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## **Report Name:** Grain and Feed Update

**Country:** Philippines

**Post:** Manila

**Report Category:** Grain and Feed

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### **Report Highlights:**

The COVID-19 pandemic and African Swine Fever continue to dampen feed demand in the Philippines, while recent typhoons were damaging to rice and corn but not enough to offset strong production in the first quarter of MY20/21. Post lowers MY20/21 wheat imports to 6.8 million MT due to weaker demand for feed wheat and new policies limiting issuance of Sanitary and Phytosanitary (SPS) Import Clearances. MY20/21 corn imports are raised twenty percent to 600,000 MT due to increased trade through September. Corn imports are affected by the same new policy as feed wheat, however, and industry has raised concerns of feed availability in 2021. Meanwhile, Post raises milled rice production up 2.5 percent in MY20/201 to 12 million MT due to production growth from July -December 2020. Rice imports during the same period are lowered from 2.6 million MT to 2.3 million MT based on the current pace of SPS Import Clearances being issued/applied for.

## Wheat

### Production, Supply, and Distribution (PSD)

Wheat Market Year Begins Philippines	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	1801	1801	2276	2276	2260	2260
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	7546	7546	7059	7059	7000	6800
TY Imports (1000 MT)	7546	7546	7059	7059	7000	6800
TY Imp. from U.S. (1000 MT)	2870	2870	3229	3229	0	0
Total Supply (1000 MT)	9347	9347	9335	9335	9260	9060
MY Exports (1000 MT)	71	71	75	75	65	65
TY Exports (1000 MT)	71	71	75	75	65	65
Feed and Residual (1000 MT)	3200	3200	3100	3100	2800	2600
FSI Consumption (1000 MT)	3800	3800	3900	3900	4100	4100
Total Consumption (1000 MT)	7000	7000	7000	7000	6900	6700
Ending Stocks (1000 MT)	2276	2276	2260	2260	2295	2295
Total Distribution (1000 MT)	9347	9347	9335	9335	9260	9060
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 2020/2021 = July 2020 - June 2021

Post lowers MY20/21 wheat imports by 200,000 MT to 6.8 million MT, with weaker demand for feed wheat offsetting the growth in milling wheat. Trade for the first quarter of MY20/21 reached 2.3 million MT, nine percent higher than the same period last year. Milling wheat from the United States drove this growth, as contacts report the bakery and noodle sectors doing well during the pandemic. Other wheat-based products such as cakes and cookies, however, have fared poorly due to restrictions on gatherings dampening demand. With 1 million MT shipped from July to September, the Philippines is currently the largest destination for U.S. wheat. Moreover, USDA/FAS export sales are setting a record pace, building on what was already a record in MY19/20 for U.S. wheat to the Philippines.

Meanwhile, feed wheat faces significant headwinds that are expected to offset the growth in milling wheat. African Swine Fever (ASF) continues to challenge the Philippine hog sector, especially in key producing areas of Luzon. While over 400,000 hogs have been culled to date, representing 3.6 percent of the hog herd, more significant is that hog raisers have downsized their operations due to the continued threat of ASF, with contacts indicating pork production is on track for further losses in 2021.

Another factor limiting feed wheat trade are restrictions on the issuance of Sanitary and Phytosanitary (SPS) Import Clearances. Importers have reported unpredictability in the issuance of import clearances during the last three months. Moreover, the recently published [Memorandum Circular No. 39](#) added new requirements in obtaining an SPS Import Clearance for

corn and feed wheat. Industry has raised its concerns over MC39, noting that it will inhibit trade and add further difficulties for the hog and broiler sectors. For more information on MC39, see the corn section of this report.

## Corn

### Production, Supply, and Distribution (PSD)

Corn Market Year Begins Philippines	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2480	2480	2508	2508	2600	2600
Beginning Stocks (1000 MT)	452	452	335	335	354	354
Production (1000 MT)	7608	7608	8030	8030	8200	8200
MY Imports (1000 MT)	675	675	389	389	500	600
TY Imports (1000 MT)	600	600	550	550	500	600
TY Imp. from U.S. (1000 MT)	95	95	0	0	0	0
Total Supply (1000 MT)	8735	8735	8754	8754	9054	9154
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)	6400	6400	6400	6400	6500	6600
FSI Consumption (1000 MT)	2000	2000	2000	2000	2100	2100
Total Consumption (1000 MT)	8400	8400	8400	8400	8600	8700
Ending Stocks (1000 MT)	335	335	354	354	454	454
Total Distribution (1000 MT)	8735	8735	8754	8754	9054	9154
Yield (MT/HA)	3.0677	3.0677	3.2018	3.2018	3.1538	3.1538
(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 2020/2021 = October 2020 - September 2021						

Post maintains the forecasts for MY20/21 Philippine corn production and area harvested at the current USDA official 8.2 million MT and 2.6 million HA, respectively. The Philippine Statistics Authority [reports](#) that production and area harvested in the first quarter were up nearly 5 percent and 3.5 percent, respectively, from the previous year. Increased typhoon activity in the second quarter, however, is expected to lower overall growth for the first half of MY20/21. Typhoon Ulysses is estimated to have caused over 9,000 MT of corn loss in Isabella and the surrounding provinces, while a similar amount was lost from Typhoons Rolly and Quinta.

