

Voluntary Report – Voluntary - Public Distribution

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Report Highlights:

FAS Manila forecasts 2023 pork production at 1 million MT, as commercial pork producers plan to raise larger pigs. Pork imports, meanwhile, are forecast at 600,000 MT in response to lower tariffs that have been extended through December 31, 2023. FAS Manila forecasts 2023 chicken production at 1.36 million MT because of the growing economy, while the 2023 chicken imports forecast is at 475,000 MT based on stable demand.

Executive Summary

FAS Manila forecasts 2023 pork production at 1 million MT because commercial producers plan to raise bigger pigs, while the pork imports forecast is set for 600,000 MT because of lower pork tariffs that have been extended through December 31, 2023. FAS Manila forecasts 2023 chicken production to be 1.36 million MT because of the growing economy, while the 2023 chicken imports forecast is 475,000 MT based on stable demand.

Table 1 presents livestock and poultry production from 2021 to 2023. Flat growth is expected in 2023 because of African Swine Fever (ASF) and Highly Pathogenic Avian Influenza (HPAI). The decline in egg production because of HPAI will incentivize broiler producers to increase production since broiler meat is an alternative source of less expensive protein.

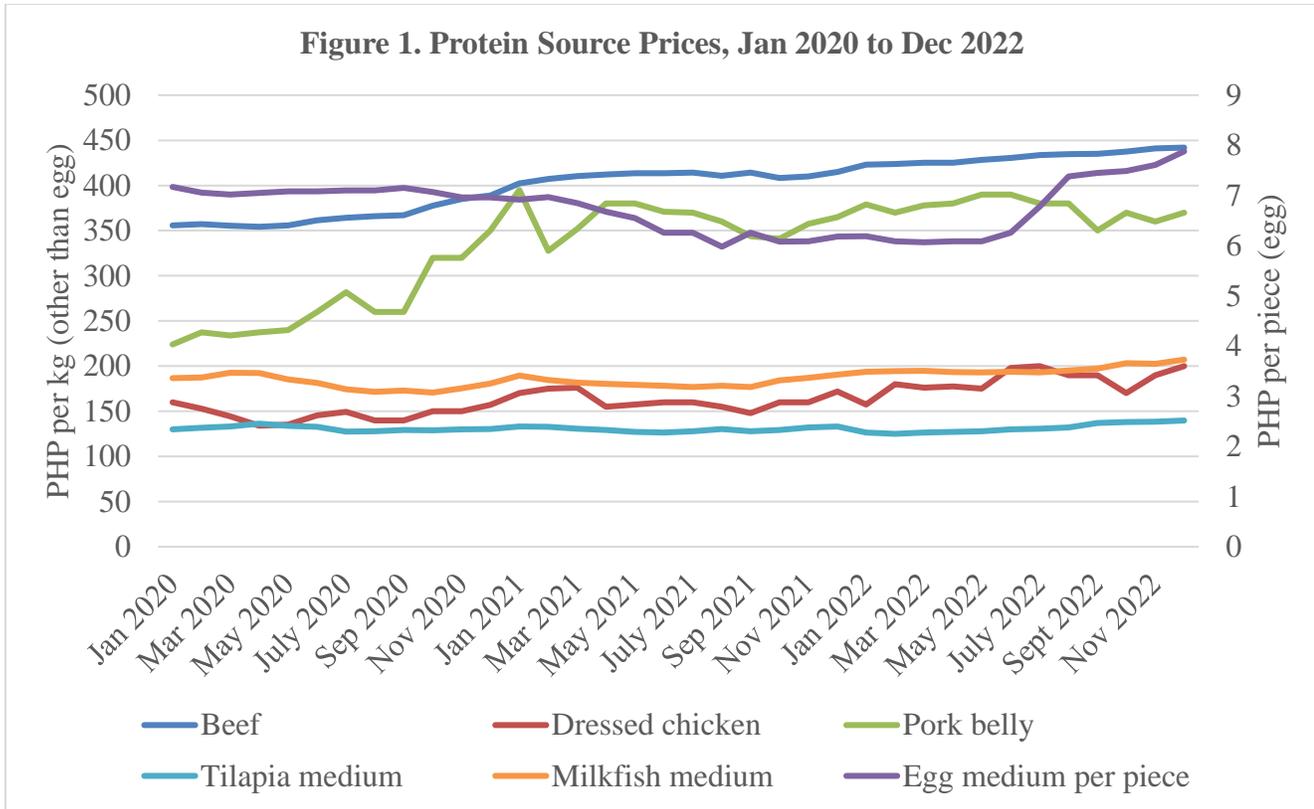
The EU is a major source of parent stock (PS)-layers, and 2022 HPAI outbreaks in Europe have led to a decline in exports to the Philippines (as with chicken meat trade). PS-layers produce day-old pullets, which in turn produce eggs. According to industry contacts, PS-layer importation for 2021 was around 625,000 head, while from January to November 2022, it was at 450,000 head. It is already a sharp decline even though industry contacts are still waiting for the full 2022 data. For 2020, the PS layer import was at 564,000 head. Local HPAI outbreaks also contributed to the decline in egg production in Central Luzon, a major producer. Batangas province became the preferred source of eggs in Luzon as a result.

