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Report Highlights:

The Philippines is the largest market for U.S. soybean meal (SBM) and the world's top coconut oil (CNO) exporter. The country is also a major palm oil market for neighboring ASEAN countries. The continued spread of African Swine Fever (ASF), combined with the economic downturn from COVID-19, will lead to a decline in overall meat demand and consequently feed consumption in MY 21/22. As a result, SBM imports for MY20/21 are lowered 5 percent to 2.75 million MT from the previous year, while MY21/22 imports are forecast to remain flat. CNO production in MY21/22 is expected to grow nearly 5 percent from the previous year, boosted by favorable rains in 2020. Exports of CNO during the same period, however, are likely to decline by over 5 percent due to logistical challenges from COVID-19. The Philippine Coconut Authority's recommended increase to the biodiesel blend mandate from 2 to 3 percent remains pending; if approved, it would boost CNO industrial consumption.

Executive Summary:

Philippine soybean production is negligible and the small volume of imports is purchased largely by a sole crusher. Bean crush in MY 20/21 was lowered from the previous estimate of 120,000 metric tons (MT) to 40,000 MT, based on reduced demand for full fat soybean imports. Copra production is expected to rebound in MY 21/22 as coconut trees benefitted from better rainfall in 2020.

Soybean meal (SBM) and copra meal combined account for over 97 percent of all protein meal consumed, estimated at 3.145 million MT in soybean meal equivalent in 2021. The continued spread of African Swine Fever (ASF) has reduced hog output, while poultry production is expected to remain below pre-COVID-19 levels due to longstanding restrictions in place to contain the pandemic. Lower hog and broiler feed demand will be partially offset, however, by increased layer and aquaculture production. Driven by high pork prices, consumers will continue to shift away from pork to poultry meat and eggs in MY 21/22. Refer to the [2021 Grain and Feed Annual Report](#) for details on the current feed energy situation.

The Philippine government's (GPH) main response to COVID-19 has consisted of varying degree of restrictions on movement, mass gatherings, and business operations. Consequently, the country's Gross Domestic Product (GDP) contracted by 9.5 percent in 2020, the worst performance since World War II and the first decline since 2008. GPH economists in early February 2021 projected this year's GDP growth between 6.5 and 7.5 percent, depending on the COVID-19 situation. Recent spikes in over 10,000 positive daily cases resulted in President Duterte reverting to a stricter lockdown in Metro Manila and the surrounding provinces. There is no timetable on when the restrictions will be lifted. The president said that this will be based on the rate of vaccinations, which started recently, and when the Philippines attains a level of herd immunity of 70 percent.

Soybean meal (SBM) imports are expected to decrease by over 4 percent in MY20/21 (calendar year 2021) compared to the previous year, hampered by reduced hog and broiler feed demand. SBM imports will recover slightly in MY 21/22, with pork production expected to begin its slow recovery in 2022, while chicken meat production will increase in 2021 and 2022. Copra meal exports are likely to grow in MY 21/22, commensurate with increased copra production, although trade may face logistical problems associated with COVID-19.

Local soybean oil production and trade are insignificant due to the local preference for coconut oil (CNO) or palm oil, depending on price. CNO is the top Philippine agricultural export. Consistent with the expected increase in copra output, CNO production will increase in MY 21/22. Meanwhile, CNO exports are likely to decline in anticipation of the biodiesel blend mandate increasing from two percent (B2) to three (B3) by August 1, 2021. Although not yet confirmed, the Philippine Coconut Authority has recommended to the National Biofuels Board the increased mandate, which would boost CNO consumption. Exports of CNO also may be disrupted by logistical issues with traditional trading partners due to COVID-19 restrictions.

Commodities:
Oilseed, Soybean
Oilseed, Copra

Production:

The Philippines is the world's second largest coconut producer. Peanuts and soya are the oilseeds grown in the Philippines. Both local peanut and soybean production remain minimal and no significant changes are expected through MY 21/22, despite the Philippine Department of Agriculture (DA) [recently incorporating soya in the National Corn Program](#) together with sorghum.

