Animal Protein Production, (1000 MT)				
Commodity	MY 20/21	MY 21/22	MY 22/23	%Δ
Pork (CWE)	1,060	1,010	1,010	0%
Chicken	1,317	1,344	1,373	2%
Eggs	629	641	628	-2%
Aquaculture (Milkfish, Tilapia, & Shrimp)	748	763	732	-4%
Total	3,754	3,758	3,744	0%

Sources: FAS/Manila (pork, chicken, cassava, barley); PSA (eggs and aquaculture)

Rice

Table 3: Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Area Harvested (1000 HA)	4762	4762	4800	4800	4800	4800
Beginning Stocks (1000 MT)	3597	3597	3763	3763	4237	4237
Milled Production (1000 MT)	12416	12416	12474	12474	12411	12411
Rough Production (1000 MT)	19708	19708	19800	19800	19700	19700
Milling Rate (.9999) (1000 MT)	6300	6300	6300	6300	6300	6300
MY Imports (1000 MT)	2200	1937	3200	3200	3000	3000
TY Imports (1000 MT)	2950	2925	3000	3000	3000	3000
TY Imp. from US (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	18213	17950	19437	19437	19648	19648
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Cons. and Res. (1000 MT)	14450	14187	15200	15200	15350	15350
Ending Stocks (1000 MT)	3763	3763	4237	4237	4298	4298
Total Distribution (1000 MT)	18213	17950	19437	19437	19648	19648
Yield (Rough) (MT/HA)	4.1386	4.1386	4.125	4.125	4.1042	4.1042
(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 2022/2023 = January 2023 - December 2023						

Production

Post holds the MY 2022/23 forecast. Despite facing rising input costs, rice producers have so far proven themselves resilient to changing market conditions as evidenced by the Rice Tariffication Law. They remain supported by the [Rice Competitiveness Enhancement Fund](#), which is funded by tariff collections on rice imports.

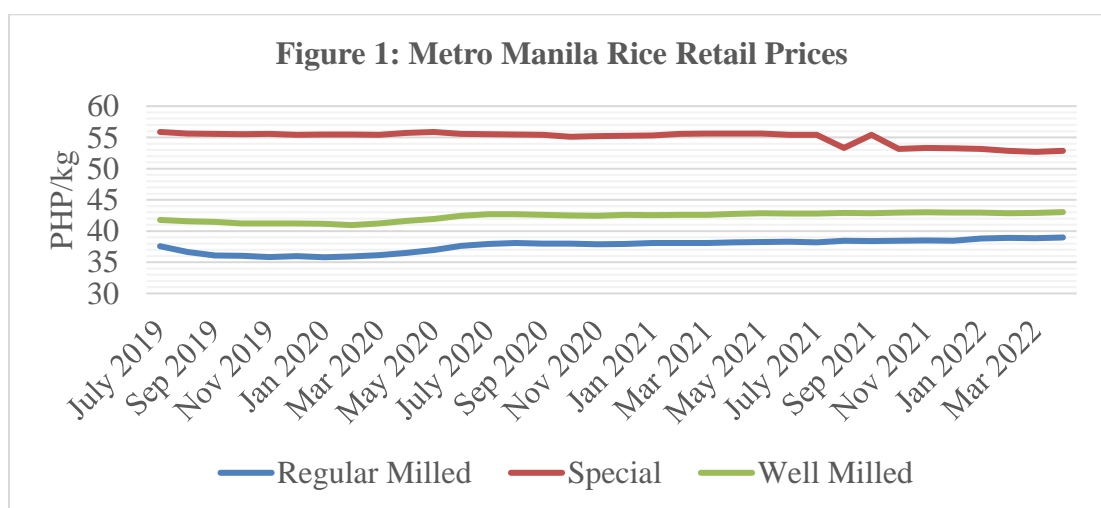
Through nine months of MY 2021/22, production is up one percent and in line with USDA's current estimate.

Table 4: Philippine Rice Regional Production (MT)					
Region	MY 2019/20	MY 2020/21	MY 20/21 (July to Mar)	MY 21/22 (July to Mar)	%Δ
Philippines	18,932,127	19,708,039	15,535,099	15,701,566	1%
Central Luzon	3,638,014	3,609,803	2,568,112	2,773,331	8%
Cagayan Valley	2,685,653	2,827,675	1,871,173	1,939,074	4%
Western Visayas	2,159,470	2,360,348	2,201,126	2,184,591	-1%
Ilocos Region	1,857,298	1,917,121	1,730,133	1,719,407	-1%
Bicol Region	1,254,189	1,320,280	938,394	974,740	4%
MIMAROPA	1,241,761	1,200,276	976,206	996,914	2%
SOCCSKSARGEN	1,212,094	1,270,350	1,192,119	1,168,048	-2%
Eastern Visayas	917,605	836,925	652,576	672,040	3%
Northern Mindanao	764,642	797,798	658,079	646,654	-2%
BARMM	686,185	841,797	751,175	707,006	-6%
Zamboanga Peninsula	651,093	679,141	595,591	554,039	-7%
Davao Region	452,841	469,775	377,951	399,301	6%
Caraga	439,153	498,954	241,894	212,614	-12%
CALABARZON	388,841	397,828	262,555	281,401	7%
CAR	374,371	380,840	267,926	257,964	-4%
Central Visayas	208,916	299,129	250,089	214,442	-14%

