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U.S. Food & Beverage Exports to the Philippines Achieve NEI Goal in 2012; Excellent Prospects for 2013

Report Categories:

Market Development Reports

Approved By:

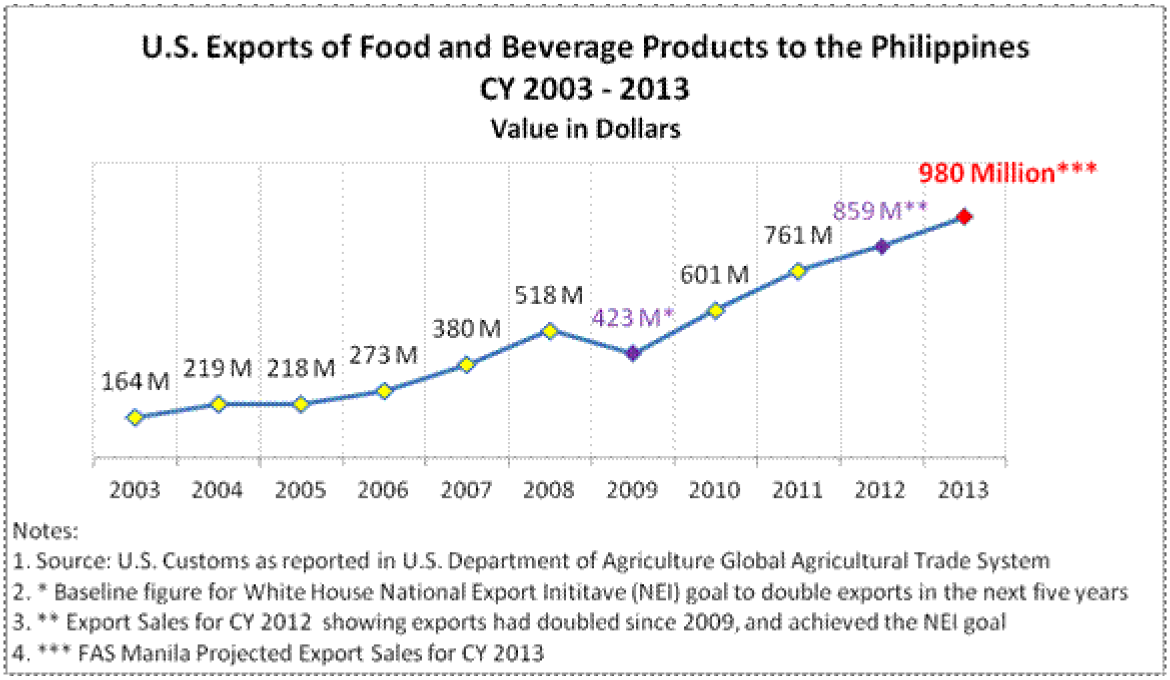
Philip A. Shull

Prepared By:

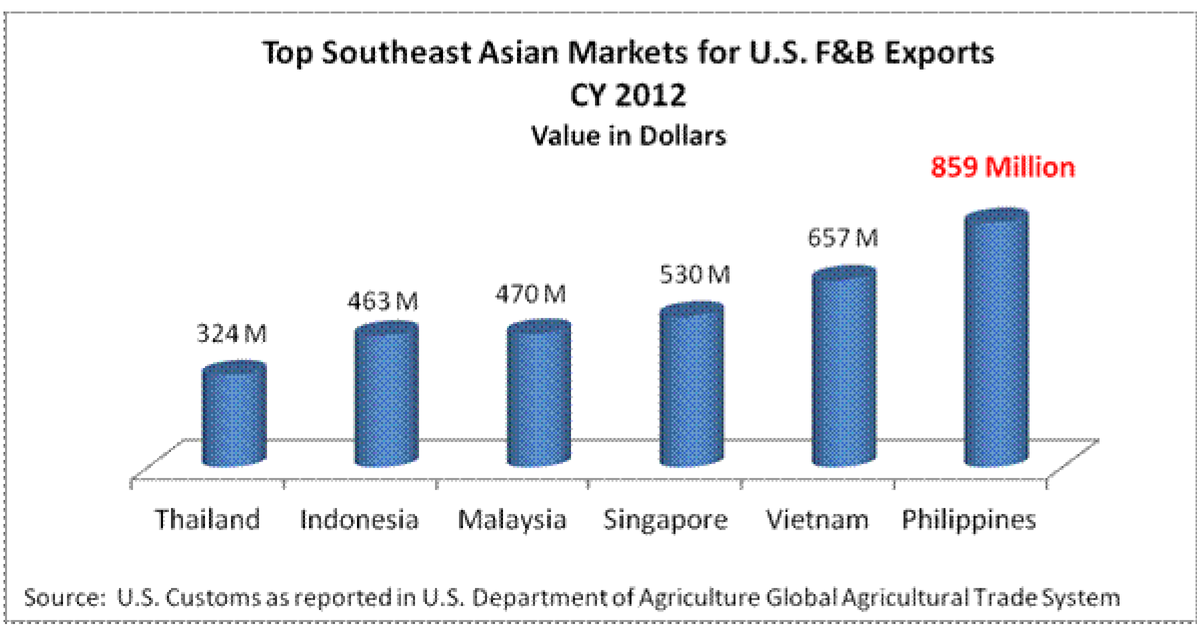
Maria Ramona C. Singian

Report Highlights:

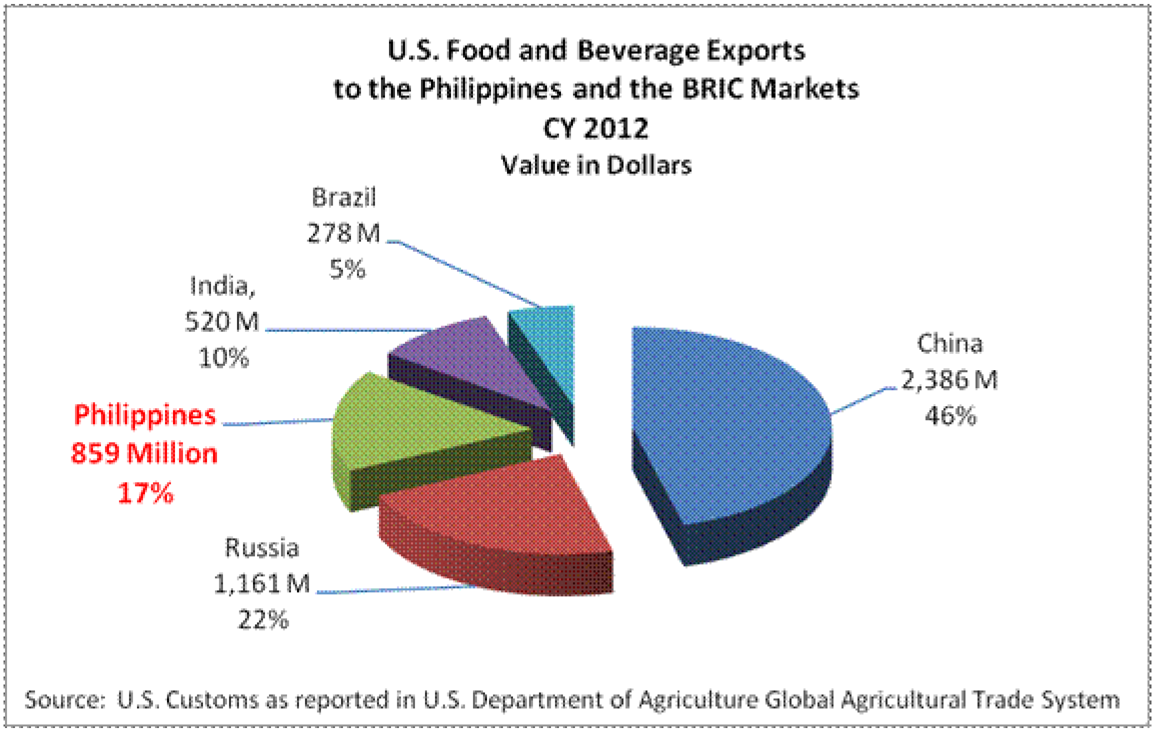
U.S. 2012 food and beverage (f&b) exports to the Philippines surpassed 2011 sales by 13% to a record $859 million. By doubling 2009 levels in 2012, exporters achieved the White House National Export Initiative (NEI) five-year target a full two years early. Driven by a thriving economy, a rapidly growing middle class, and a strong reputation for quality, this impressive export achievement has carried through most of the decade. In the past ten years, U.S. f&b sales more than quintupled. More importantly, the export growth is broad-based, with 10 of the 16 products that comprise the f&b category achieving record sales. The top U.S. exports were dairy products, meat & poultry, snack foods, and processed fruits & vegetables. While 2013 sales for these products are expected to remain strong, prospects are excellent for a wide variety of f&b products, particularly those that can be classified as "healthy," "gourmet," and "convenient." FAS Manila expects the U.S. will remain the Philippines' top supplier of most f&b products, and forecasts export sales will grow tantalizingly close to $1 billion in 2013. With tiny "mom-and-pop" stores still taking 70 percent of national retail food sales, U.S. f&b exports to the Philippines could re-double by 2017.