Post sees Philippine copra production increasing 2.8 percent in MY 21/22 compared to the previous year, reflecting the upward trend that the United Coconut Association of the Philippines (UCAP) expects through calendar year 2021. This is based on better rainfall in 2020 in most coconut-growing areas. Moreover, this appears to follow a similar trend observed when the harvest declined in 2011 after three successive years of growth in 2008 to 2010. This was followed by a recovery in 2012. In the current cycle, production fell in 2020 after continued production growth from 2017 to 2019. The total considers the initial effects on coconut falls from Typhoons Rolly, Quinta, and Ulysses that battered mainly Quezon and Bicol during the last two months of 2020.

Preliminary data from the Philippine Coconut Authority (PCA) show 48.623 million trees were damaged by the three typhoons, of which 33.791 million were moderately damaged, 14.228 million heavily damaged, and 581,000 totally damaged. Moderately damaged trees lose about 30 percent of mature coconuts due to nut fall and may recover after 6 months at the earliest. Heavily damaged trees have about 50 percent immature nut fall and may recover after 2 to 3 years, while totally damaged trees have no chance of recovery due to their crowns being destroyed. All told, PCA estimates production loss in nut terms at 77.478 million spread over 2 to 3 years.

The Philippine Statistics Authority (PSA) tracks the number of nut-bearing coconut trees, with 2019 being the most recent data available. PSA reported 348 million coconut trees in 2019, flat from 2018's level. The number of trees through 2022 is seen modestly increasing, as replanting efforts of the Philippine Coconut Authority are expected to replace trees destroyed by the typhoons.

Coconuts may be found in close to 70 of the country's over 80 provinces, and cover around a quarter of overall agricultural lands, according to the PSA. Copra productivity in the long term, however, is constrained by predominantly old and unproductive coconut palms or trees which constitute an estimated 20 percent of overall Philippine coconut trees. Coconut trees, which have an 80 to 90 year lifespan, may start to bear nuts after six to ten years but take around 15 to 20 years to reach their peak.

In addition to old trees and low productivity, the industry is challenged by low levels of investments, inadequate infrastructure support, a poor farm to market road system, and an unorganized supply chain.

The Philippine Government (GPH) has been promoting palm oil production with minimal success. According to the most recent data available from the PSA, palm oil area planted was around 63,000 hectares in 2019, flat from 2018 but 5 percent higher than the 60,000 hectares in 2017. After peaking at 565,000 tons (in fresh fruit bunch) in 2010, local palm oil production has consistently decreased to roughly 440,000 tons in 2016, before growing to 475,000 tons in 2017 and reaching 500,000 tons in 2018 and 2019. According to academe, while the returns from palm oil production are more attractive compared to coconut production, promotional efforts have been opposed by some farmer groups and environmental activists.

Consumption:

Soybean crush will decline in MY 20/21 due to the uncertainty in demand brought about by COVID-19 and African Swine Fever, according to an industry source. Soybean feed demand will reflect this decline due to reduced demand for full fat soybeans (FFSBs), which are fed mainly to young piglets by large hog farms. The ASF outbreak that started in August 2019 in Rizal and Bulacan has spread through the major islands of Luzon and parts of Visayas and Mindanao, resulting in significant pig mortalities and hesitancy in repopulating. Industry reports that as many as 5 million hogs were either culled or depopulated for fear of ASF. Post sees soybean crush and feed demand slightly recovering in MY 21/22 as some degree of normalcy returns, particularly from loosened COVID-19 restrictions and greater broiler production.

Soybean crush is largely a function of bean imports. There is a lone soybean crusher in the country with limited capacity that imports a small volume of soybeans each year, mainly for its soybean meal (SBM) and soybean oil (SBO) requirements. Soybean feed demand is mainly for FFSBs for extrusion while food consumption is for food processors of tofu, soy sauce, soy curd, soymilk, textured vegetable protein, etc. There is growing interest in food-grade soybeans, including identity preserved and non-genetically modified soy.