Source: Philippine Statistics Authority (PSA)

Consumption

Retail rice prices remain stable and, as earlier expected, an increasingly affordable option when compared to increasing inflationary pressures placed on other foodstuffs, including wheat-based products. This supports current PS&D estimates.



Source: Philippine Statistics Authority

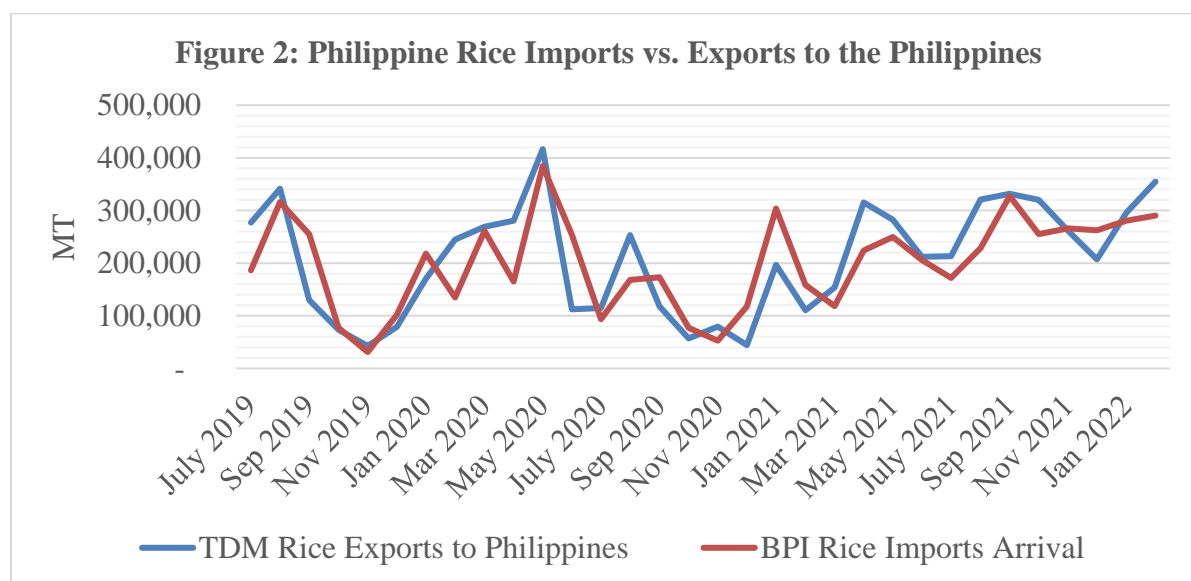
Trade

Following the expiration of [Executive Order \(EO\) No. 135, Series of 2021](#), on May 21, 2022, [EO No. 171, Series of 2022](#) reestablished lower MFN in- and over-quota tariff rates at 35 percent through December 31, 2022. This again puts MFN tariffs at parity with ASEAN, which has facilitated growing but still modest opportunities for India and China to compete.

Post lowered MY 2020/21 rice imports to 1.9 million MT, reflecting newly available Vietnamese export data.

Month	MY 2020/21	MY 2020/21 (July to Mar)	MY 2021/22 (July to Mar)	%Δ
Total	1,936,813	1,127,223	2,444,720	117%
Vietnam	1,653,502	965,293	2,037,803	111%
Myanmar	159,878	84,568	198,591	135%
Thailand	71,337	50,495	152,835	203%
India	11,084	7,734	14,947	93%
China	1,406	7,525	23,072	207%
Others	39,606	11,608	17,472	51%

