Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 05/01/2000

GAIN Report #RP0029

Philippines

Oilseeds and Products

Annual

2000

Approved by:
Charles T. Alexander
U.S. Embassy
Prepared by:
Perfecto G. Corpuz

Report Highlights:
Copra production will recover starting MY99/00 through MY00/01 after a drastic decline in MY98/99. Soybean imports in 1999 reached record levels due to operations of the newest and largest soybean crusher. 2000 imports are expected to increase as a result of this crusher and the ongoing expansion of another existing crusher. While the country was the largest U.S. market for soybean meal in 1999, the operations of the above crushers and lowered demand from the local poultry industry will likely result in a decline in soybean meal imports in 2000.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Manila [RP1], RP

TABLE OF CONTENTS

Executive Summary

After a significant decline in MY98/99, oilseed production will recover in MY99/00 mainly due to the recovery in copra production. Oilseed production declined due to the delayed reaction of coconut palms to the El Nino drought and to excessive rains brought by the La Nina weather disturbance in 1999. Copra output is predicted to increase and reach the 2 million ton level in MY00/01. On a long term basis (5 to 10 years), the success of current fertilization and replanting efforts will determine the future of the industry. Efforts in oil palm plantation establishment continues and that development will likely accelerate in the next 3 - 5 years. Soybean production is slowly predicted to die a natural death, a victim of cheaper imports while peanut production will continue growing gradually.

Oilseed consumption for crush purposes will increase due to better copra output. However, soybean crush as a percentage of total oilseed crush is also expected to increase. This is due to the commercial operations of Hui-Shung Phils. Corp. (HSPC) and the expanded soybean oil (SBO) extracting facility of the Universal Robina Corp. (URC) which is scheduled to operate this year. Operations of both plants in addition to operations of General Milling Corp. (GMC), will likely result in a considerable demand for whole beans at the expense of some soybean meal (SBM) imports.

Although in 1999, the Philippines was the largest soybean meal market of the U.S., the market actually contracted from the previous year due to high carry-over stocks the year before (when the highest soybean imports ever were recorded). During the same year, the swine sector accelerated its growth while the poultry sector managed to post only marginal growth. For 2000, soybean meal imports, however, are expected to again contract due to increased domestic supply and dampened demand.

Further market liberalization in 2000 is now threatening and has displaced some local poultry production (chicken meat). The local industry has admitted it cannot compete with the cheaper imported chicken meat. As livestock and poultry raiser's respond to the competition, efforts will surely emphasize the reduction in local production costs. One possible adjustment is a possible shift from the expensive U.S. dehulled SBM to the cheaper non-dehulled SBM.

The scarcity of coconut oil (CNO) in MY98/99 resulted in significant import increases such as palm oil, palm kernel oil, and SBO particularly in calendar year 1999. A recovery in copra production through MY00/01 will, however, likely result in the decline of oil imports, including SBO. Exports of SBO, on the other hand, are likely to increase slightly in 2000 and beyond.

Production, Oilseeds

Philippine oilseed production will increase in MY99/00 due to the recovery in copra production from effects of the El Nino drought starting 1997 through 1998. Copra production took a dive in MY98/99 due to the dry spell and recovery is expected to be more pronounced in MY00/01 with production likely to reach 2 million tons. Maintaining copra output at this level and increasing future production largely will depend on the degree of success of current coconut replanting and fertilization efforts. About 40 percent of all coconut trees are around 40 years of age, however, and are already considered senile. Area planted to coconuts were adjusted downwards based on preliminary data from the Philippine Coconut Authority (PCA).

Soybean and peanut production in 1999 was adjusted downwards due to a decline in area planted. Calendar year 1999 was characterized by excessive rainfall which encouraged shifting to rice from other crops including soybeans and peanuts. No dramatic increase in the immediate future (2-3 years) is predicted for soybean or peanut production. Soybean production is constrained by cheaper imports while demand for peanuts continues to be sluggish with no local crushing facility.