Copra is the dried meat of the coconut which is pressed to extract coconut oil. Copra production is largely for crush consumption. Crush demand in MY 21/22 is expected to increase from the previous year's level because of better rainfall level in 2020. Sources report improved nutting and vegetation, with production growth expected first in Mindanao, while Luzon and the Visayas will recover later due to typhoon-related effects.

According to the Philippine Coconut Authority (PCA) data, copra farm gate prices and mill prices continued to increase from P20.41 (\$0.42) and P26.54 (\$0.54) per kilo in February 2020 to P31.61 (\$0.65) and P38.51 (\$0.79) per kilo, respectively, to February 2021. Prices are expected to further strengthen in MY 21/22 due to a planned (but not yet confirmed) hike in the country's biodiesel blend mandate from 2 to 3 percent. Some industry sources have voiced concerns over the increase, noting that copra supplies are relatively tight and that it can place pressure on local prices and the capacity to maintain coconut oil exports.

Trade:

Post forecasts MY21/22 soybean imports at 220,000 MT, 8 percent lower than the USDA Official number for MY20/21 but 10 percent higher than post's updated estimate for MY20/21. Imports are lowered for both years due to the continued impacts of ASF and COVID-19 on feed demand and the economy. Copra production in MY 21/22 is likely to increase modestly vis-à-vis the MY 20/21 level. The estimate approximates United Coconut Association of the Philippines' (UCAP) import projection for CY 2020.

[Executive Order No. 61 \(EO 61\)](#), signed October 2011, took effect in January 2012 and set Most Favored Nation (MFN) tariff rates on a range of agricultural products. Soybean (HS Code 12.01) and copra (HS Code 12.03) duties remain at 1 percent and 10 percent, respectively. Soybean imports, however, can enter duty-free if certified for use as a feed ingredient by the Philippine Bureau of Animal Industry/Plant Industry (BAI/BPI) and the Bureau of Customs (BOC).

Soybean and copra imports originating from countries of the Association of Southeast Asian Nations (ASEAN) are duty free. They are also duty free if originating from non-ASEAN countries with existing regional Free Trade Agreements (FTAs), such as Australia, New Zealand, China, Korea, and Japan. Soybean and copra imports under the ASEAN-India FTA (AIFTA) are subject to a 1 percent and 10 percent duty, respectively.

In late May 2019 during a bilateral meeting between visiting officials from the BPI and USDA, it was announced that the United States was ready to open its market to Philippine exports of young green coconuts. To date, however, no exports have been reported. Moreover, an over 30-year-old Philippine ban on mature coconut exports remains in place.

Stocks:

Soybean stocks are expected to decline slightly in MY 21/22 due to higher consumption of both food and feed-grade soybeans as COVID-19 restrictions ease and the hog herd begins to rebuild. Soybean inventories are largely held by the private sector (e.g., traders and processors). Copra stocks are likely to remain flat as greater production is offset by lower imports. No major change in copra ending stocks is likely in the next two years. Copra stocks are mainly on-farm inventories and/or held by traders and processors.

Policy:

On February 26, 2021, Philippine President Rodrigo Duterte signed into law a measure creating a levy trust fund for coconut farmers, according to the presidential palace. [Republic Act 115421 or the Coconut Farmers and Industry Trust Fund Act](#) declares coconut levy assets as a trust fund to rehabilitate and modernize the country's coconut industry. The measure lets poor coconut farmers benefit from taxes collected from them decades ago, now worth about P76 billion (\$1.55 billion). Under the law, the use of the trust fund will be based on a development plan prepared by the Philippine Coconut Authority, which must consult coconut farmers and their organizations, industry associations, civil society groups, and government agencies regarding funding decisions.

An initial P5 billion (\$102 million) will be made available for various programs such as planting and replanting of hybrid coconut seedlings and training of coconut farmers, among other initiatives. The law is expected to benefit about 3.5 million coconut farmers from 68 coconut-producing provinces who own fewer than five hectares of farmland. Although some farmer groups have raised concerns over representation, the act is expected to boost coconut productivity and product quality after 7 years.

Moreover, the Department of Agriculture has a budget of [P85.6 billion \(\\$1.7 billion\) budget](#) for 2021, up 32 percent from last year's budget of P64.7 billion (\$1.3 billion). The largest share is set for rice (P15.5 billion), while high-value crops, including coconut, are allocated P1.6 billion.