Commodity	2021	2022E	2023F	%Δ
Total	3,004	2,853	2,860	0
Pork (CWE)	1,000	925	1,000	8
Chicken	1,343	1,300	1,360	5
Chicken Eggs	661	628	500	-20

Sources: FAS Manila (pork and chicken); Philippine Statistics Authority (PSA) data for eggs

According to the [Philippine Nutrition Facts and Figures 2018-19 Expanded National Nutrition Survey](#) of the Department of Science and Technology-Food and Nutrition Research Institute (FNRI), Filipinos do not meet the estimated average requirement for protein by population group. For example, for adults (19 to 59 years old), only 45.8 percent met the estimated average requirement for protein in 2018-19 as opposed to 50.1 percent in 2013. Based on FNRI's [Philippine Dietary Reference Intakes 2015: Summary Tables](#), male adults (19 to 59 years old) should consume 71 grams of protein daily while for female adults (19 to 59 years old), it is 62 grams of protein daily. This recommendation still applies for 2023.

Based on the chart below, there is an upward pressure on egg prices. Eggs on a tray basis (30 eggs in tray) are already more expensive than a kilogram of dressed chicken, which will lead to a shift in consumption. Milkfish and tilapia prices show slowly increasing prices while beef exhibited sharper increases.



Source: PSA for beef, eggs, and fish prices; DA-AMAS for pork and dressed chicken prices

PORK

Production, Supply, and Distribution (PS&D)

Table 3: Meat, Swine Market Year Begins Philippines	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Ref.) (1000 HEAD)	0	0	0	0	0	0
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	1000	1000	950	925	1000	1000
Total Imports (1000 MT CWE)	461	461	550	575	450	600
Total Supply (1000 MT CWE)	1461	1461	1500	1500	1450	1600
Total Exports (1000 MT CWE)	1	1	1	1	1	1
Hum. Dom. Cons. (1000 MT CWE)	1460	1460	1499	1499	1449	1599
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT CWE)	1460	1460	1499	1499	1449	1599
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	1461	1461	1500	1500	1450	1600
(1000 HEAD) (1000 MT CWE)						

Note: PSD numbers do not include pork offal, fat, and rind.

Production

FAS Manila forecasts 2023 pork production at 1 million MT because commercial producers are eyeing bigger pigs, while 2022 pork production was reduced to 925,000 MT because of a resurgence of ASF cases in Luzon and Mindanao. Recently, there were ASF outbreaks in Iloilo province, dealing a big blow to the supply for Metro Manila.

The industry sees a glimmer of hope because of the special permit application for an ASF vaccine by a local company (in partnership with a Vietnamese company) before the [Food and Drug Administration](#). Post's forecast assumes the current situation of no vaccine will persist.