In 2012 the Philippines maintained its longstanding position as the largest market in Southeast Asia for U.S. f&b products, and as one of the fastest growing markets in the world. Using trade estimates that an average 40-ft container carries $40,000 worth of goods as a guide, U.S. f&b exports to the Philippines in 2012 filled over 21,500 trucks. These exports not only provide support to 1.8 million American food processing jobs and many more throughout the supply chain. Similarly, those exports also supported food processing, distribution and retail/hospitality jobs in the Philippines.



If compared with the BRIC countries, the Philippine market ranks third, following China and Russia. With just 100 million people, the Philippine market for U.S. f&b products is 65 percent larger than that of India with its population of 1.2 billion.



NEI Progress

In 2012, U.S. f&b exports to the Philippines more than doubled 2009 levels, two years ahead of the White House National Export Initiative (NEI) target. While exports of dairy products and poultry meat were the largest gainers, export growth has been remarkably broad-based. The chart below shows record sales were achieved by 10 of the 16 products that comprise the f&b category, and that most f&b products will achieve NEI goals by 2013.

NEI Progress
U.S. Food and Beverage Exports to the Philippines
CY 2009-2012
(in Thousands of Dollars)

	Calendar Years (Jan-Dec)				% Change
	2009	2010	2011	2012	2009-2012
Food & Beverage Total	423,168	601,057	760,582	858,619	102.9
Snack Foods	47,863	50,494	64,692	71,939	50.3
Breakfast Cereals	2,223	3,658	3,849	3,581	61.1
Red Meats,FR/CH/FR	83,442	110,687	103,523	105,721	26.7
Red Meats, Prep/ Pres	16,610	23,019	28,987	31,409	89.1
Poultry Meat	39,860	50,326	69,875	87,103	118.5
Dairy Products	76,575	181,533	280,260	316,840	313.8
Eggs & Products	1,619	825	2,064	2,343	44.7
Fresh Fruit	32,787	31,274	41,839	50,845	55.1
Fresh Vegetables	1,565	4,364	5,903	3,377	115.8
Processed Fruits & Vegetables	36,867	57,223	61,692	69,112	87.5
Fruit & Vegetable Juices	6,719	7,679	7,926	8,313	23.7
Tree Nuts	2,553	4,447	4,538	5,247	105.5
Wine and Beer	7,423	8,068	8,110	7,970	7.4
Nursery Products	36	36	84	206	472.2
Pet Foods	13,743	16,152	19,987	22,471	63.5
Others	53,283	51,269	57,255	72,142	35.4

Legend:

- Denotes highest export levels since at least CY 1970

- Denotes export sales in 2012 that at least doubled since 2009

Notes:

1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: BICO-HS10

Top Ranking Products in 2012 and Good Prospects for 2013

According to U.S. Customs statistics, the top five f&b product categories by value in 2012 were: dairy products, red meats, poultry meat, snack foods and processed fruits & vegetables. The top five f&b products that led the growth in 2012 were: poultry meat, fresh fruit, tree nuts, egg & products and dairy products.

TOP 5 PRODUCTS by VALUE in 2012 (in Thousands of Dollars)		
#1	Dairy Products	316,840
#2	Red Meats	137,130
#3	Poultry Meat	87,103
#4	Snack Foods	71,939
#5	Processed Fruits & Vegetables	69,112

TOP 5 PRODUCTS by GROWTH in 2012 (in Thousands of Dollars)				
		2011	2012	% Growth
#1	Poultry Meat	69,875	87,103	24.7
#2	Fresh Fruit	41,839	50,845	21.5
#3	Tree Nuts	4,538	5,247	16.6
#4	Egg & Products	2,064	2,343	13.5
#5	Dairy Products	280,260	316,840	13.1

Note: "Gourmet", "healthy" and "convenience" products are experiencing excellent growth and have good prospects, but are not defined by U.S. Customs.