Production, Supply, and Distribution Data:

Oilseed, Soybean Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	1	1	1	1	0	1
Beginning Stocks (1000 MT)	20	20	21	21	0	37
Production (1000 MT)	1	1	1	1	0	1
MY Imports (1000 MT)	180	180	240	200	0	220
Total Supply (1000 MT)	201	201	262	222	0	258
MY Exports (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	90	90	120	40	0	70
Food Use Dom. Cons. (1000 MT)	25	25	25	50	0	55
Feed Waste Dom. Cons. (1000 MT)	65	65	85	95	0	100
Total Dom. Cons. (1000 MT)	180	180	230	185	0	225
Ending Stocks (1000 MT)	21	21	32	37	0	33
Total Distribution (1000 MT)	201	201	262	222	0	258
Yield (MT/HA)	1	1	1	1	0	1
(1000 HA), (1000 MT), (MT/HA)						

Oilseed, Copra Market Year Begins Philippines	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	3500	3500	3500	3500	0	3600
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	16	16	3	3	0	3
Production (1000 MT)	2500	2500	2400	2400	0	2600
MY Imports (1000 MT)	52	52	100	100	0	50
Total Supply (1000 MT)	2568	2568	2503	2503	0	2653
MY Exports (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	2565	2565	2500	2500	0	2650
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	2565	2565	2500	2500	0	2650
Ending Stocks (1000 MT)	3	3	3	3	0	3
Total Distribution (1000 MT)	2568	2568	2503	2503	0	2653
Yield (MT/HA)	0.7143	0.7143	0.6857	0.6857	0	0.7222
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

Commodities:
Meal, Soybean
Meal, Copra

Production:

Local soybean meal (SBM) production remains minor and limited to one crusher, so the industry is reliant on imports. Post revised MY20/21 production from 93,000 MT to 31,000 MT, based on sources noting an expected drop in soybean crush due to the combined pressures on demand from COVID-19 and African Swine Fever. MY21/22 production is seen partially recovering to 55,000 MT, spurred by the economy reopening from COVID-19 restrictions.

Copra meal output is expected to increase in MY 21/22, in line with increased copra and coconut production driven by better rainfall in 2020.

Consumption:

According to PSA, Philippine gross domestic product (GDP) in 2020 contracted by 9.5 percent, the worst performance since World War II and the first decline in over 10 years. This broke a seven-year streak of annual growth over 6 percent. For 2021, the inter-agency Development Budget Coordination Committee (DBCC) projects GDP growth at 6.5 to 7.5 percent. The country's economic projections, however, could be downgraded in view of the resurgence of over 10,000 daily cases of COVID-19 in late March 2021.

The spike in positive cases resulted in a return to more stringent lockdowns in Metro Manila and neighboring provinces. The re-imposition of the Enhanced Community Quarantine (ECQ) in the economic center of the country has slowed down overall commercial activity and the movement of its estimated 27 million inhabitants. How strict the quarantine is implemented depends largely on the Local Government Units (LGUs). A longer curfew has been re-imposed between 6pm and 5am. Food service outlets may remain open for delivery and take out, but many have closed due to movement restrictions and sharply reduced demand. A large food and beverage company expects that because people will stay home, household consumption will increase. For a considerable portion of the working class, however, or those employed under a 'no work, no pay' arrangement, this is not the case. Some LGUs are rationing food supplies to the urban poor in areas where there are localized lockdowns. LGUs such as barangays (i.e., neighborhoods) with large cases of COVID-19 are placing their areas under major restrictions to stop the spread.

Post sees MY21/22 SBM consumption reaching 2.8 million MT, 6.6 percent lower than the USDA Official consumption for MY20/21. This will be flat from post's revised MY20/21 consumption estimate, however, as feed demand has faced stronger than expected challenges from ASF and COVID-19. Calendar years 2021 and 2022 are both expected to see increased chicken meat production as the country emerges from COVID-19, but hog feed demand will only start to recover in 2022.