Efforts to establish oil palm plantations in Mindanao continue mainly due to the price advantage of palm oil over coconut oil (CNO). On the production side, a hectare of oil palm on the average produces 5.5 tons of oil (4.0 to 4.5 tons of palm oil and 0.5 to 1.0 tons of palm kernel oil) while the average yield of coconuts is about 1.0 ton/hectare/year. Oil palm also starts bearing brunches earlier than coconuts. Despite this, however, basic issues hinder its development. Oil palm plantations require vast tracts of lands which are limited by the land reform program. Oil palm raising also requires heavy chemical inputs.

A recent private sector initiative being undertaken is the establishment of a 300,000 hectare oil palm plantation in Mindanao that is projected to produce an estimated 1.2 million tons of palm oil and 320 ,000 tons of palm kernel. Last year, only 15,000 hectares were estimated to have been planted with oil palm which was reportedly introduced in the 1960's. A study by the University of the Philippines at Los Banos (UPLB) showed that only 3 companies produce crude palm oil. These include Menzi Agricultural in Zamboanga del Norte, Kenram Philippines in Sultan Kudarat, and NDC-Guthrie in Agusan del Sur. The 3 have a combined annual output of only a little over 50,000 MT per year. Demand is estimated to be over 100,000 MT/annually.

Consumption, Oilseeds

Total oilseed consumption will increase in the next two years due to improved oilseed supply as well as the commercial operations of HSPC and the existing but currently being expanded crush facility of the Universal Robina Corp. (URC). Demand for soybeans will increase considerably compared to the previous year's level because of this.

The total copra crush capacity is around 5 million MT. In MY98/99, it is estimated that only around 25 percent of this capacity was utilized. Copra crush consumption in MY99/00 will increase commensurate to the increase in copra production and this is likely extend to MY00/01.

Commercial operations of the new soybean oil extracting plant, HSPC, last September 1999 resulted in the dramatic increase in demand for whole beans. HSPC has a rated capacity of crushing 800 tons of soybeans daily but actually is crushing only 650 to 700 tons of beans per day. It imports all of its soybeans from the U.S. HSPC is the largest soybean crusher in the country.

GMC, on the other hand, while its rated crushing capacity is unclear (contacts estimates range from 650 tons to 1,000 tons per day) is actually crushing only 550 to 600 tons of whole beans per day. It also imports soybean meal. The third and smallest crusher is the URC. URC has shut down temporarily its crushing operations and is currently undergoing expansion. The time for its completion has yet to be verified but will likely start operations in 2000. Capacity of this new crush facility has yet to be determined.

Soybeans consumed for food although growing, still remains very small. Post intends to work with the GOP and the private sector to establish a School Milk Program in 2001 using milk powder under Section 416. This program will be

expanded to use soyamilk in the SMP, again through an initial donation of soybeans under Section 416 in 2002.

Trade, Oilseeds

No copra exports are expected in MY99/00 as a result of the low copra supply in relation to crush capacity. There was a small amount of copra exports in 1998 and 1999 as shown below in the table below but is not reflected in the PSD table. Exports are likewise not expected in MY00/01. There were no copra imports in calendar year 1999.

Export Trade Matrix			
Country	Philippines		
Commodity	Oilseed, Copra		
Time period	Jan-Dec	Units:	Tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Japan	3,500	Germany	1
India	100		
Total for Others	3,600		1
Others not Listed			
Grand Total	3,600		1

Soybean imports reached record level in 1999 due to operations of HSPC, growing by 77 percent from the previous year's level. The U.S. likewise had the largest share (93 percent) of all imports with Russia having the next largest share at 3 percent. Soybean imports are predicted to surpass the 1999 level due to commercial operations of HSPC and the expanded URC crushing facility.