Figure 2. African Swine Fever Zoning Status as of December 20, 2022

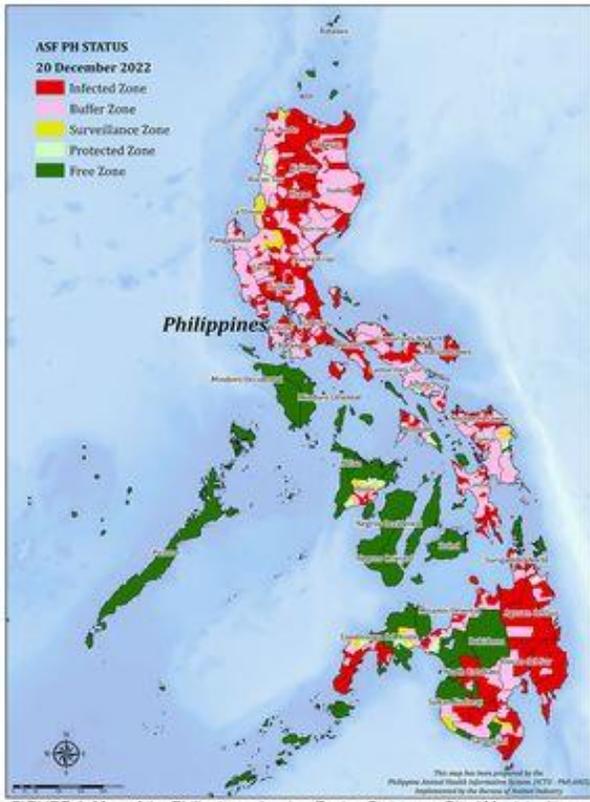


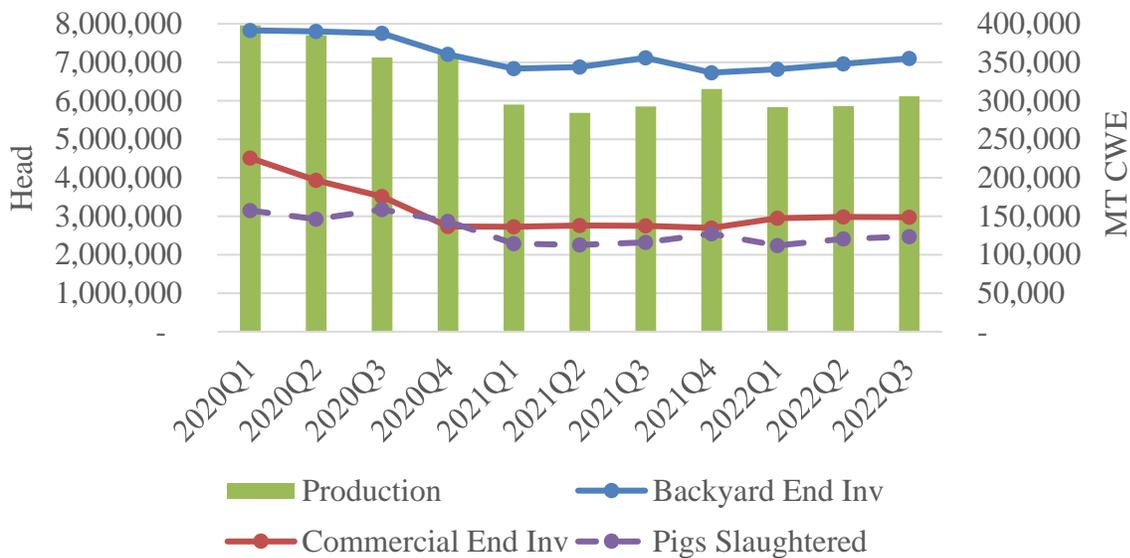
FIGURE 1. Map of the Philippines showing Zoning Status per City / Municipality



FIGURE 2. Map of the Philippines showing City / Municipality with no reported ASF case for ≤ 90 days (Red), 91 to 180 days (Blue) and ≥ 181 days (Grey).

Source: Department of Agriculture-Bureau of Animal Industry

Figure 3: Pork Production, Slaughtered, and Inventory



Source: Philippine Statistics Authority

**Table 4: Philippine Pork Production by Region
January - October, CWE MT**

Region	2021	2021Q1-Q3	2022Q1-Q3	%Δ 2022/21
Philippines	1,187,305	579,502	584,588	1
CALABARZON	131,531	58,801	68,879	17
Central Luzon	73,348	35,802	41,725	17
Northern Mindanao	152,226	72,558	76,309	5
Central Visayas	146,128	76,169	79,984	5
Western Visayas	140,198	67,313	68,860	2
Davao Region	95,409	43,866	46,376	6
SOCCSKSARGEN	87,282	40,870	42,815	5
Bicol Region	69,449	35,857	34,791	-3
Zamboanga Peninsula	59,603	30,839	33,841	10
MIMAROPA	64,197	33,544	31,628	-6
Ilocos Region	40,362	21,039	16,814	-20
Cagayan Valley	27,769	15,602	10,488	-33
Eastern Visayas	54,700	23,615	11,878	-50
Caraga	21,900	11,821	9,163	-22
CAR	15,322	7,523	6,749	-10
BARMM	7,711	4,216	4,373	4
NCR	168	65	95	45

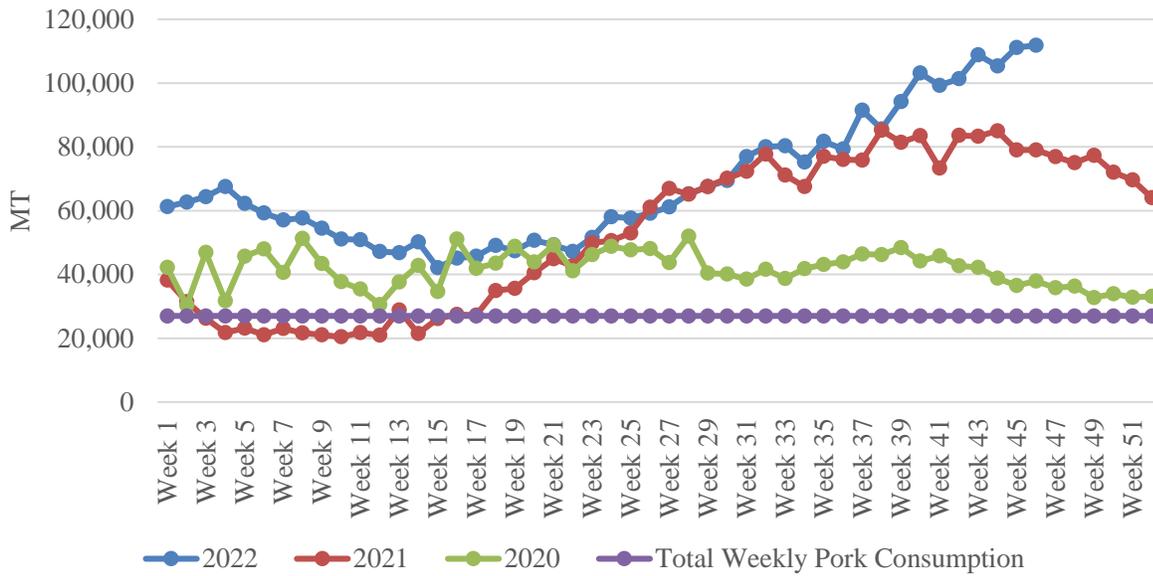
Source: Philippine Statistics Authority, Department of Agriculture-Bureau of Animal Industry

Note: Highlighted regions have at least one province with ASF; Live weight MT was converted to Carcass Weight MT using 70 percent dressing percentage.