Copra meal consumption in MY 21/22 is forecast to increase 4.5 percent from the prior year to 575,000 MT, reflecting the greater production of copra due to improved rainfall in 2020. Copra meal is not a protein substitute for SBM and is used primarily as a feed 'filler.' Because of this, it is not commonly used in large amounts by serious commercial hog raisers. Postharvest handling facilities also report quality issues such as aflatoxin contamination and considerable copra meal spoilage losses. A portion of copra meal consumption/disappearance is therefore expected to be in postharvest loss.

On the other hand, distillers dried grains with solubles (DDGS) as an energy source is mainly used by integrated hog and poultry operations. According to industry, DDGS inclusion levels are typically 3 to 8 percent for broiler feed, 5 to 15 percent for layer feed, and 3 to 10 percent for swine feed. Total maximum DDGS demand in the Philippines is estimated at 530,000 tons at the maximum inclusion levels. Consistency and color are concerns raised by local contacts in the use of DDGS.

Other feed ingredients used in the Philippines include corn, rice bran, copra meal, coconut oil, wheat pollard, salt, and assorted vitamins and minerals. SBM and copra meal are the main oil meals used in local feed rations. Very small amounts of palm kernel meal and fish meal relative to total oil meal consumption are imported and used for specialty feeds. Both are not locally produced.

The feed industry's structure is composed of:

- (1) Commercial producers, who are solely engaged in the feed manufacturing business;
- (2) Integrated farm feed millers, who are engaged in livestock production and at the same time sell feed commercially; and
- (3) On-farm feed millers, who produce feed for their own farms.

The domestic feed milling industry continues to consolidate and modernize, servicing the feed needs of the livestock and poultry industries. What used to be an industry led by on-farm feed mixers in the early 1980s is now one of the fastest growing agricultural enterprises, dominated by large commercial players.

Trade:

According to U.S. Customs data, Philippine SBM imports from the United States reached a record \$899 million in 2020, 14 percent higher than the previous year. Moreover, it retained its status as the largest market in the world for U.S. SBM and the Philippines' largest agricultural import from the United States. Overall SBM imports reached 2.9 million MT in MY19/20 with the United States accounting for 92 percent of total imports followed by Argentina with an 8 percent share. The United States is expected to maintain its dominance over SBM imports in MY 20/21, although overall trade is likely to decrease to 2.75 million MT due to dampened feed demand resulting from the dual ASF and COVID-19 pandemics. This marks a 5 percent decrease from the current USDA Official for MY20/21 imports. Post sees MY21/22 SBM imports remaining at 2.75 million MT, with poultry and pork production still below pre-COVID-19 levels.

Copra meal exports are expected to increase 5 percent in MY 21/22 from the previous year due to higher coconut and copra production resulting from favorable rains in 2020. South Korea and Vietnam are likely to remain as the top destinations for Philippine copra meal exports during this period.

Imports of copra meal (HS Code 2306.50.00) are levied a 10 percent MFN tariff in 2021. On the other hand, imported SBM (HS Code 23.04) and DDGS (HS Code 230330) carry a 0 percent and 1 percent MFN duty, respectively. They can also be brought in duty-free if inspected and certified by BAI/BPI and the BOC. Moreover, copra meal, SBM, and DDGS imports are duty free if coming from ASEAN member countries.

Stocks:

SBM ending stocks are expected to marginally increase in MY 21/22 from the prior year due to increased local SBM production from the sole crushing facility. Post has revised MY20/21 ending stocks down from 226,000 MT to 214,000 MT, based on lower crush expected. SBM stocks are mainly held in storage by the private sector (e.g., traders and feed millers). Copra meal ending stocks are forecast down in MY 21/22 due to larger volumes exported. Like SBM, copra meal inventories are largely private sector held.

Policy:

On March 27, 2021 President Duterte re-imposed a stringer lockdown (Enhanced Community Quarantine or ECQ) in Metro Manila, Bulacan, Cavite, Rizal, and Laguna as a response to a spike in COVID-19 cases. Positive cases recently surged to more than 10,000 per day from the previous 1,500 cases per day. This will cover the period March 29-April 4, 2021 and is expected to be extended.