Philippine corn imports from July to September 2020 reached 375,000 MT, nearly equaling total imports in all of MY19/20. U.S. corn exports to the Philippines were robust in this quarter, placing the country as the second largest supplier (after Vietnam) with 78,000 MT exported. Post raises the MY20/21 import forecast to 600,000 MT, up 100,000 MT from the current USDA official statistics.

Industry contacts have noted that new requirements in the recently issued [Memorandum Circular \(MC\) No. 39](#) could disrupt corn exports and limit feed availability/affordability in 2021. Signed

by Secretary Dar on December 2, MC 39 added several new requirements for the application of an SPS Import Clearance for corn and wheat, including:

1. Commodity description of the product, such as for feed or food purposes.
2. An affidavit declaring the purpose of the importation, in addition to the already required proforma invoice and GMO/Non-GMO certificate.
3. A revision of the must-ship date upon issuance of the SPS Import Clearance from the previous 60 days to 20 days. Also added was a requirement for shipments to arrive by a set date: within 35 days if shipped from ASEAN countries (except Myanmar) and within 65 days if shipped from Myanmar and other countries.
4. All corn and wheat importers must apply for a separate SPSIC for each purpose of importation.
5. All importers must provide to both BPI and BAI their current corn and wheat supply and utilization report every three months

## Rice

### Production, Supply, and Distribution (PSD)

Rice, Milled Market Year Begins Philippines	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4741	4741	4637	4637	4550	4650
Beginning Stocks (1000 MT)	2288	2288	3520	3520	3597	3597
Milled Production (1000 MT)	11732	11732	11927	11927	11700	12000
Rough Production (1000 MT)	18622	18622	18932	18932	18571	19048
Milling Rate (.9999) (1000 MT)	6300	6300	6300	6300	6300	6300
MY Imports (1000 MT)	3600	3600	2450	2450	2600	2300
TY Imports (1000 MT)	2900	2900	2500	2500	2600	2300
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	17620	17620	17897	17897	17897	17897
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	14100	14100	14300	14300	14400	14400
Ending Stocks (1000 MT)	3520	3520	3597	3597	3497	3497
Total Distribution (1000 MT)	17620	17620	17897	17897	17897	17897
Yield (Rough) (MT/HA)	3.9279	3.9279	4.0828	4.0828	4.0815	4.0963
(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 2020/2021 = January 2021 - December 2021						

Post raises MY20/21 milled rice production up 2.5 percent from 11.7 million MT to 12.0 million MT due to a strong first half of the marketing year. The first quarter of MY 20/21 saw production surge 15.2 percent compared to the previous year, according to the [Philippine Statistics Authority](#). After a relatively quiet start to the typhoon season, the second quarter saw three reach the Philippines and damage rice areas during the traditionally largest rice producing

period. Typhoons Quinta and Rolly caused about 120,000 MT in lost rice production, while Typhoon Ulysses was particularly damaging due to its path across high-producing Isabella and Cagayan provinces, with losses reaching 145,000 MT. The Philippine Department of Agriculture (DA) estimates that total rough production during October – December 2020 will be down 1 percent from the previous year, reaching 7.4 million MT. Production losses in the second quarter are more than offset by the strong first quarter, however, with July-December production up 3.6 percent in MY20/21 compared to the previous year.

For calendar year 2021, DA is targeting 20.48 million MT production of palay or unhusked rice, six percent higher than 2020. The DA aims to boost production through better quality seeds, machinery, farm credit, and extension through the 10 billion peso Rice Competitiveness Enhancement Fund (RCEF). Moreover, DA has proposed 15.5 billion pesos in its 2021 budget for providing rice farmers with seeds, fertilizer, farm equipment, training, irrigation, and research and development.

Area harvested for rice in MY20/21 is raised from 4.55 million HA to 4.65 million HA, due to similarly robust growth in the first quarter (up 14.67 percent) more than offsetting an expected decline in the second quarter from the more active typhoon season. The revised forecast results in 2.2 percent growth in area harvested in MY20/21 compared to 19/20.

Post lowers MY2020/21 rice imports from 2.6 MMT to 2.3 MMT due to lower Sanitary and Phytosanitary (SPS) Import Clearances issued to date. The Bureau of Plant Industry (BPI) issued 678 SPSICs from July to October in 2020 for 490,441 MT, down 53 percent from the 1,187,015 MT representing 1,462 SPSICs issued during the same period in 2019. Moreover, the volume of reported rice shipments arriving in the Philippines from July to October of MY20/21 is 500,097 MT, 40 percent lower than the same period last year. Refer to the following link for updates on SPSIC issuances, import arrivals, and more details as reported by BPI:  
<http://bpi.da.gov.ph/bpi/index.php/reports-documentation/spsic-for-rice>

On November 23, 2020, Secretary Dar signed [Memorandum Circular No. 38](#) (MC38), Supplementary Order to Memorandum Order No. 28 Series of 2019. MC38 notably revised the must-ship date upon issuance of the SPS Import Clearance from 60 days to 20 days. Also added was a requirement for shipments to arrive by a set date: within 35 days if shipped from ASEAN countries (except Myanmar) and within 65 days if shipped from Myanmar and other countries. Industry contacts note that the new requirements are likely to restrict rice trade.

**Attachments:**

No Attachments