Sources: Trade Data Monitor, LLC; FAS/Hanoi



Sources: Bureau of Plant Industry; Trade Data Monitor, LLC; FAS/Hanoi

Wheat

Production, Supply, and Distribution

Table 6: Wheat Market Year Begins Philippines	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harv. (1000 HA)	0	0	0	0	0	0
Beg. Stocks (1000 MT)	2290	2290	1838	1834	1668	1664
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	6113	6059	6300	6300	6300	5700
TY Imports (1000 MT)	6113	6059	6300	6300	6300	5700
TY Imp. U.S. (1000 MT)	3127	3072	0	0	0	0
Total Supply (1000 MT)	8403	8349	8138	8134	7968	7364
MY Exports (1000 MT)	65	65	70	70	70	70
TY Exports (1000 MT)	65	65	70	70	70	70
Feed and Res. (1000 MT)	2500	2500	2500	2500	2400	1800
FSI Cons. (1000 MT)	4000	3950	3900	3900	3850	3850
Total Cons. (1000 MT)	6500	6450	6400	6400	6250	5650
End. Stocks (1000 MT)	1838	1834	1668	1664	1648	1644
Total Distrib. (1000 MT)	8403	8349	8138	8134	7968	7364
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 2022/2023 = July 2022 - June 2023

Consumption

Feed: The widespread presence of African Swine Fever should continue to suppress swine feed demand. Meanwhile, HPAI outbreaks and strict, sometimes conflicting regulations on the movement of live poultry and poultry products are currently constraining opportunities for growth to replace pork. The poultry industry is also considerably more sensitive to fast rising Philippine feed costs given the relatively shorter production cycle. Please refer to the [Philippines Livestock & Poultry Update](#) for more information.

Food: The situation for milling wheat remains unchanged from earlier expectations with the government currently reviewing another hike to bread prices.

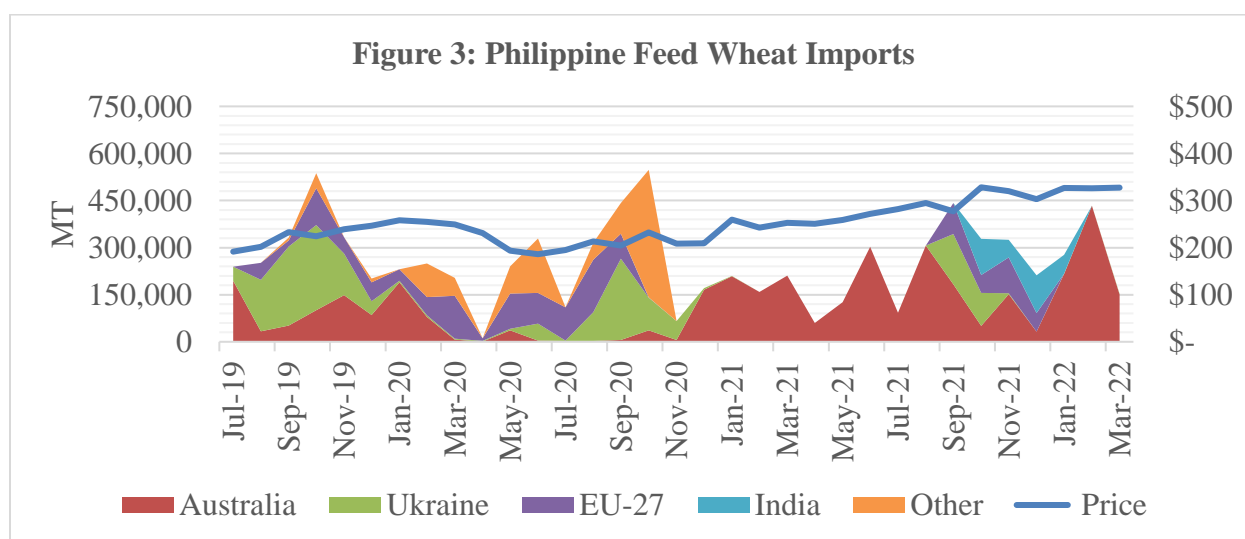
Trade

As a result of EO 171, Series of 2020, FAS/Manila cuts MY 2022/23 wheat imports to 5.7 million MT. Through nine months of MY 2021/22, wheat exports to the Philippines remain up 15 percent year-over-year. However, Post holds the official USDA estimate with the understanding that trade slowed considerably as supplies became constrained and prices began to spike following Russia's invasion of Ukraine. As such, industry sentiment favored pulling down inventories versus booking new contracts for delivery in the April-June period. Revisions are made to MY 2020/21 to reflect official exports to the Philippines.