On February 21, 2020, President Rodrigo Duterte signed [Executive Order No. 105](#) (EO 105) creating a national task force to manage animal-borne diseases such as ASF. EO 105 mandates the national task force to “oversee and implement effective and coordinated policies and strategies to manage, contain, and control the spread of such diseases.” The task force will be chaired by the DA Secretary and vice-chaired by the Health Secretary.

Also on February 1, 2021, the president issued [Executive Order \(EO\) No. 124, Series of 2021](#) that aims to slash a third off pork prices for at least 60 days, as consumers found it difficult to purchase pork and chicken at increasing prices amid the recession. The order, which imposes price ceilings for pork and whole chicken, will last for 60 days from February 8 to April 8, 2021. The EO sets the price ceiling for pork kasim (shoulder) at P270/kg (\$5.51) while pork liempo (belly) is capped at P300/kg (\$6.12). Meanwhile, whole chicken meat is pegged at P160/kg (\$3.27).

On September 11, 2020, the president signed into law [Republic Act No. 11494](#), otherwise known as the Bayanihan to Recover as One Act (Bayanihan 2). This details the measures to be implemented by the

Philippine government to stimulate and accelerate the recovery of the Philippine economy from the COVID-19 pandemic. The Bayanihan 2 took effect on 15 September 2020. The law will provide subsidies to low-income households, displaced workers, and access to livelihood assistance, skills training and programs, and loans assistance to repatriated and returning overseas Filipino workers, among other things. The fund has a total budget of P165 billion (\$3.4 billion) and can be appropriated until June 31, 2021.

Meanwhile, the president signed into law the P4.506 trillion (\$92 billion) Fiscal Year 2021 General Appropriations Act (GAA) to serve as the government's financial blueprint to recovery in response to the COVID-19 pandemic. The budget is equivalent to 21.8 percent of the country's GDP and is the largest to date. It is 10 percent larger than the FY 2020 budget.

Production, Supply, and Distribution Data:

Meal, Soybean Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Crush (1000 MT)	90	90	120	40	0	70
Extr. Rate, 999.9999 (PERCENT)	0.7778	0.7778	0.775	0.775	0	0.7857
Beginning Stocks (1000 MT)	263	263	233	233	0	214
Production (1000 MT)	70	70	93	31	0	55
MY Imports (1000 MT)	2875	2875	2900	2750	0	2750
Total Supply (1000 MT)	3208	3208	3226	3014	0	3019
MY Exports (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	2975	2975	3000	2800	0	2800
Total Dom. Cons. (1000 MT)	2975	2975	3000	2800	0	2800
Ending Stocks (1000 MT)	233	233	226	214	0	219
Total Distribution (1000 MT)	3208	3208	3226	3014	0	3019
(1000 MT), (PERCENT)						

Meal, Copra Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Crush (1000 MT)	2565	2565	2500	2500	0	2650
Extr. Rate, 999.9999 (PERCENT)	0.3294	0.3294	0.3312	0.3312	0	0.3245
Beginning Stocks (1000 MT)	100	100	100	100	0	93
Production (1000 MT)	845	845	828	828	0	860
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	945	945	928	928	0	953
MY Exports (1000 MT)	212	212	285	285	0	300
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	633	633	550	550	0	575
Total Dom. Cons. (1000 MT)	633	633	550	550	0	575
Ending Stocks (1000 MT)	100	100	93	93	0	78
Total Distribution (1000 MT)	945	945	928	928	0	953
(1000 MT), (PERCENT)						

Commodities:

Oil, Soybean

Oil, Coconut

Oil, Palm

Production:

Philippine soybean oil (SBO) production continues to be insignificant relative to overall Philippine vegetable oil production and is supported largely by imported beans. SBO output was pared down in MY 20/21 to reflect a similar adjustment made to bean crush during the period. It is expected to decline compared to the previous year's level due to the sole crushing facility's reduced output. Post forecasts MY21/22 SBO production at 13,000 MT, 62 percent lower than the USDA Official MY20/21 level. The revised MY20/21 production of 7,000 MT, however, sees MY21/22 production increase by 86 percent.