Inventory

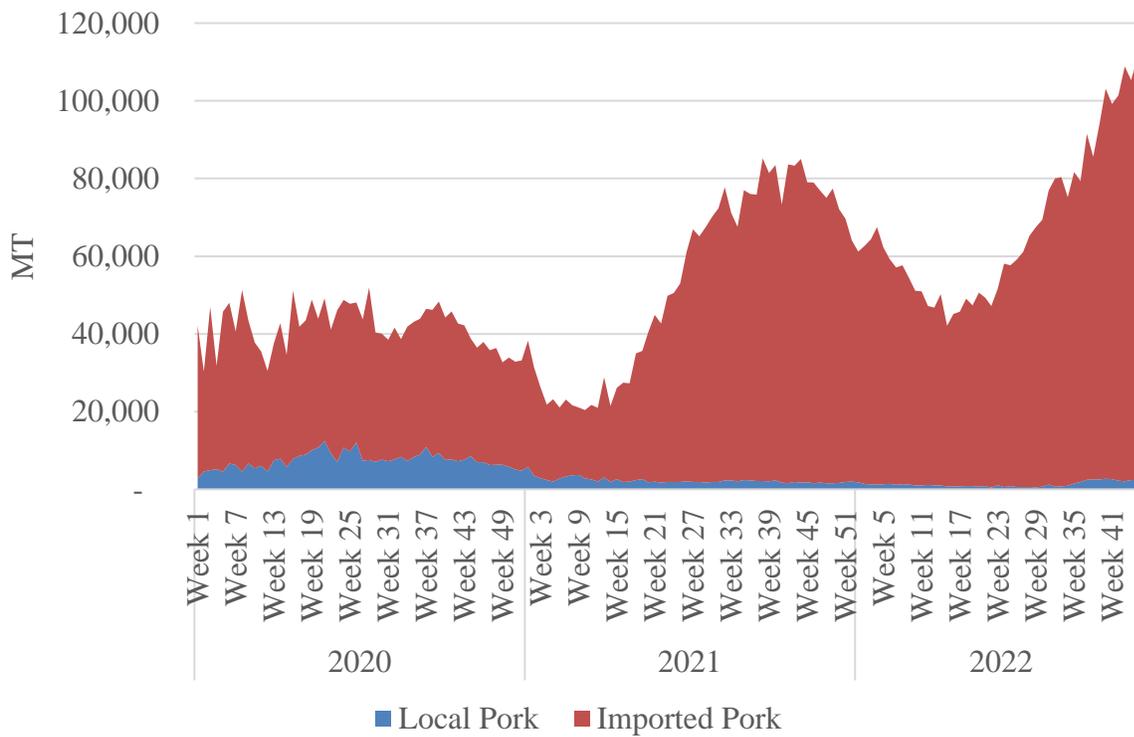
Frozen pork inventory in accredited cold storage facilities breached 100,000 MT for the first time in history. Industry contacts say this is a combination of logistics problems because of previous COVID-19 restrictions (earlier and later orders arrived at the same time). Industry contacts added that meat importers also tried to beat the lower tariff rate expiration for imported pork facilitated by [Executive Order 171, Series of 2022](#) by importing before December 31, 2022. These two factors resulted in unprecedented pork inventory levels in cold storage facilities. By the time of this report, there was already an announcement from the Philippine government that lower tariffs for pork will be extended through December 31, 2023.

Figure 4: Frozen Pork Inventory



Source: Department of Agriculture-National Meat Inspection Service
 Note: Pork includes fresh, chilled, and frozen pork.

Figure 5: Shares of Imported Pork vs. Local Pork in Cold Storage Facilities



Source: Department of Agriculture-National Meat Inspection Service

Prices

Local pork belly prices have been under Philippine Peso (PHP) 395 per kg since January 2021. Interestingly, imported pork belly has remained significantly below the price of local pork belly. This contributed to lower prices (e.g., remaining under PHP 395 per kg) for local pork belly, although the local product remained far above imported belly prices. The Department of Trade & Industry (DTI), meanwhile, already announced there will be increases in Suggested Retail Prices (SRPs) in January 2023.



Source: DA-AMAS (Metro Manila wholesale and retail prices); ProPork (farm gate prices)

Table 5: SRP on Luncheon Meat and Meat Loaf (in Pesos Per Unit)

Canned Goods	8/29/21	1/27/22	5/11/22	8/12/22
Luncheon Meat Brands				
CDO Chinese Style (165g)	34.25	34.25	35.50	35.50
Purefoods Chinese Style (165g)	32.50	32.50	33.50	33.50
Meat Loaf Brands				
555 (150g)	18.25	19.50	19.50	19.50
Argentina (150g)	18.75	20.25	21.25	22.54
CDO (150g)	18.25	18.25	19.00	19.00
Gusto (150g)	16.50	16.50	16.50	16.50
Winner - Supermarket (150g)	18.00	18.00	18.00	18.00
Argentina (170g)	20.25	21.75	22.75	24.13

Source: Department of Trade & Industry

Consumption

FAS Manila forecasts 2023 consumption at 1.599 million because of the expected entry of more imported pork due to the extension of lower tariffs through December 31, 2023. Filipinos are generally pork-eaters and becoming price-conscious also. The entry of cheaper imported pork will boost consumption.