Table 7: Global Wheat Exports to the Philippines (MT, Wheat Eq.)					
Reporter	Tariff Rate	MY 20/21	MY 20/21 (July to Mar)	MY 21/22 (July to Mar)	%Δ
Total		6,058,933	4,692,586	5,376,433	15%
U.S.	Milling Wheat: 0%	3,072,059	2,270,470	2,111,661	-7%
Australia	Feed Wheat: 0%	1,439,478	900,485	1,855,667	106%
Ukraine	Feed Wheat: 7%	565,498	565,498	413,877	-27%
EU-27	Feed Wheat: 7%	261,212	260,620	332,638	28%
India	Feed Wheat: 0%	4,147	3,320	373,034	11136%
Others		716,539	692,193	289,556	-58%

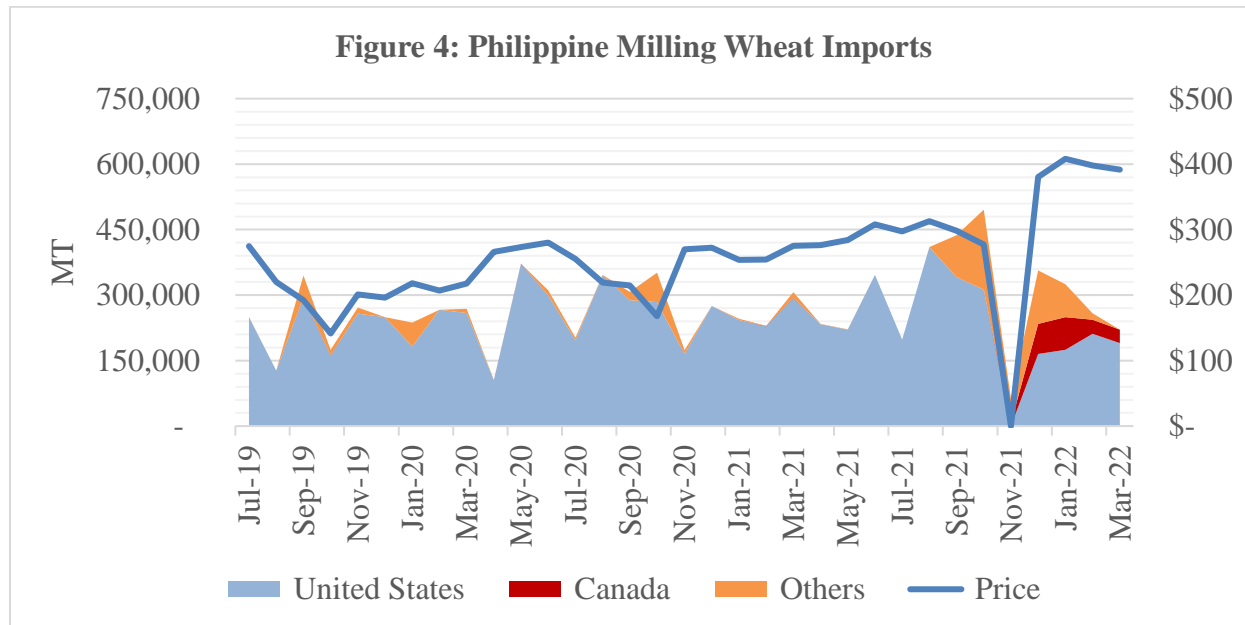
Source: Trade Data Monitor, LLC; Tariff Commission

Feed: At present, Australian feed wheat still holds a 15-percentage point tariff advantage over MFN corn; however, current landed price quotes for Australian feed wheat are also more than 15 percent that of available MFN corn supplies. As long as this condition holds, feed millers will prefer corn for its additional energy value. Indian and Ukrainian feed wheat remain unavailable. Importers will need to switch back to relying on Australian feed wheat supplies shortly following the expiration of EO 171 on January 1, 2023.