GOOD PRODUCT PROSPECTS for 2013	
Healthy, Natural & Organic Products	Instant or "Convenience" Foods
Gourmet Products	Breakfast Cereals
Beef	Coffee Flavoring & Syrups
Lamb	Preserved Fruits & Pie Fillings
Deli Meats and Cheeses	IQF Fruits & Vegetables
Snack Foods, Dips and Spreads	Fruit & Vegetable Juices
Dried Fruits & Vegetables	Dairy Products
Tree Nuts	Frozen Potatoes (new cuts)
Wine & Craft Beer	Dehydrated Potatoes

With most analysts projecting continued growth in the Philippine economy and the Filipinos' penchant for spending on food, FAS Manila projects continued growth in U.S. f&b exports through 2013 and beyond, with excellent potential in "gourmet", "healthy" and "convenience" products. In addition to being consumed directly, many U.S. f&b products (e.g. dairy, dried fruits and tree nuts) are being used by the Philippines' burgeoning food processing sector.

Fast Facts and Figures

Dairy Products

The Philippines was the 4th largest export market in the world for U.S. dairy products in 2012. Exports achieved record sales of $316 million in 2012, and quadrupled since 2009. The largest U.S. dairy product export to the Philippines is non-fat dry milk (NFDM). Consumers and the burgeoning Philippine food processing industry are both major purchasers of NFDM. Despite the 18 percent drop in exports of U.S. NFDM due to higher prices, this decline was more than offset by huge increases in sales of U.S. yogurt and whey. Yogurt is an example of the explosive growth that is possible in the Philippine market, rocketing from near zero in 2009 to over $53 million in 2012.

The Philippines is also a key market in Southeast Asia for standard and gourmet U.S. cheese products. While cheese exports declined by five percent in 2012, traders are optimistic about the growing market potential of the product due to the booming Philippine economy. Standard cheeses dominate total sales, but gourmet cheeses are gaining in popularity, and command very high prices (e.g $20-30/lb).

The U.S. is the second largest dairy supplier to the Philippines, following New Zealand. While New Zealand and Australia enjoy tariff advantages of 1-7 percent on milk powder, cheese, whey and buttermilk as a result of the ASEAN-Australia-New Zealand Free Trade Agreement, currency fluctuations can also play a significant role in the competitiveness of U.S. products.

U.S. Exports of Dairy Products to the Philippines
CY 2009-2012
Value in Thousands of Dollars

	Calendar Years (Jan-Dec)		Comparison			% Growth
	2009	2010	2011	2012	% Change	2009-2012
Non-Fat Dry Milk	54,677	134,640	172,371	142,034	-17.6	159.8
Others	4,447	10,000	52,345	60,456	15.5	1,259.5
Yogurt	27	666	14,396	53,629	272.5	198,525.9
Whey	10,454	18,861	19,165	34,404	79.5	229.1
Cheese And Curd	5,995	12,158	20,034	19,125	-4.5	219.0
Dry Whole Milk & Cream	70	2,004	117	2,644	2,159.8	3,677.1
Condensed & Evaporated Milk	310	1,797	146	2,517	1,624.0	711.9
Ice Cream	508	1,207	1,339	1,458	8.9	187.0
Fluid Milk And Cream	0	106	20	418	1,990.0	---
Casein	79	85	222	152	-31.5	92.4
Butter And Milkfat	1,529	3,939	152	38	-75.0	(97.5)
Dairy Products Total	**78,096**	**185,463**	**280,307**	**316,875**	**13.0**	**305.8**

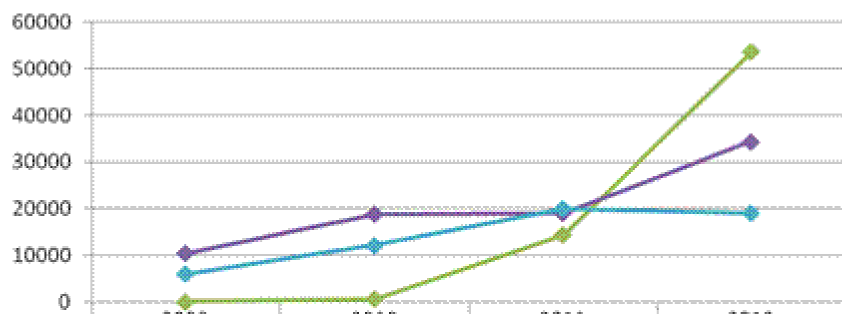
Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: BICO-HS10