Trade

FAS Manila forecasts 2023 pork imports at 600 million MT because of the [extension of lower pork tariffs](#) through December 31, 2023. FAS Manila increased its 2022 pork imports estimate to 575,000 MT based on stronger than expected trade data.

Temporary bans were applied to pork products coming from [Ukraine, Moldova, and the Czech Republic](#).

Reporter	Calendar Year	January to October		
	2021	2021	2022	%Δ
Total	461,347	405,044	532,229	31
European Union	196,318	169,600	249,502	47
Canada	124,051	110,723	136,744	24
United States	80,256	77,794	32,630	-58
Brazil	37,064	26,934	85,884	219
United Kingdom	16,842	14,362	19,096	33
Australia	4,365	3,860	4,593	19
Others	2,451	1,771	3,780	113

Source: Trade Data Monitor, LLC; FAS Manila estimates for October 2022 for EU and UK

CHICKEN

Production, Supply, and Distribution (PSD)

Table 7: Meat, Chicken Market Year Begins Philippines	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	1343	1343	1300	1300	1360	1360
Total Imports (1000 MT)	437	437	435	475	450	475
Total Supply (1000 MT)	1780	1780	1735	1775	1810	1835
Total Exports (1000 MT)	0	0	0	0	0	0
Human Consumption (1000 MT)	1780	1780	1735	1755	1810	1835
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1780	1780	1735	1755	1810	1835
Total Use (1000 MT)	1780	1780	1735	1755	1810	1835
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1780	1780	1735	1755	1810	1835

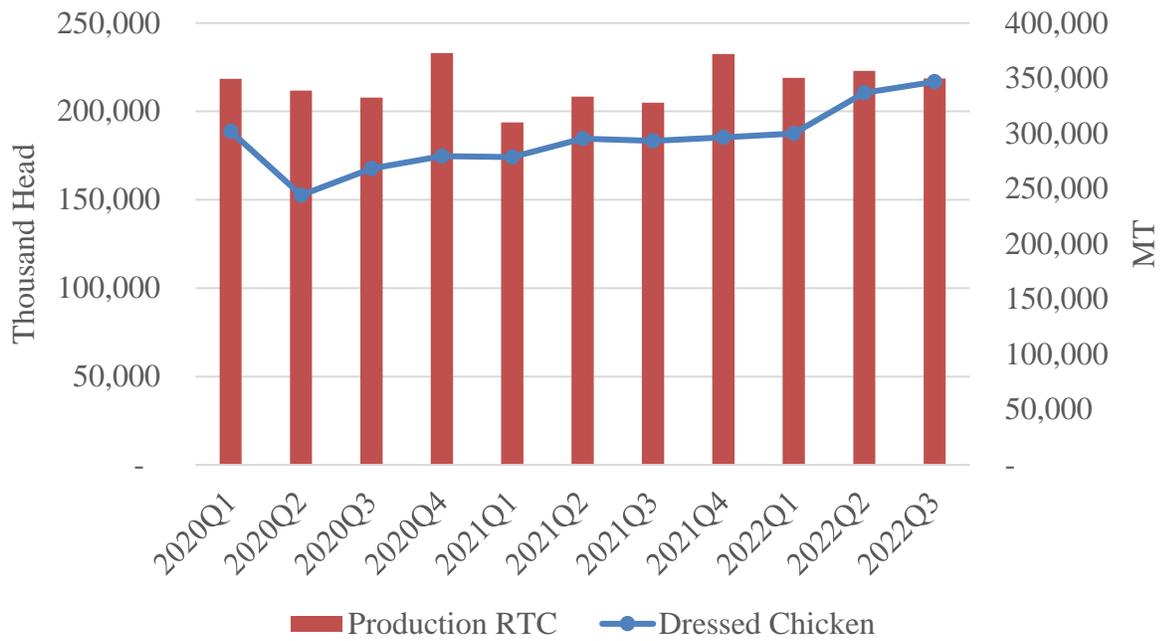
(1000 MT)

Note: PSD includes skins and mechanically deboned meat.

Production

FAS Manila forecasts 2023 chicken meat production at 1.360 million MT because of the growing economy. With the egg industry taking a big hit from HPAI, chicken is the next available less expensive protein source. Poultry integrators and commercial raisers, however, are wary of big-time expansion because of the HPAI threat and the usual high cost of feed ingredients. Small victories were recorded in provinces like [Rizal](#), [Camarines Sur](#), [Davao del Sur](#) and [Bataan](#), which were declared HPAI-free. The government issued [updated guidelines](#) on the movement of live poultry, products, and byproducts to further contain HPAI. Relatively high day-old chicks (DOC) prices also point to more broiler raisers interested in growing broilers for meat.