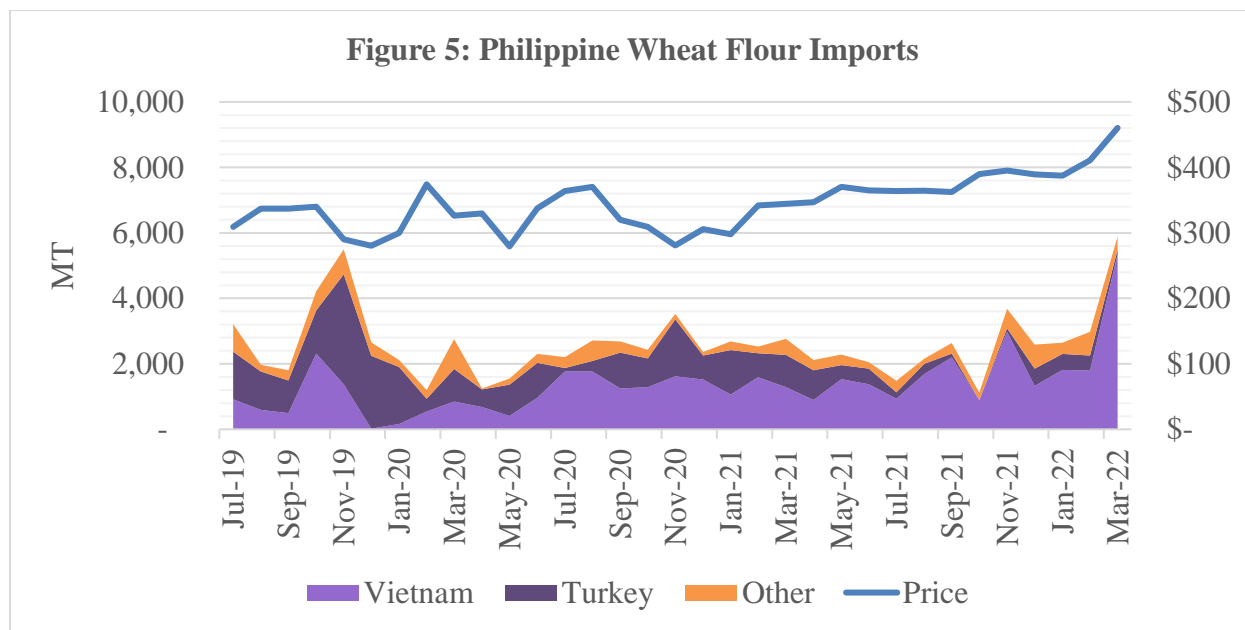


Source: Trade Data Monitor, LLC

Food: U.S. market share of milling wheat continues to come under pressure in MY 2021/22.



In March 2022, Philippine imports of wheat flour reached their highest volume since January 2019, with supplies from Vietnam reaching its highest total since October 2017.



Corn

Production, Supply, and Distribution

Table 8: Corn Market Year Begins Philippines	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2573	2573	2500	2500	2650	2580
Beginning Stocks (1000 MT)	354	354	429	429	429	429
Production (1000 MT)	8352	8352	8200	8200	8300	7900
MY Imports (1000 MT)	623	623	600	600	750	1900
TY Imports (1000 MT)	352	352	500	500	750	1900
TY Imp. from US (1000 MT)	7	7	0	0	0	0
Total Supply (1000 MT)	9329	9329	9229	9229	9479	10229
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Res. (1000 MT)	6800	6800	6800	6800	6900	7650
FSI Consumption (1000 MT)	2100	2100	2000	2000	2100	2100
Total Cons. (1000 MT)	8900	8900	8800	8800	9000	9750
Ending Stocks (1000 MT)	429	429	429	429	479	479
Total Distribution (1000 MT)	9329	9329	9229	9229	9479	10229
Yield (MT/HA)	3.246	3.246	3.28	3.28	3.1321	3.062
(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 2022/2023 = October 2022 - September 2023						

Production

FAS/Manila lowers MY 2022/23 corn production to 7.9 million MT. Increasing production costs (e.g., fuel, fertilizer) have led producers to reduce area, in line with reports of reduced seed sales. Reports of reduced fertilizer application further warrant reduced yield expectations. The government's stop-gap fertilizer voucher program has not sufficiently offset costs, was slow to roll out, and is set to expire at the end of the calendar year. Unlike rice, corn does not have a dedicated competitiveness enhancement fund. Through nine months of MY 2021/22, corn production is down one percent.

Table 9: Philippine White Corn Regional Production (MT)					
Region	MY 2019/20	MY 2020/21	MY 2020/21 (July to Mar)	MY 2021/22 (July to Mar)	%Δ
Total	8,030,037	8,352,280	6,915,137	6,859,375	-1%
Yellow	5,983,435	6,160,095	5,027,396	4,923,152	-2%
White	2,046,602	2,192,185	1,887,741	1,936,223	3%

Table 10: Philippine Yellow Corn Regional Production (MT)

Region	MY 2019/20	MY 2020/21	MY 2020/21 (July to Mar)	MY 2021/22 (July to Mar)	%Δ
Philippines	5,983,435	6,160,095	5,027,396	4,923,152	-2%
Cagayan Valley	1,863,117	1,903,587	1,471,567	1,455,562	-1%
SOCCSKSARGEN	918,062	942,960	866,903	765,020	-12%
Northern Mindanao	840,961	845,679	800,628	883,621	10%
BARMM	611,976	669,966	597,768	458,138	-23%
Ilocos Region	515,527	522,941	360,886	379,020	5%
Central Luzon	244,930	273,866	147,714	153,408	4%
CAR	230,526	203,557	158,528	151,100	-5%
Western Visayas	223,241	239,399	214,517	257,158	20%
Bicol Region	209,334	219,236	137,401	138,301	1%
MIMAROPA	94,637	104,042	72,692	73,139	1%
Caraga	82,524	78,550	67,909	74,237	9%
Davao Region	65,431	67,472	53,518	55,704	4%
CALABARZON	45,020	52,820	45,249	36,656	-19%
Zamboanga Peninsula	29,626	26,865	24,535	31,393	28%
Eastern Visayas	6,723	6,317	4,955	4,870	-2%
Central Visayas	1,798	2,836	2,627	5,824	122%