The Philippines is the world's top CNO producer. CNO output in MY 21/22 is expected to increase nearly 5 percent from the previous year to 1.65 million MT, consistent with the expected increase in copra harvests and crush.

The Philippines has modest production areas of palm oil in Mindanao. Palm oil production is expected to remain flat at 90,000 MT through MY2021/22. The country is still dependent on nearby ASEAN countries for its palm oil requirements.

Consumption:

Post sees SBO consumption for food use declining in MY 21/22 from the Official USDA MY20/21 level of 87,000 MT, but increasing 6.7 percent from the revised MY20/21 consumption of 75,000 MT. The changes are consistent with the revisions to soybean crush resulting from the sole crushing facility's reduced output. SBO is mainly used for mayonnaise and salad dressings, and the local industry does not consider it to be a complete CNO substitute.

CNO food use consumption in MY 21/22 is forecast up 100,000 MT from the previous year’s level, boosted by increased food manufacturing. CNO is the preferred oil, as long as prices remain stable. It is used as a raw material in making margarine, shortening, and milk fat substitutes and in biscuit and cracker production.

Industrial CNO consumption is composed mainly of coconut methyl ester (CME) and other oleochemical production. Oleochemicals are used in the production of laundry detergents and other personal care items such as toothpaste, soap bars, shower cream, and shampoo. Implemented in 2007, the Philippines also has a Biofuels Law that mandates the blending of biodiesel in all petroleum diesel sold in the country. CME is used as feedstock in Philippine biodiesel production. The current blend mandate is two percent (B2) and at this level, requires roughly 130,000 to 140,000 tons of CNO.

Although no executive order has been issued to revise the mandated biodiesel blend rate, industry expects an increase from the current B2 blend to B3 blend by August 1, 2021, in line with the Philippine Coconut Authority’s recommendation to the National Biofuels Board. Previously, UCAP projected a B3 blend by the second quarter of 2020 but this did not happen due to the COVID-19 outbreak.

Palm oil food consumption is expected to increase because of its lower price as a cooking oil compared to CNO, rising over 9 percent in MY21/22 compared to the prior year. Industrial consumption, on the other hand, is likely to remain flat as in previous year.

Trade:

CNO is the largest Philippine agricultural export and its top markets are the EU and the United States. CNO exports in MY 21/22 will decline from the previous two years’ levels due to logistical problems from importing countries as a result of the COVID-19 pandemic. UCAP estimates CNO exports in 2021 will reach roughly 875,000 MT.

EO 61 raised tariffs for crude CNO (HS Code 15.13.1100) from 3 to 10 percent, which are still in effect in 2021. However, imports of CNO are duty-free in the AFTA. Imports of SBO (HS Code 15.07) are subject to a 7 percent MFN duty through 2021 but may be imported free of duty if originating from ASEAN member countries and countries with ASEAN-FTAs (except India which levies a 7 percent duty). For palm oil (HS Code 15.11), imports are levied a 15 percent MFN tariff under EO 61. However, they are duty-free under the AFTA.

**Philippine Coconut Oil Exports, Metric Tons
Annual Series: January, 2016 - December, 2020**

Country	2016	2017	2018	2019	2020
Total	882,563	932,191	1,113,379	1,196,348	1,112,895
EU28	381,543	386,343	462,538	503,397	453,329
United States	299,543	282,381	350,297	310,898	298,133
New Zealand	108,324	136,199	163,966	143,093	105,867
Other	60,447	68,124	69,494	118,938	123,655
Malaysia	21,953	21,530	28,427	69,939	88,232
China	10,753	37,614	38,657	50,083	43,679

Source: Trade Data Monitor LLC; data reported by importing countries

Stocks:

SBO inventories are negligible and no significant change in SBO stock levels are expected through MY 21/22. SBO stocks are held by the private sector.

For CNO, stocks are likely to remain flat through MY 21/22. The majority of CNO stocks are with private processors and traders.