U.S. Exports of Non-Fat Dry Milk to the Philippines
CY 2009 - 2012
Value in Thousands of Dollars

	2009	2010	2011	2012
Non-Fat Dry Milk	54,677	134,640	172,371	142,034

Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

U.S. Exports of Other Major Dairy Products to the Philippines
CY 2009 - 2012
Value in Thousands of Dollars



	2009	2010	2011	2012
Yogurt	27	666	14,396	53,629
Whey	10,454	18,861	19,165	34,404
Cheese And Curd	5,995	12,158	20,034	19,125

Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

Red Meats

Rising demand for pork drove Philippine imports to a record level in 2010. The volume dropped in 2011 when pork exports were hurt by trade restrictive regulations on the sale of frozen meat in the wet markets as well as rising U.S. pork prices. Exports of pork variety meats peaked in 2009 due to low U.S. prices but dropped precipitously in the following years due to strong demand in other Asian markets and trade barriers. Agreement to remove most of these barriers was reached in March 2012, allowing sales to begin to recover. Exports of higher value cuts and prepared/preserved pork products to supermarkets, hotels and restaurants are expected to continue strong growth.

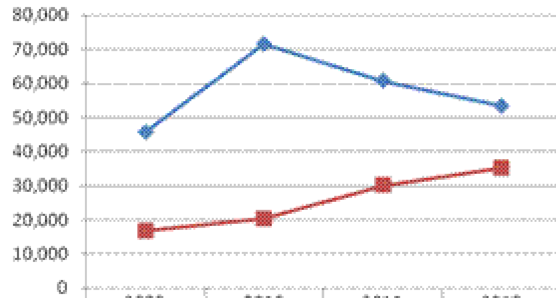
U.S. beef exports have been especially robust, rising 21 percent by value in 2012 as **U.S.** prime rib and other high-value cuts became a standard menu offering. The growth is expected to continue as incomes rise, and the number of finer dining options proliferate throughout the country.

U.S. Exports of Red Meats to the Philippines
CY 2009-2012
Value in Thousands of Dollars

	Calendar Years (Jan-Dec)		Comparison			% Growth
	2009	2010	2011	2012	% Change	2009-2012
Pork	**58,425**	**90,184**	**84,862**	**78,567**	**-7.4**	**34.5**
Pork, Fr/Fz	45,689	71,442	60,692	53,287	-12.2	16.6
Pork Prep/Pres	12,736	18,742	24,170	25,280	4.6	98.5
Beef & Veal	**16,933**	**20,588**	**30,255**	**36,519**	**20.7**	**115.7**
Beef & Veal, Fr/Fz	16,679	20,373	30,081	35,179	16.9	110.9
Beef & Veal, Prep/Pres	254	215	174	1,340	670.1	427.6
Other Processed Products (incl. Sausages & Bologna)	**4,172**	**4,494**	**4,844**	**5,000**	**3.2**	**19.8**
Variety Meats	**20,788**	**18,764**	**12,609**	**16,925**	**34.2**	**-18.6**
Beef	4,621	8,597	7,806	8,439	8.1	82.6
Pork	16,167	10,167	4,790	8,381	75.0	-48.2
Others	-	-	13	105	707.7	---
Lamb & Mutton, Fr/Fz	**12**	**10**	**-**	**118**	**---**	**883.3**
Red Meats Total	**100,330**	**134,040**	**132,570**	**137,129**	**3.4**	**36.7**

Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: FAS (Agricultural)

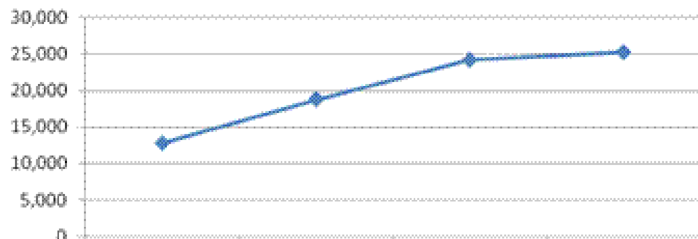
U.S. Exports of Pork & Beef (Fresh/Frozen) to the Philippines
CY 2009 - 2012
Value in Thousands of Dollars