Import Trade Matrix			
Country	Philippines		
Commodity	Oilseed, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.	134,171	U.S.	244,534
Others		Others	
Canada	5,531	USR	8,745
USR	4,172	Canada	7,012
Taiwan	1,985	China	2,050
China	1,717	Thailand	143
Singapore	389	Taiwan	49

Total for Others	13,794		17,999
Others not Listed	276		61
Grand Total	148,241		262,594

Peanut imports in 1999 marginally increased (2 percent) from the previous year's level despite the big drop in production. Dominating the market in 1999 was China with a 63 percent of all peanut imports. India followed with a 22 percent share. Peanuts continue to be consumed entirely for food and the growing food retail market should offer some room for growth.

Import Trade Matrix			
Country	Philippines		
Commodity	Oilseed, Peanut		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.	539	U.S.	1
Others		Others	
India	16,438	China	27,680
China	10,997	India	9,557
Vietnam	10,670	Vietnam	4,082
Indonesia	1,592	Singapore	971
Hongkong	346	Hongkong	875
		Thailand	357
Total for Others	40,043		43,522
Others not Listed	2,703		687
Grand Total	43,285		44,210

Policy, Oilseeds

Under both the Most Favored Nation (MFN) status under the WTO and the Common Effective Preferential Tariff (CEPT) rates of the ASEAN Free Trade Agreement (AFTA), duties for copra (HS1203) and peanuts (HS1202) are both set at 15 percent in 2000, down from 20 percent in 1999. Soybeans (HS1201), on the other hand, are levied a 3 percent duty during both years under the two schemes but may be brought in duty-free if for use under the Agricultural and Fisheries Modernization Law (AFMA) effective September 1999. Tariffs beyond 2000 are still unknown and will require an Executive Order (EO). Without this EO, the current tariffs will apply. Oilseeds and certain agricultural commodities may be brought in duty-free as illustrated in RP9023.

Marketing, Oilseeds

The issue of food derived from genetically modified organisms (GMO's) has been a controversial one in the Philippines. Anti-biotechnology groups have been successful, to a certain degree, in their misinformation campaign/propaganda against GMO's. In the lower House, a resolution to file a bill declaring a moratorium on the importation of GMO products, including soybeans, for five years reportedly is being pursued. The Senate is perceived to be more sober and objective in its public hearings and consultations, but it too is dealing with bills that would ban trade and research on GMO's.

PSD Table						
Country	Philippines					
Commodity	Oilseed, Copra		(1000 HA)(1000 TREES)(1000 MT)			
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	3050	3115	3050	3115	0	3115
Area Harvested	2950	2900	2950	2900	0	2900
Trees	284000	283500	284000	283500	0	283500
Beginning Stocks	25	25	25	25	0	45
Production	1350	1350	1800	1800	0	2000
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1375	1375	1825	1825	0	2045
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1350	1350	1780	1780	0	1990
Food Use	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
Total Dom. Consumption	1350	1350	1780	1780	0	1990
Ending Stocks	25	25	45	45	0	55
TOTAL DISTRIBUTION	1375	1375	1825	1825	0	2045
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	6	1	6	1	0	1
Area Harvested	6	1	6	1	0	1
Beginning Stocks	20	22	42	30	0	43
Production	9	1	9	1	0	1
MY Imports	320	263	350	440	0	500
MY Imp. from U.S.	280	244	320	370	0	450
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	349	286	401	471	0	544
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	270	230	316	400	0	465
Food Use Dom. Consump.	32	25	35	27	0	28
Feed,Seed,Waste Dm.Cn.	5	1	5	1	0	1
TOTAL Dom. Consumption	307	256	356	428	0	494
Ending Stocks	42	30	45	43	0	50
TOTAL DISTRIBUTION	349	286	401	471	0	544
Calendar Year Imports	320	263	350	440	0	500
Calendar Yr Imp. U.S.	280	244	320	370	0	450
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Oilseed, Peanut				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	46	25	46	26	0	27
Area Harvested	46	25	46	26	0	27
Beginning Stocks	0	0	0	0	0	0
Production	35	25	35	26	0	27
MY Imports	45	44	55	50	0	55
My Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	80	69	90	76	0	82
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	79	68	89	75	0	81
Feed,Seed,Waste Dm.Cn.	1	1	1	1	0	1
TOTAL Dom. Consumption	80	69	90	76	0	82
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	80	69	90	76	0	82
Calendar Year Imports	45	44	0	50	0	55
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production, Oilmeals