Policy:

In a Cabinet meeting held February 4, 2020, President Rodrigo Duterte approved the crafting of an executive order to ensure the country's compliance with the Philippine Biofuels Law mandating the inclusion of coco methyl ester (CME) in all petroleum diesel sold in the country. The current rate is 2 percent and is expected to be raised to 3 percent by the National Biofuels Board (NBB) chaired by the Department of Energy per the Philippine Biofuels Act of 2006. The Philippine Coconut Authority in mid-February 2021 recommended that the NBB implement the long-awaited blend mandate increase, suggesting August 1, 2021 as the start date for B3 prior to an eventual B4 and B5. The move is expected to further strengthen increasing copra prices.

Production, Supply, and Distribution Data:

Oil, Soybean Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Crush (1000 MT)	90	90	120	40	0	70
Extr. Rate, 999.9999 (PERCENT)	0.1778	0.1778	0.175	0.175	0	0.1857
Beginning Stocks (1000 MT)	9	9	9	11	0	9
Production (1000 MT)	16	16	21	7	0	13
MY Imports (1000 MT)	65	55	71	70	0	65
Total Supply (1000 MT)	90	80	101	88	0	87
MY Exports (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	4	4	4	4	0	4
Food Use Dom. Cons. (1000 MT)	77	65	87	75	0	80
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	81	69	91	79	0	84
Ending Stocks (1000 MT)	9	11	10	9	0	3
Total Distribution (1000 MT)	90	80	101	88	0	87
(1000 MT), (PERCENT)						

Oil, Coconut Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Crush (1000 MT)	2565	2565	2500	2500	0	2650
Extr. Rate, 999.9999 (PERCENT)	0.6296	0.6296	0.63	0.63	0	0.6226
Beginning Stocks (1000 MT)	88	88	68	68	0	43
Production (1000 MT)	1615	1615	1575	1575	0	1650
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1703	1703	1643	1643	0	1693
MY Exports (1000 MT)	944	944	925	925	0	875
MY Exp. to EU (1000 MT)	550	550	500	500	0	475
Industrial Dom. Cons. (1000 MT)	466	466	450	450	0	450
Food Use Dom. Cons. (1000 MT)	215	215	215	215	0	315
Feed Waste Dom. Cons. (1000 MT)	10	10	10	10	0	10
Total Dom. Cons. (1000 MT)	691	691	675	675	0	775
Ending Stocks (1000 MT)	68	68	43	43	0	43
Total Distribution (1000 MT)	1703	1703	1643	1643	0	1693
(1000 MT), (PERCENT)						

Oil, Palm Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Philippines						
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	62	62	62	62	0	62
Trees (1000 TREES)	0	6870	0	6870	0	6870
Beginning Stocks (1000 MT)	122	122	90	90	0	123
Production (1000 MT)	90	90	90	90	0	90
MY Imports (1000 MT)	1130	1130	1225	1225	0	1285
Total Supply (1000 MT)	1342	1342	1405	1405	0	1498
MY Exports (1000 MT)	32	32	32	32	0	32
Industrial Dom. Cons. (1000 MT)	200	200	200	200	0	200
Food Use Dom. Cons. (1000 MT)	1020	1020	1050	1050	0	1150
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1220	1220	1250	1250	0	1350
Ending Stocks (1000 MT)	90	90	123	123	0	116
Total Distribution (1000 MT)	1342	1342	1405	1405	0	1498
Yield (MT/HA)	1.4516	1.4516	1.4516	1.4516	0	1.4516
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

Soybean Meal Equivalent Consumption

	2019/2020	2020/2021	2021/2022
Commodity	New Post	New Post	New Post
Soybean	65	95	100
X SME factor	0.8	0.8	0.8
Soybean SME	52	76	80
SBM	2,975	2,800	2,800
Copra Meal	633	550	575
X SME factor	0.4515	0.4515	0.4515
Copra Meal SME	285.80	248	259.61
Palm Kernel Meal	16.05	16	16
X SME factor	0.36	0.36	0.36
Palm Kernel Meal SME	5.78	5.76	5.76
Total SME	3,318.58	3,129.76	3,145.37
(1000 MT)			

Attachments:

No Attachments