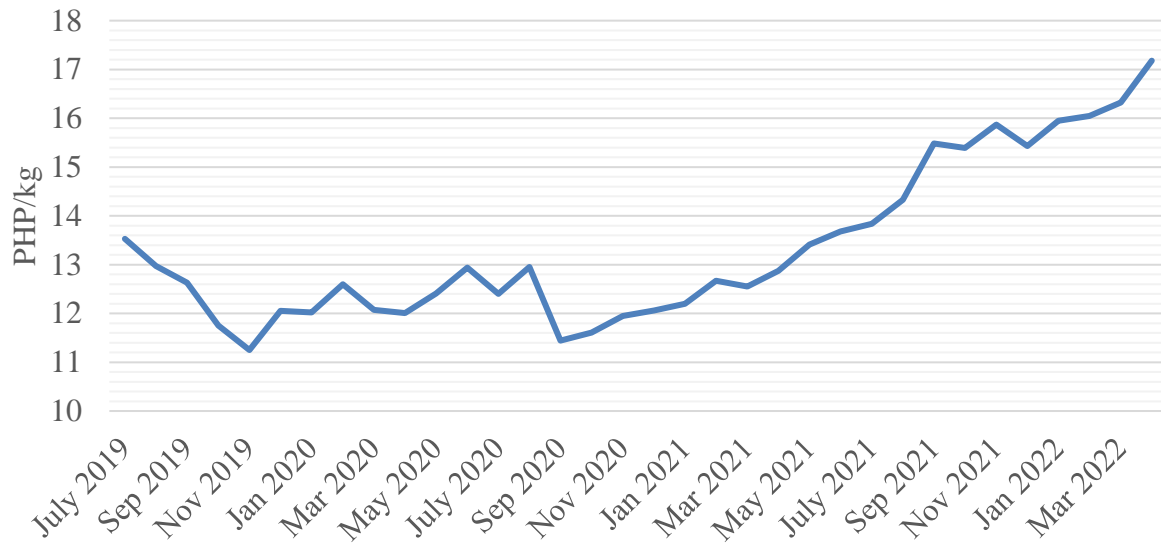
Source: Philippine Statistics Authority

Table 11: Philippine White Corn Regional Production (MT)

Region	MY 2019/20	MY 2020/21	MY 2020/21 (July to Mar)	MY 2021/22 (July to Mar)	%Δ
Philippines	2,046,602	2,192,185	1,887,741	1,936,223	3%
Northern Mindanao	487,142	507,955	465,925	466,361	0%
BARMM	463,034	539,095	438,819	505,778	15%
SOCCSKSARGEN	208,325	214,352	194,068	199,218	3%
Davao Region	187,206	205,513	164,649	164,955	0%
Zamboanga Peninsula	152,142	148,493	135,512	158,220	17%
Central Visayas	100,254	125,938	121,231	90,994	-25%
Ilocos Region	45,886	47,702	35,460	34,337	-3%
CAR	16,210	18,257	17,941	18,137	1%
Western Visayas	86,084	92,547	81,487	74,574	-8%
Bicol Region	66,615	71,131	59,640	60,786	2%
Eastern Visayas	66,508	62,047	45,229	40,948	-9%
Central Luzon	40,328	40,335	27,071	27,338	1%
Cagayan Valley	28,010	26,103	21,154	12,447	-41%
CALABARZON	26,277	23,407	20,458	22,164	8%
MIMAROPA	14,975	14,434	11,040	9,005	-18%
Caraga	57,606	54,876	48,056	50,962	6%