Figure 7: Dressed Chicken and Meat Production



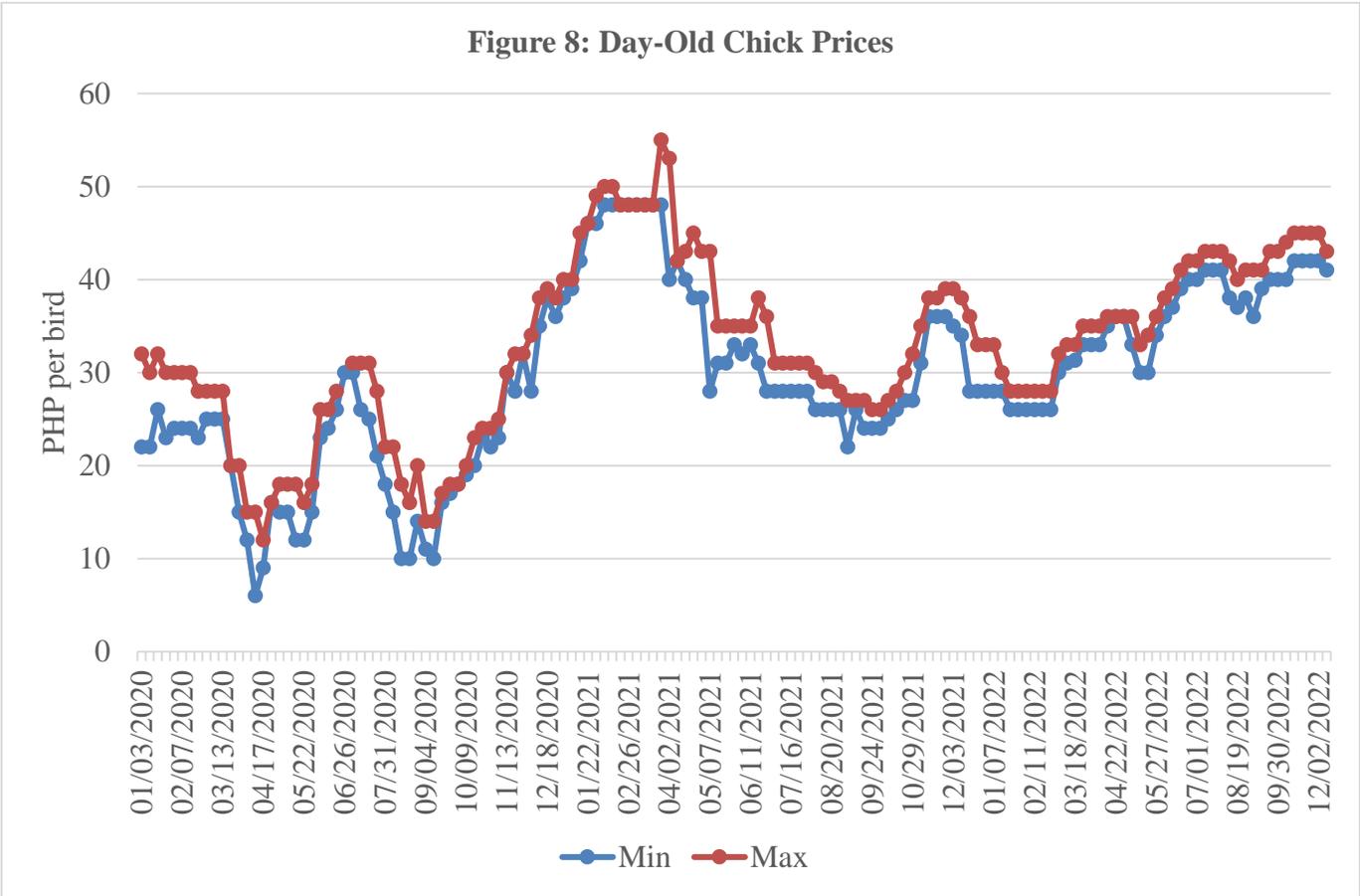
Source: Philippine Statistics Authority

**Table 8: Philippine Chicken Production by Region
January - October, RTC MT**

Region	2021	2021 (Jan to Oct)	2022 (Jan to Oct)	%Δ
Philippines	1,343,496	971,565	1,056,850	9
Central Luzon	457,281	326,768	362,466	11
CALABARZON	231,159	175,760	179,127	2
Northern Mindanao	125,622	85,702	97,677	14
Western Visayas	92,586	69,205	72,555	5
Central Visayas	76,508	51,582	60,967	18
Ilocos Region	58,736	42,474	46,726	10
SOCCSKSARGEN	58,545	41,704	54,204	30
Davao Region	54,089	39,193	44,008	12
Cagayan Valley	45,773	33,720	29,567	-12
Eastern Visayas	44,458	32,855	31,774	-3
Bicol Region	39,013	29,355	35,500	21
Zamboanga Peninsula	30,560	22,997	20,272	-12
Caraga	11,218	8,383	8,229	-2
MIMAROPA	8,830	5,932	6,937	17
CAR	4,554	3,346	3,599	8
BARMM	4,185	2,401	2,722	13
NCR	379	188	520	177

Source: Philippine Statistics Authority, Department of Agriculture-Bureau of Animal Industry

Note: Highlighted regions have at least one province with HPAI; Liveweight was converted to RTC using 77 percent dressing percentage.