Philippine oilmeal production will increase in MY99/00 compared to the previous year's level due to improved oilseed supply and the ensuing increased crush activities. Copra meal production is predicted to increase by 14 percent from the previous year's output due to the recovery in copra production. Soybean meal production in 1999, on the other hand, was pared down as operations of HSPC was later-than-expected. Increased soybean meal output as a percentage of total oilmeal production is likely to increase as a result of commercial operations of both HSPC and URC's expanded crushing plant in 2000.

Consumption, Oilmeals

Although the local hog industry continues to grow, the local poultry industry has yet to stabilize after a series of problems (refer to RP9041). The same poultry report predicted a recovery of the poultry sector at the later part of 1999 onwards to 2000. What the report failed to foresee, however, was the very strong competition local chickens would be facing from cheaper poultry imports. Local chicken is priced twice as much as the imported ones (which are choice cuts) and the local industry has admitted it can not compete with the cheaper imports. Considerable chicken stocks still exist and the GOP has taken drastic steps in trying to control the import surge. Significant financial losses for poultry raiser's are expected to result in the closure of some farms. It is on this account that soybean meal consumption 1999 and 2000 was adjusted downwards. A slight recovery may materialize in 2001 in anticipation of appropriate adjustments made by the more efficient farms aided by strong growth by the domestic hogs sector. Further expansion of the aquaculture sector is also expected to assist the recovery in soybean meal consumption. Copra meal consumption, on the other hand, as for feed use is expected to remain flat in MY99/00 and slightly increase the following year.

Trade, Oilmeals

Copra meal exports declined 48 percent from 544,000 tons in 1998 to 281,000 tons in 1999 due to tightness in copra supply. Korea and the Netherlands were the top two destinations of copra exports during both years. On a market year basis, exports in MY99/00 are expected to recover and increase after declining from the previous year's level. This recovery will extend through the following market year because of improved copra output.

Export Trade Matrix			
Country	Philippines		

Commodity	Meal, Copra		
Time period	Jan-Dec	Units:	Tons
Exports for:	1998		1999
U.S.		U.S.	
Others		Others	
Korea	217,294	Korea	117,172
Netherlands	147,725	Netherlands	58,723
Italy	46,660	UK	36,000
Germany	37,925	Germany	31,000
UK	39,325	Singapore	14,460
Japan	23,368	Italy	6,500
Singapore	13,628	Japan	4,434
Taiwan	7,597	Indonesia	6,400
Switzerland	6,000		
Indonesia	4,200		
Total for Others	543,722		274,688
Others not Listed	50		6,120
Grand Total	543,772		280,809

The Philippines was the number one soybean meal market for the U.S. in 1999 despite the 29 percent contraction of the market due to high carry-over stocks coming into the year. The U.S. had a commanding 93 percent of all imports, up from the 80 percent market share the year before.

Import Trade Matrix			
Country	Philippines		
Commodity	Meal, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.	845,520	U.S.	691,256
Others		Others	
India	124,569	India	37,823
Argentina	39,518	TTP	13,499
Brazil	23,000		
Taiwan	11,566		
Total for Others	198,653		51,322
Others not Listed	4,438		199
Grand Total	1,048,611		742,777

Increased soybean meal production by new and expanded soy crushers starting 1999 and 2000 coupled with dampened demand by the domestic poultry industry will lead to a decline in soybean meal imports in 2000. Beyond 2000, soybean meal imports will remain flat compared to the previous year as further market liberalization of the meat and meat products will likely depress demand of the local livestock and poultry industries. Imports will remain flat, at best, despite the appropriate adjustments by the affected sectors and the more efficient raisers are left. The U.S. is expected to maintain its dominance of the market in 2000 and the following year enhanced by the likelihood of another $10 million soybean meal component in the FY00 PL480 Title 1 Agreement.

