

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Chicken Industry Updates

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Poultry and Products

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Report Highlights:

According to the Philippine Bureau of Agricultural Statistics, domestic chicken production increased by 1.53 percent in 2009 and is projected to continue to expand again this year. Demand for chicken meat is also forecast to rise this year as a result of projected improvements in the Philippine economy and a growing population.

General Information:

According to the Philippine Department of Agriculture's Bureau of Agricultural Statistics, domestic chicken production increased by 1.53 percent in 2009 and is projected to expand again this year.

Demand for chicken meat is also forecast to rise this year as a result of a projected improvement in the Philippine economy and a growing population. The importation of chicken meat also increased by 47 percent in 2009, the majority of which came from the United States, Canada and Brazil.

Production:

The Philippine poultry sector, valued at about P144 billion (\$3.20 billion [1]), expanded by 10 percent in 2009 and represents about 14 percent of total agricultural production in the country. Chicken production, valued at P98 billion (\$2.17 billion) and the primary source of growth in this sector, went up by 10 percent.

CHICKEN PRODUCTION (MT), live weight					
	2007	2008	2009	08/07	09/08
CHICKEN	1,211.62	1,281.35	1,300.90	5.76	1.53
CHICKEN EGGS	335.11	350.77	368.46	4.67	5.04

Source: Bureau of Agricultural Statistics

According to the Philippine Bureau of Agricultural Statistics (BAS), Philippine chicken production increased by 1.53 percent last year, by volume, as a result of increased broiler production in commercial farms in Central Luzon, CALABARZON (Cavite-Laguna-Batangas), Central Visayas and Northern Mindanao. Production of chicken eggs went up by 5.04 percent. Higher inventory of layers and better egg-laying efficiency were observed throughout the year.

In 2009, domestic broiler production reached almost 665 TMT (carcass weight equivalent). According to government and industry analysts, domestic broiler production in 2010 is forecast to increase by about 3 to 4 percent.

^[1] US\$1=Philippine Peso (P) 46.68, as of June 8, 2010; made up of chicken, duck, duck eggs & chicken eggs

Consumption:

According to BAS, total annual demand in 2009 for broiler meat reached nearly 689 TMT, up more than 3 percent from the previous year. Projected improvements in the Philippine economy as well as population growth are expected to continue to push-up consumption of chicken meat in 2010. Moreover, the continued high retail price of pork may result in some shift from pork to chicken by consumers.

Per capita chicken consumption in 2008 was at 8.64 kg/year, an increase of almost 10 percent from the previous year.

CHICKEN CONSUMPTION (Per Capita kg/yr)			
	2006	2007	2008
Dressed Chicken	7.95	7.86	8.64
Chicken eggs	3.49	3.48	3.57

Source: Bureau of Agricultural Statistics

Trade:

The importation of chicken meat also increased by 47 percent in 2009, the majority of which came from the United States (41 percent), Canada (38 percent) and Brazil (21 percent). Imports of chicken leg quarters, in particular, increased by 64 percent, while imports of mechanically deboned chicken, used mainly in the production of hotdogs and processed meat products, increased by 45 percent. In 2009, the Philippine Department of Agriculture (DA) approved special importations of chicken of up to 8,000 MT, exempt from special safeguard duties, which contributed to the increase in chicken trade last year.

Importation	2007	2008	2009	2008/07	2009/08
Chicken Cuts	1,950,780	3,387,143	2,992,675	74%	-12%
Chicken Leg Quarters	24,537,053	16,069,476	26,371,512	-35%	64%
Chicken Offal		15,945	40,387		153%
Deboned	18,080,197	25,421,374	36,887,340	41%	45%
Fats	10,886	47,174	211,526	333%	348%
Rind/Skin	27,020	420,905	510,654	1458%	21%
Whole Chicken	469,023	410,386	250,777	-13%	-39%
Total	45,074,959	45,772,404	67,264,871	2%	47%

Source: Bureau of Animal Industry, National Veterinary Quarantine Service

Country Sources	2007		2008		2009	
Australia	5,727,112	13%	5,476,811	12%	5,881,464	9%
Belgium	27,000	0%	321,005	1%	1,477,000	2%

0207	Fresh/Chilled/Frozen Poultry	23,490	89% 20,906	23,490	89% 20,906	23,490	96% 22,594
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Source: DA-MAV Secretariat

Tariff Rates: In-quota and out-of-quota tariff rates for MAV commodities have not changed since 2005. On the other hand, 2009 tariff rates for ASEAN countries have dropped to 20 percent and are expected to reach 5 percent in 2010. For this year, MFN and AFTA-CEPT (ASEAN Free Trade Agreement-Common Effective Preferential Tariffs) rates follow:

H.S. Code		IN-QUOTA	OUT-QUOTA	AFTA CEPT
0207	Poultry			
0207.1200	Frozen Chicken (Whole)	40	40	5
0207.1410	Frozen Chicken (Wings)	40	40	5
0207.1420	Frozen Chicken (Thighs)	40	40	5
0207.1430	Frozen Chicken (Liver)	40	40	5
0207.1490	Other:		40	5
0207.1490A	Mechanically deboned or separated meat	5	5	5
0207.1490B	Other, In-Quota	40	40	5
0207.1490C	Other, Out-Quota	40	40	5

Source: Executive Order No. 574 (2007)/EO No. 850 (2009)

Special Safeguards: In 2002, the Government of the Philippines imposed a price-based special safeguard duty (SSG) on chicken under H.S. 0207.1400 (frozen chicken cuts and offal). This has doubled the effective rate of protection for all out-of-quota imports for these specific products. Last year, the United States exported over \$26 million worth of poultry meat to the Philippines, the majority of which are chicken leg quarters and other chicken cuts. The imposition of the SSG in 2002 was mainly the result of intense political pressure from the domestic poultry industry to keep low-priced chicken imports out.

Marketing:

San Miguel Corporation: On May 31, 2010, San Miguel Corporation (SMC) shareholders approved the sale of 51 percent of its stakes in various core businesses, which include its food and packaging

businesses for as much as \$1 billion. During the shareholders meeting, SMC announced plans to further cut down the revenue share from its traditional food and beverage businesses and create a “more even” distribution with its power, infrastructure and energy portfolio. According its Chairman, SMC is still in talks with five buyers for the sale of a 49 percent stake in food subsidiary San Miguel Pure Foods which could raise for the parent firm almost \$890 million. San Miguel Pure Foods is currently the largest broiler integrator in the Philippines.

Bounty Agro-Ventures: The Philippines’ second-largest poultry integrator, Bounty disclosed that it will to spend P300 million (\$6.5 million) to expand its roasted-chicken outlets to 1,500 stores this year. According to press reports, around nine hundred “Chooks to Go” outlets will be put up all over the Philippines from now until the end of the year. Currently, there are already six hundred stores nationwide and Bounty will continue to open more stores. The company started its foray into the roasted-chicken venture in 2008. It sought to differentiate itself from its competitors by offering roasted chicken that does away with sauces. Aside from its Chooks to Go, Bounty Agro Ventures supplies the domestic market with fresh chicken.