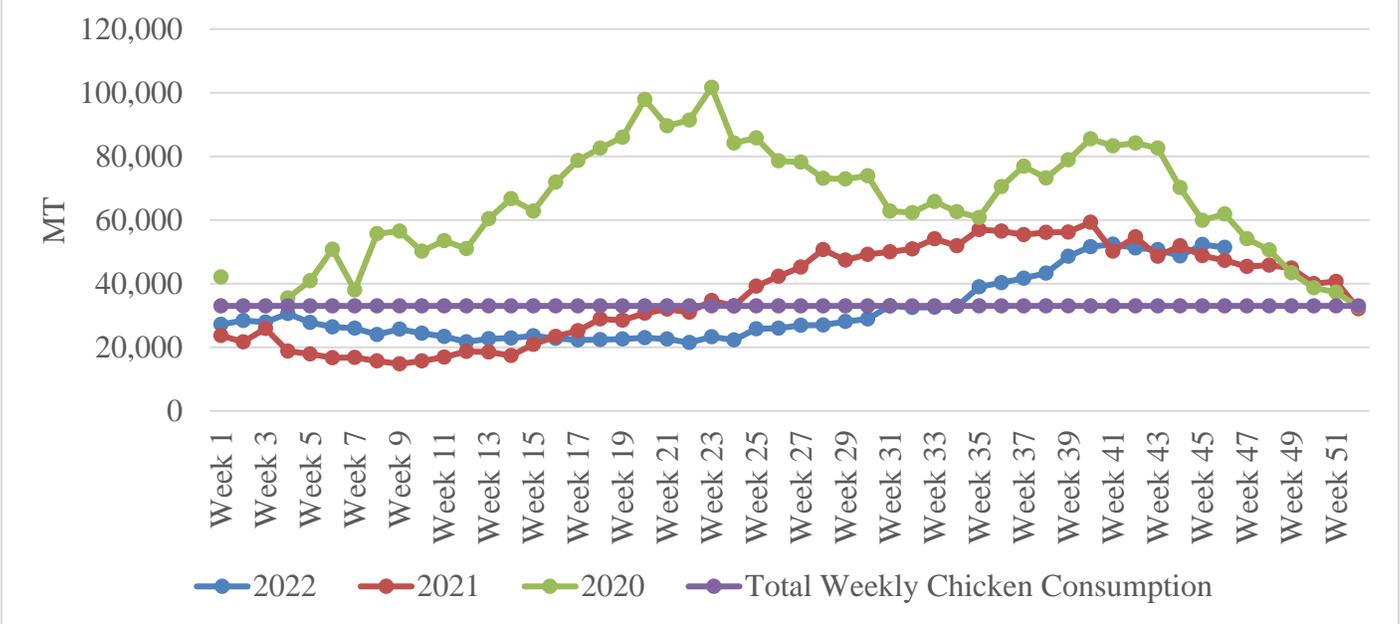


Source: United Broiler Raisers Association

Inventory

Frozen chicken meat in accredited cold storage facilities, excluding MDM, showed increasing inventory levels compared to the previous period in 2021. This means that chicken inventory is back to normal levels, unlike in 2020 when the industry experienced a glut because of pandemic lockdowns.

Figure 9: Frozen Chicken Meat Inventory (excluding MDM)