Policy, Oilmeals

Import duties for soybean meal (HS1208.10 00) are set at 3 percent in 2000, unchanged from the previous year under both the MFN and CEPT schemes. For copra meal (HS1208.90 00), tariffs were reduced from 10 percent in 1999 to 3 percent through 2003 under the CEPT. Under the MFN scheme, copra meal duties are a uniform 3 percent for both 1999 and 2000.

Marketing, Oilmeals

For the domestic livestock and poultry industries to survive in a globally competitive environment, local raisers will have to lower production costs. The newest and biggest crusher, HSPC, produces low protein meal (44 percent non-dehulled) which it markets locally. The price differential between low-protein and high-protein meal (48 percent dehulled) make the former a sensible alternative. Some shifting from high-pro meal to low-pro is predicted in the coming years.

PSD Table						
Country	Philippines					
Commodity	Meal, Copra			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1350	1350	1780	1780	0	1990
Extr. Rate, 999.9999	0.314815	0.314815	0.317416	0.317416	0	0.319095
Beginning Stocks	117	117	133	133	0	138
Production	425	425	565	565	0	635
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	542	542	698	698	0	773
MY Exports	299	299	450	450	0	500
MY Exp. to the EC	139	139	300	300	0	325
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	110	110	110	110	0	130
TOTAL Dom. Consumption	110	110	110	110	0	130
Ending Stocks	133	133	138	138	0	143
TOTAL DISTRIBUTION	542	542	698	698	0	773
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	281	0	430	0	470

Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Meal, Soybean			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	270	230	316	400	0	465
Extr. Rate, 999.9999	0.72963	0.8	0.791139	0.8	0	0.8
Beginning Stocks	30	85	85	62	0	97
Production	197	184	250	320	0	372
MY Imports	1160	743	1095	640	0	630
MY Imp. from U.S.	738	691	800	585	0	585
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1387	1012	1430	1022	0	1099
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1302	950	1345	925	0	1000
TOTAL Dom. Consumption	1302	950	1345	925	0	1000
Ending Stocks	85	62	85	97	0	99
TOTAL DISTRIBUTION	1387	1012	1430	1022	0	1099
Calendar Year Imports	0	743	0	640	0	630

Calendar Yr Imp. U.S.	0	691	0	585	0	585
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production, Oils

Coconut oil (CNO) production took a dive in MY98/99 compared to the previous year's output as tightness in copra supply severely limited copra crushing. Effects of the El Nino drought the year before peaked during the year resulting in the intermittent operations of big coconut oil mills. CNO production in MY99/00 and MY00/01 will increase from their year-ago levels as copra output improves.

Soybean oil (SBO) production was adjusted downwards as a result of lowered crush in 1999. Like CNO, SBO production is expected to increase through 2001 as a result of increased crush by HSPC and URC.

Consumption, Oils

All components of domestic CNO consumption (industrial, food use, and feed domestic consumption) in MY98/99 were raised as exports were less-than-expected. Consumption levels, however were still below pre-El Nino levels.

Food use consumption remains the largest consumer of CNO and as mentioned in previous reports, blending with other cheaper oils is a common practice. Tightness in CNO supply resulted in high CNO prices. SBO and palm oil blending with CNO resulted in the upward adjustments in SBO use for edible oil production.

The next largest user of CNO is the industrial sector. There are seven oleochemical plants in the country which require a combined total of 120,000 tons of CNO each year. About half of the output of these plants are exported in Asia. Scarcity of copra oil resulted in the importation of palm kernel oil by some of the these plants. Despite the upward adjustments, however, consumption was still below the previous market year's levels except for feed use which remained flat.