	2009	2010	2011	2012
Pork, Fr/Froz	45,689	71,442	60,692	53,287
Beef & Veal Fr/Froz	16,679	20,373	30,081	35,179

Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

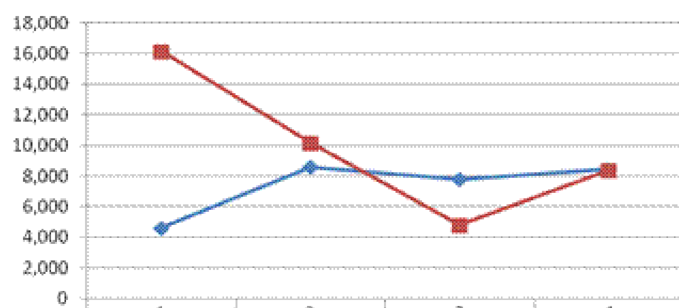
U.S. Exports of Pork (Prep/Pres) to the Philippines
CY 2009 - 2012
Value in Thousands of Dollars



	2009	2010	2011	2012
Pork, Prep/Pres	12,736	18,742	24,170	25,280

Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

U.S. Exports of Variety Meats to the Philippines
CY 2009 - 2012
Value in Thousands of Dollars



	1	2	3	4
Beef Variety Meats	4,621	8,597	7,806	8,439
Pork Variety Meats	16,167	10,167	4,790	8,381

Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

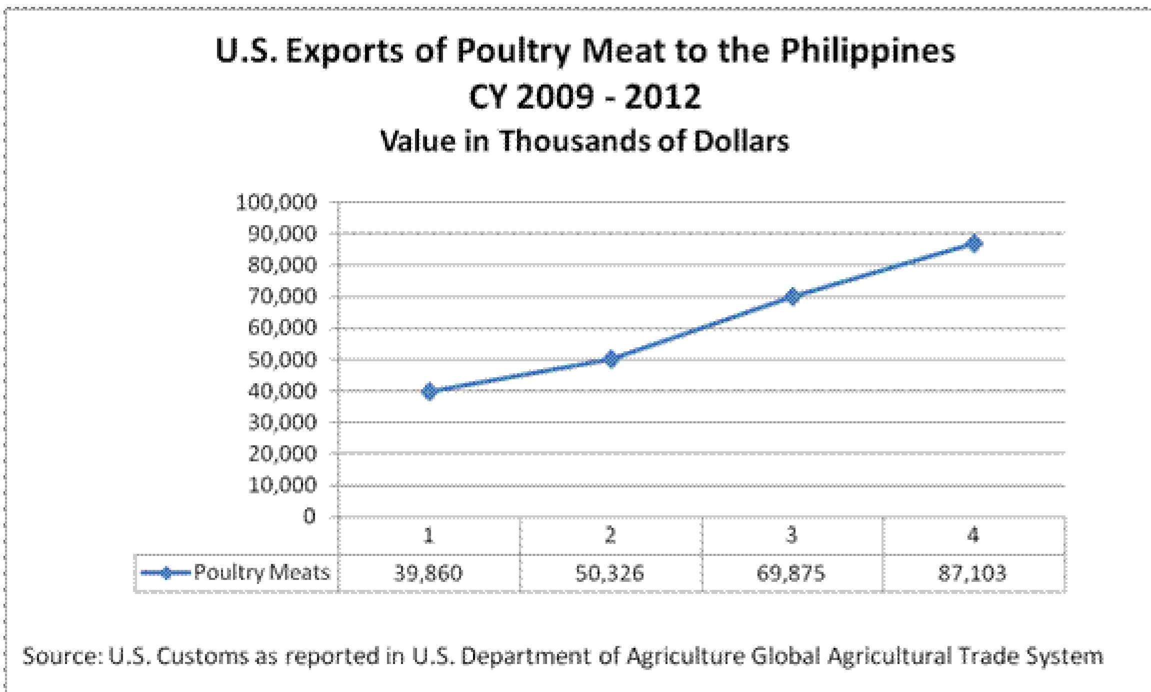
Poultry Meat

The Philippines is the largest market in Southeast Asia for U.S. poultry. Exports achieved record sales of $87 million in 2012, and more than doubled since 2009. While a growing market for nearly all categories, the trade estimates mechanically deboned meat (MDM) for use in the meat processing industry comprised roughly 75 percent of U.S. poultry exports in 2012.