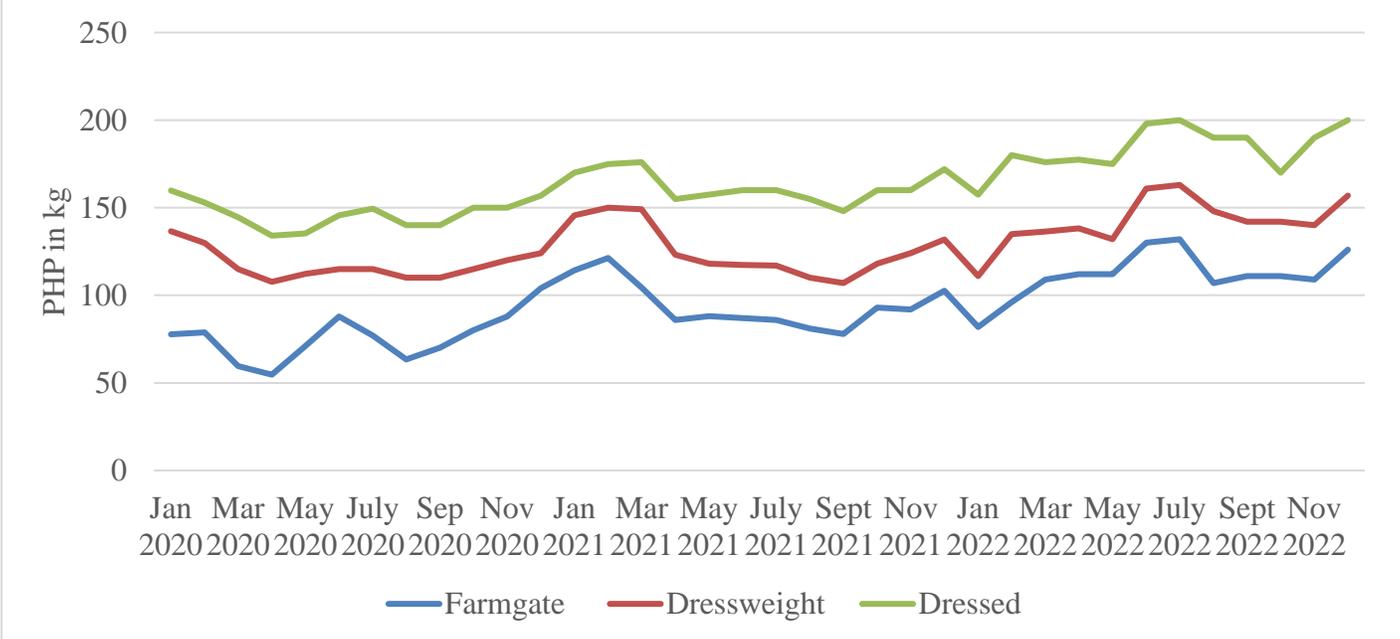


Source: Department of Agriculture-National Meat Inspection Service

Prices

Chicken prices have been increasing since August 2022, which is a good sign for producers. Industry contacts, however, said that the high production cost is putting a strain on their operations.

Figure 10: Chicken Prices, January 2020 to December 2022



Source: DA-AMAS (Metro Manila wholesale and retail prices); UBRA (farm gate prices)

Consumption

FAS Manila forecasts 2023 chicken consumption at 1.835 million MT in 2023 because of the growing economy. With HPAI problems in layers resulting decreased egg production, FAS Manila expects chicken meat to pick the slack as an alternative less expensive protein.

Trade

FAS Manila forecasts 2023 chicken meat imports at 475,000 MT because of stable demand. The impending [reversion of mechanically deboned meat \(MDM\) tariffs to 30 percent in-quota and 40 percent out-quota](#) from January 1, 2023 is problematic for the industry. From January to October 2022, MDM is 60 percent of total chicken imports per Bureau of Animal Industry data. Industry contacts strongly believe, however, that the lower tariffs will be extended given MDM's prime importance to the meat processing industry. MDM is an inexpensive source of protein and is used a lot as ingredients (extenders/fillers) in siomai, hotdogs, and other processed products. Extending lower MDM tariffs is important for the way it helps the producers lower their cost of production, which is passed on to the consumers in the form of lower retail prices. Industry contacts said that there will be minimal effect on MDM imports regardless of whether the lower tariff rate is extended or not. Higher or lower cost MDM will just be passed on the consumers.

The Department of Agriculture (DA) has [lifted](#) the ban on poultry imports from the following places: Nova Scotia (Canada), [Missouri \(U.S.\)](#), [Belgium](#), and [Spain](#). DA, meanwhile, has banned poultry imports from the following because of highly pathogenic avian influenza outbreaks: Poland, Ireland, Denmark, Czech Republic, Chinese Taipei, Ecuador, Moldova, Peru, [California \(U.S.\)](#), Hungary, and Japan. DA imposed a ban on California as of November 23, 2022, owing to the number of highly pathogenic avian influenza outbreaks there.

Interestingly for 2022, there was a decline in EU chicken exports of 86 percent. Brazil, Australia, and Chile increased their exports in response.

Table 9: Global Chicken Meat Exports to the Philippines (Metric Tons)

Reporter	Calendar Year		January to Oct	
	2021	2021	2022	%Δ 2022/21
Total	436,735	386,005	436,696	13
United States	153,506	138,040	164,430	19
Brazil	168,001	147,527	214,706	46
European Union	59,617	53,425	7,578	-86
Canada	29,508	25,749	10,429	-59
China	10,232	8,061	10,309	28
Chile	4,953	4,630	9,349	102
Turkey	5,328	4,599	5,653	23
Australia	3,418	2,011	11,059	450
Others	3,222	1,963	3,183	62

Source: Trade Data Monitor, LLC; FAS estimates for EU for October 2022

Annex:

Tables 10-11 are the meat importation data of the Department of Agriculture-Bureau of Animal Industry. Pork imports for 2022 showed an increase of 26 percent compared to the previous year's level. Chicken imports, meanwhile, showed a decline of 2 percent.

Pork	2021	2021 (Jan to Oct)	2022 (Jan to Oct)	%Δ
Total	554,698	480,778	607,142	26
Bellies	56,997	48,505	69,305	43
Deboned	480	440	220	-48
Fats	62,549	54,543	54,555	0
Offals	185,663	157,506	182,871	16
Pork Cuts	215,637	189,412	271,674	43
Rind/Skin	31,694	28,868	24,646	-15
Whole Carcass	1,678	1,505	3,870	157

Source: Department of Agriculture-Bureau of Animal Industry

Table 11: Philippines Chicken Meat Imports MT)

Chicken	2021	2021 (Jan to Oct)	2022 (Jan to Oct)	%Δ
Total	404,712	335,317	327,681	-2
Chicken Cuts	39,600	34,726	37,908	9
CLQ	113,404	99,931	81,974	-18
Deboned	236,742	189,334	197,906	5
Fats	7,347	5,110	5,470	7
Offals	3,995	3,031	2,359	-22
Rind/Skin	3,625	3,184	2,065	-35

Source: Department of Agriculture-Bureau of Animal Industry

Attachments:

No Attachments.