Source: Philippine Statistics Authority

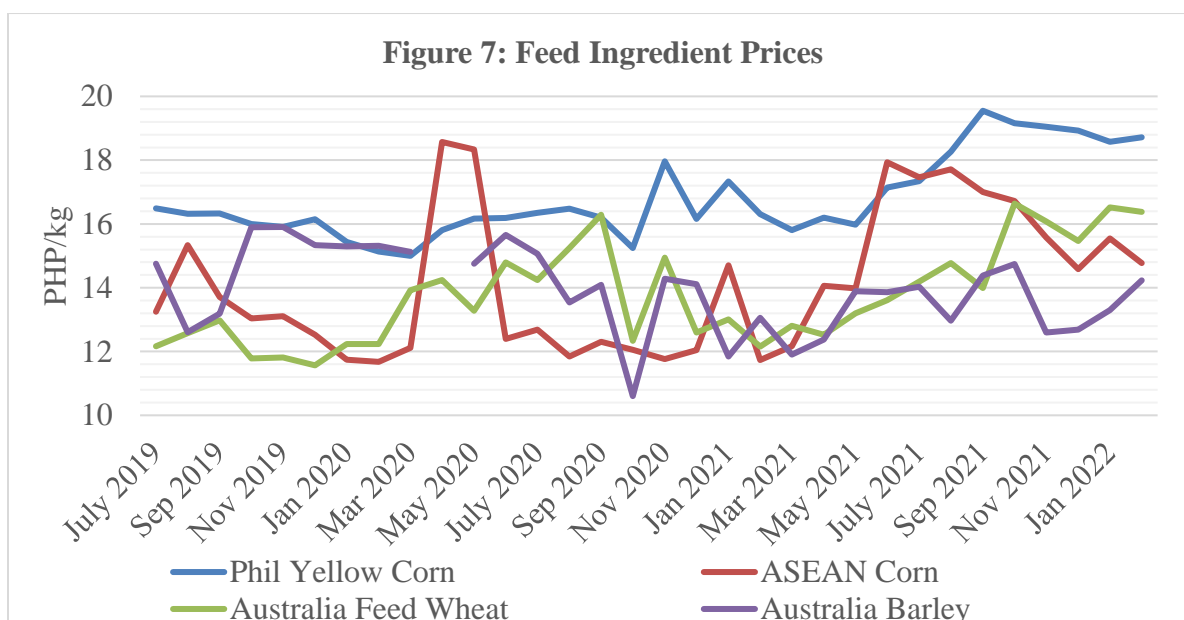
Figure 6: Philippine Yellow Corn Farmgate Price



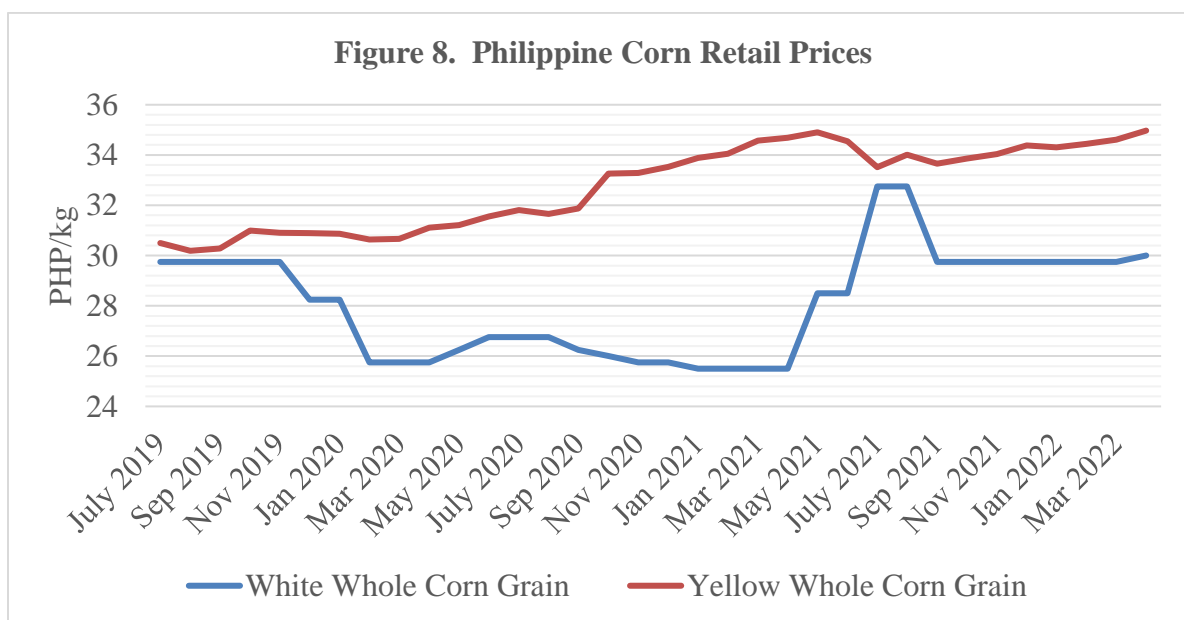
Source: Philippine Statistics Authority

Consumption

As noted in wheat above, EO 171, Series of 2022, is expected to shift considerable volumes from feed wheat (and barley) to corn assuming current market price relationships hold, and as such, FAS/Manila forecasts corn feed consumption at 7.65 million MT in MY 2022/23. However, given EO 171 is only temporary and the over-quota tariff would be trade prohibitive in normal markets conditions, it will not go so far as to incentivize meat and poultry producers to expand.