SBO use for animal feed increased significantly in 1999 as it substituted for CNO whose prices shot up. SBO is used

by feedmillers as a binding agent for livestock and poultry feeds.

Trade, Oils

CNO exports during the period dropped by 67 percent from the previous market year's level. On a calendar year basis, CNO exports in 1999 dropped by more than half (59 percent) from the exported volume in 1998. The Netherlands was the main destination of CNO exports in both 1998 and 1999. CNO exports are expected to increase in MY99/00 onwards as copra production improves.

Export Trade Matrix			
Country	Philippines		
Commodity	Oil, Coconut		
Time period	Jan - Dec	Units:	Tons
Exports for:	1998		1999
U.S.	433,451	U.S.	231,504
Others		Others	
Netherlands	540,008	Netherlands	142,927
Japan	29,848	Japan	29,505
China	34,122	Singapore	20,550
Indonesia	58,367	Italy	12,000
Italy	19,801	France	11,000
Mexico	19,500	Germany	7,029
Taiwan	7,632	China	5,366
Singapore	6,700	Taiwan	4,990
Korea	4,724	Malaysia	4,000
Malaysia	6,000	Korea	3,000
Total for Others	726,702		240,366
Others not Listed	18,624		6,704
Grand Total	1,178,777		478,574

The severity of the tightness in copra is best illustrated by the rare CNO importation by the world's largest coconut producer. The country imported more than 1,000 tons of CNO during the height of copra scarcity in 1998 mainly from Indonesia. The country also imported a modest amount from the U.S. last year. No CNO imports are predicted in 2000 as the local copra supply improves and oil extraction accelerates.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Coconut		
Time period	Jan-Dec	Units:	Tons

Imports for:	1998		1999
U.S.		U.S.	18
Others		Others	
Indonesia	999		
India	1		
Total for Others	1,000		0
Others not Listed			
Grand Total	1,000		18

Soybean oil imports increased 175 percent from 19,370 tons in 1998 to 53,240 tons last year due to scarcity of CNO supply. Malaysia was the dominant source of SBO during both years with market shares of 72 and 80 percent, respectively. The U.S. was a minor supplier during both years.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1998		1999
U.S.	290	U.S.	192
Others		Others	
Malaysia	13,902	Malaysia	42,339
Singapore	4,430	Singapore	7,083
Canada	149	Thailand	1,532
Thailand	144	Hongkong	1,515
Taiwan	76	Canada	434
Total for Others	18,701		52,903
Others not Listed	376		146
Grand Total	19,367		53,241

Although the PSD table reflects that some SBO were exported in 1999, this is not confirmed by official trade data. These exports were likely from HSPC which is mandated by law to export at least 70 percent of its SBO production. The exports possibly could have been shipped out to Malaysia (whose exports to the country rose by almost three-fold) and then shipped back. The figure in the table are Post's estimate of SBO exports from HSPC based on a 4-month commercial operation. SBO exports in 2000 and 2001 are expected to increase on account of HSPC's and

URC's operations.

Provided below are import trade matrices for palm oil and palm kernel oil for calendar years 1998 and 1999. Palm oil increased by more than 3 times from 15,000 tons in 1998 to 62,000 tons in 1999. Palm oil, like SBO, are substitutes and may be blended with CNO for edible oil usage. Malaysia accounted for 81 percent of all palm oil imports in 1998 and 73 percent in 1999.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Palm		
Time period	Jan - Dec	Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	9
Others		Others	
Malaysia	12,001		45,328
Singapore	1,888		11,825
Indonesia	499		1,708
China	476		1,528
			1,390
Total for Others	14,864		61,779
Others not Listed	2		20
Grand Total	14,866		61,808