U.S. Exports of Poultry Meat to the Philippines
CY 2009-2012
Value in Thousands of Dollars

	Calendar Years (Jan-Dec)		Comparison			% Growth
	2009	2010	2011	2012	% Change	2009-2012
Chicken, Fr/Froz	34,929	42,476	54,556	62,796	15.1	79.8
Poultry Meats, Prep	2,769	5,405	10,339	12,479	20.7	350.7
Turkey, Fr/Froz	1,794	2,074	4,648	11,509	147.6	541.5
Other Poultry Fr/Frz	367	371	331	319	-3.6	-13.1
Poultry Meat Total	**39,860**	**50,326**	**69,875**	**87,103**	**24.7**	**118.5**

Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: FATUS



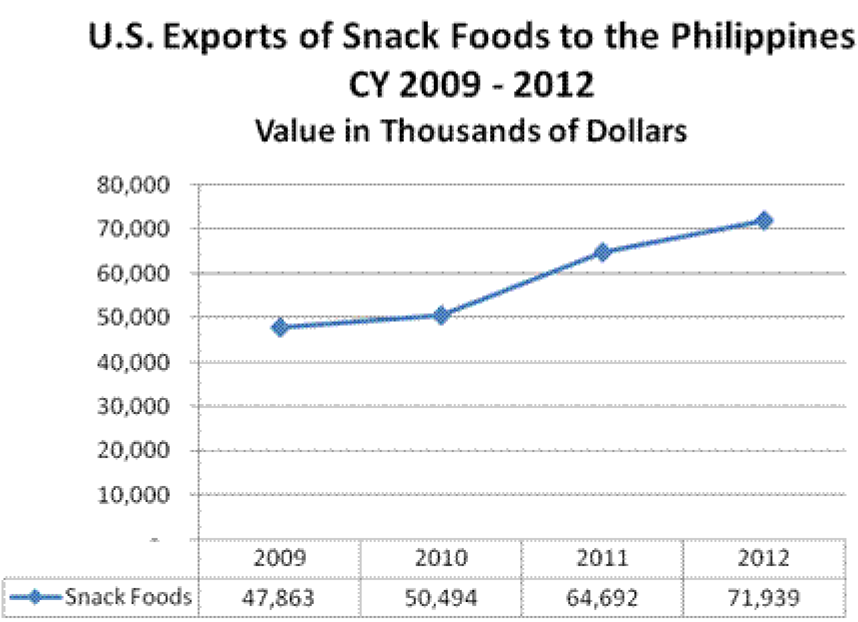
Snack Foods

The Philippines is the 6th largest market in the world and the largest market in Southeast Asia for U.S. snack foods, consisting mainly of corn chips, chocolates, potato chips, sweet biscuits, popcorn and confectionery.

U.S. Exports of Snack Foods to the Philippines
CY 2009-2012
Value in Thousands of Dollars

	Calendar Years (Jan-Dec)		Comparison			% Growth
	2009	2010	2011	2012	% Change	2009-2012
Corn Chips	9,586	12,265	15,616	14,881	-4.7	55.2
Chocolate Confectionery-Retail	4,047	11,394	15,760	17,460	10.8	331.4
Chocolate Confectionery-Bulk	5833	10,637	11,827	12,898	9.1	121.1
Potato Chips	5,650	5,341	8,412	10,771	28.0	90.6
Sweet Biscuits	3,507	3,221	4,443	4,364	-1.8	24.4
Popcorn	971	616	1,092	2,222	103.5	128.8
Confectionery	367	136	210	2,015	859.5	449.0
Others	17,902	6,884	7,332	7,328	-0.1	-59.1
Total Snack Foods	**47,863**	**50,494**	**64,692**	**71,939**	**11.2**	**50.3**

Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: FATUS



Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System

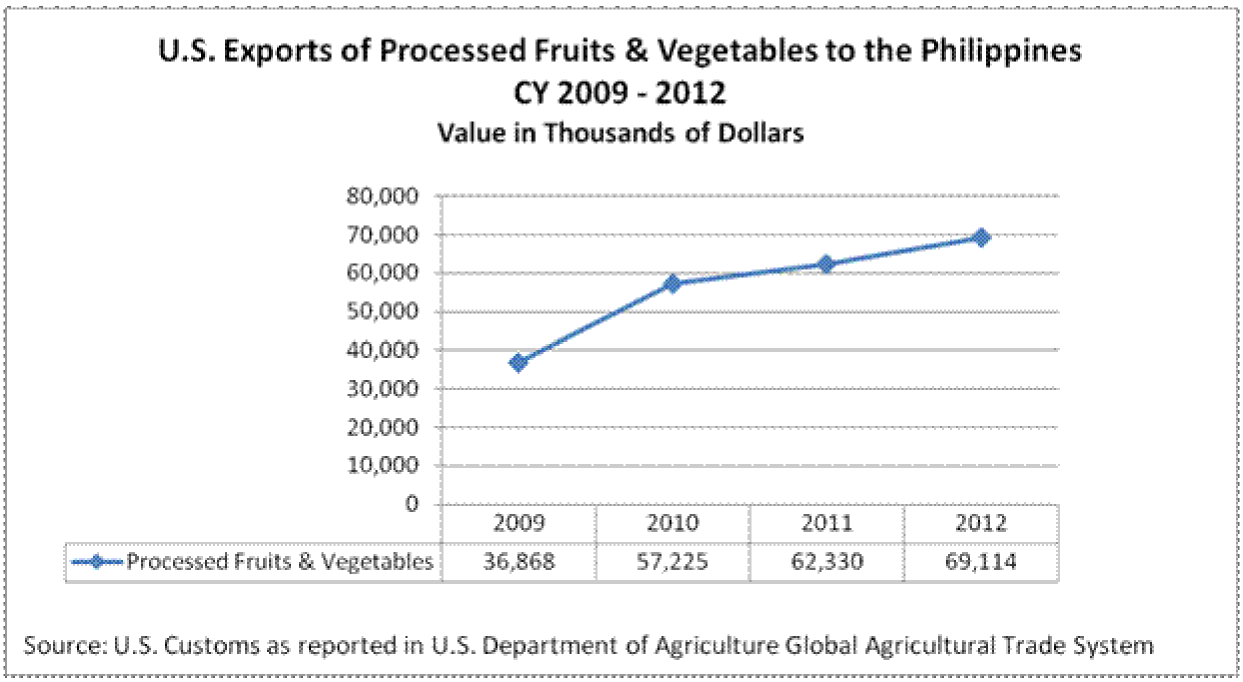
Processed Fruits and Vegetables

Exports of processed fruits & vegetables achieved record sales of $69 million in 2012, up by almost 90 percent since 2009. The Philippines is the 7th largest market in the world and the largest market in Southeast Asia for U.S. frozen potatoes. At the same time, there are excellent opportunities for many products in this category. The chart shows lines sold to both retailers and food processors have doubled and even quadrupled in recent years.

U.S. Exports of Processed Fruits & Vegetables to the Philippines
CY 2009-2012
Value in Thousands of Dollars

	Calendar Years (Jan-Dec)		Comparison			% Growth
	2009	2010	2011	2012	% Change	2009-2012
Potatoes-Frozen	21,061	28,385	29,929	38,044	27.1	80.6
Sauces, Condiments & Seasonings	1,705	4,248	6,806	7,412	8.9	334.7
Raisins	2,636	4,296	5,441	6,212	14.2	135.7
Potatoes-Dehydrated	1,320	5,046	10,239	5,982	-41.6	353.2
Others	10,145	15,248	9,277	11,462	23.6	13.0
Total Processed Fruits & Vegetables	**36,867**	**57,223**	**61,692**	**69,112**	**12.0**	**87.5**

Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. Product Group: FATUS



Further Information & Assistance

FAS Manila is ready to help exporters of U.S. food and beverage products achieve their objectives in the Philippines. For further information or assistance in exporting U.S. agricultural products, please contact:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
25/F Ayala Life-FGU Building
6811 Ayala Avenue
Makati City 1203
Tel: (632) 894-5363 or 894-5379
Fax: (632) 812-5430
Email: Agmanila@usda.gov