Source: Philippine Statistics Authority; Trade Data Monitor, LLC



Source: Philippine Statistics Authority

Trade

Satisfying current feed demand and accounting for a lower production outlook, FAS/Manila raises MY 2022/23 corn imports to 1.9 million, facilitated by the aforementioned EO No. 171, Series of 121, which effective June 15, 2022. The EO reduced in-quota corn tariffs from 35 to 5 percent and over-quota tariffs from 50 to 15 percent. The minimum access volume (quota) for 2022 remained unchanged at 216,940 MT. Since the EO's issuance, industry contacts confirm at least one quota license holder has already booked MFN corn.

Table 12: Philippines Corn (HS-1005) Imports (MT)						
Reporter	Tariff Rate until 12/31/22	Tariff Rate on 01/01/2023	MY 20/21	MY 20/21 (July to Feb)	MY 21/22 (July to Feb)	%Δ
Total			622,634	575,197	550,691	-4%
Vietnam	5%	5%	388,883	375,499	129,163	-66%
Myanmar	5%	5%	43,158	28,403	359,548	1,166%
Thailand	5%	5%	12,611	73	45,874	62,741%
US	5/15%	35/50%	84,609	81,495	6,056	-93%
Argentina	5/15%	35/50%	6,599	4,050	6,126	51%
India	5/15%	35/50%	129	4	1,673	41,725%
Others			114,727	85,673	2,251	-97%

Source: Trade Data Monitor, LLC; Tariff Commission

Table 13: Corn = HS Code 1005 (2021 MAV = 216,940 MT)				
		2021	2022	2022
	Licensees	ALLOCATION	BYP	BYP
			SDP	ALLOCATION
1	Great Harvest Enterprises	-	11,643.33	11,643.33
2	Simon Agribusiness Corp.	1,898.27	11,643.33	13,541.60
3	UNAHCO, Inc	1,034.89	11,643.33	12,678.22
4	Universal Robina Corp.	5,958.33	11,643.33	17,601.66
5	San Miguel Foods Inc.	126,185.90	11,643.33	137,829.23
7	General Milling Corp.	12,002.27	11,643.33	23,645.60
	Total:	147,079.66	69,859.98	216,940.00

Note: BYP – Beginning Year Pool; SDP – Systematic Distribution Procedure

Source: Philippine Star (February 8, 2022)

Sorghum

Production, Supply, and Distribution

Table 14: Sorghum Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	34	30	25	25	30	30
TY Imports (1000 MT)	28	28	25	25	30	30
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	34	30	25	25	30	30
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)	34	30	25	25	30	30
FSI Consumption (1000 MT)	0	0	0	0	0	0
Total Consumption (1000 MT)	34	30	25	25	30	30
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	34	30	25	25	30	30
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 Sorghum begins in October for all countries. TY 2022/2023 =
 October 2022 - September 2023

FAS Manila holds its forecast and current year estimate while adjusting 2020/21 imports to reflect reported exporter data.

Table 15: Global Sorghum Exports to Philippines (MT)					
Reporter	Tariff Rate	MY 2020/21	MY 2020/21 (Jul-Mar)	MY 2021/22 (Jul-Mar)	%Δ
Total		30,283	24,316	19,234	-21%
Australia	0%	26,038	20,531	17,364	-15%
Thailand	0%	1,182	890	964	8%
India	7%	869	701	906	29%
Others		2,194	2,194	-	-

Source: Trade Data Monitor, LLC

Barley

FAS Manila foresees MY 2022/23 barley imports at 525,000 MT in response to EO No. 171, Series of 2022.

Table 16: Global Barley Exports to Philippines (MT)					
Reporter	Tariff Rate	MY 2020/21	MY 2020/21 (Jul-Mar)	MY 2021/22 (Jul-Mar)	%Δ
Total		115,775	79,787	479,728	501%
Australia	0%	115,757	79,774	479,692	501%
Others		18	13	35	169%

Source: Trade Data Monitor, LLC; Tariff Commission

DDGS

DDGS imports are on pace for 160,000 MT in the current MY 2021/22.

Table 17: Global DDGS Exports to Philippines (MT)					
Reporter	Tariff Rate	MY 2020/21	MY 2020/21 (Jul-Mar)	MY 2021/22 (Jul-Mar)	%Δ
Total		250,260	203,185	144,888	-29%
US	1%	250,234	203,159	144,888	-29%
Others		26	26	-	-

Source: Trade Data Monitor, LLC; Tariff Commission

Attachments:

No Attachments