Imports of palm kernel oil in 1999 increased significantly (over 100 times) from its 1998 level. Palm kernel oil in 1999 also was dominated by Malaysia with a 63 percent market share. During the year, a modest amount also originated from the U.S. Palm kernel oil is a CNO substitute in the oleochemical industry.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Palm Kernel		
Time period	Jan - Dec	Units:	Tons
Imports for:	1998		1999
U.S.		U.S.	15
Others		Others	
Singapore	30	Malaysia	2,000
Hongkong	1	Vietnam	1,018
		Singapore	120

Total for Others	31		3,138
Others not Listed			
Grand Total	31		3,153

Palm oil and palm kernel oil imports in the succeeding years will be determined by CNO supply and pricing. While CNO prices are high in the world market in relation to palm and palm kernel oil, local CNO producers are likely to cater more to the export market and import the cheaper substitutes for domestic requirements. The current depreciation should likewise encourage this scenario.

Policy, Oils

Under the MFN status, CNO and palm kernel oil (HS15.13) and palm oil (HS15.11) were levied a 20 percent duty in 1999 which was subsequently reduced to 15 percent in 2000.

Congressmen Edmundo Reyes Jr., J. Mayo Almario, and Celso Lobregat filed HB No. 8948 requiring the use of non-toxic, natural-based oleo-chemicals as surface active agents (surfactants) in soap and laundry detergents. The bill, which aims to amend section 2 of EO 259 otherwise known as "An act to Rationalize the Soap and Detergent Surfactant Industry", mandates a minimum of 60 percent natural oleochemicals content in soap and laundry detergents. EO 259 requires the use of a minimum of 60 percent local coconut fatty alcohol sulfate (CFAS) in laundry detergents to protect the environment. A measure (HB6467) banning the use of hard alkyl benzene sulphonate (HABS) as surfactant in laundry and industry detergents has been approved by the House committee on ecology chaired by Rep. Vicente Sandoval and is just awaiting committee sponsorhip and plenary discussion. HB6467 prohibits the manufacture, importation, distribution and sale of laundry and industrial detergents containing non-biodegradable hard surfactants.

PSD Table						
Country	Philippines					
Commodity	Oil, Coconut			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1350	1350	1780	1780	0	1990
Extr. Rate, 999.9999	0.625926	0.625926	0.626404	0.626404	0	0.628141
Beginning Stocks	9	9	14	37	0	47
Production	845	845	1115	1115	0	1250
MY Imports	0	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	854	855	1129	1152	0	1297
MY Exports	555	463	770	750	0	870

MY Exp. to the EC	190	176	320	320	0	350
Industrial Dom. Consum	70	115	115	125	0	130
Food Use Dom. Consump.	195	220	200	210	0	215
Feed Waste Dom. Consum	20	20	25	20	0	25
TOTAL Dom. Consumption	285	355	340	355	0	370
Ending Stocks	14	37	19	47	0	57
TOTAL DISTRIBUTION	854	855	1129	1152	0	1297
Calendar Year Imports	0	1	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	478	0	750	0	780
Calndr Yr Exp. to U.S.	0	232	0	300	0	320

PSD Table						
Country	Philippines					
Commodity	Oil, Soybean			(1000 MT)(PERCENT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Crush	270	230	316	400	0	465
Extr. Rate, 999.9999	0.166667	0.175	0.205696	0.225	0	0.215054
Beginning Stocks	3	9	4	20	0	47
Production	45	40	65	90	0	100
MY Imports	20	53	30	20	0	25
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0

TOTAL SUPPLY	68	102	99	130	0	172
MY Exports	20	9	40	27	0	35
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	4	8	5	6	0	8
Food Use Dom. Consump.	40	55	47	45	0	50
Feed Waste Dom. Consum	0	10	0	5	0	7
TOTAL Dom. Consumption	44	73	52	56	0	65
Ending Stocks	4	20	7	47	0	72
TOTAL DISTRIBUTION	68	102	99	130	0	172
Calendar Year Imports	0	53	0	20	0	25
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	9	0	27	0	35
Calndr Yr Exp. to U.S.	0	0	0	0	0	0