

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Philippines

Post: Manila

Philippine Market Opens to US Potatoes - Trade Doubles

Report Categories:

Potatoes and Potato Products

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Report Highlights:

In June 2013, the Philippine Department of Agriculture formally allowed the importation of U.S. fresh table stock potatoes for consumption. Prior to the USDA negotiated market access, all U.S. fresh potatoes entering the Philippine market were restricted to chipping and processing purposes. Following the opening, U.S. fresh potato exports to the Philippines nearly doubled in 2013 to 10,161 MT (compared to 5,289 MT in 2012). Industry and trade contacts estimate total 2014 U.S. potato exports will reach 15,000 MT.

General Information:

On June 7, 2013, Philippine Department of Agriculture's (DA) Administrative Circular No. 2 (AC No. 2) "Rules and Regulations Governing the Importation of Fresh Table Stock Potatoes for Consumption and/or Processing from the United States" was published in Manila Times. This regulation took effect on June 22, 15 days after publication. The circular allows the importation of the fresh potatoes from all over the United States except for Potato Cyst Nematode (PCN) regulated areas of Idaho. Previously, only U.S. potatoes for chipping or processing were permitted for import to the Philippines.

Like all fresh vegetable importation, an accredited importer must first secure a SPS Import Permit from the Philippine DA's Bureau of Plant Industry (BPI) prior to shipment. All fresh potato shipments must be accompanied by a USDA APHIS Phytosanitary Certificate attesting that the shipment conforms with all quarantine requirements and conditions covered by the BPI Plant Quarantine Clearance guidance. Specific import requirements include: 1) that potato tubers be practically free of soil and debris; 2) produced in fields free of potato cyst nematode; 3) be within tolerance levels allowable for diseases; and 4) each bag/sack/tote/box shall have an information label which include shipper/grower. Other requirements and conditions are enumerated in the attached circular or may be obtained directly from the Philippine DA Bureau of Plant Industry.

Trade

In 2013, the United States exported 10,161 MT of potatoes to the Philippine, almost double the volume exported (5,289 MT) the previous year (Source: GATS). Industry contacts attribute the growth to both increased demand for chipping potatoes and the access granted for table-stock potatoes. Trade estimates that U.S. exports will reach 15,000 MT by the end of 2014.

Based on Philippine trading partner export statistics, the top three exporting countries for potatoes in 2013 were: the U.S. with 10,161 MT, Germany with 4,215 MT and China with 1,905 MT (Source: GTA). Industry contacts report that exports of potatoes from China dropped significantly in 2013 due to Philippine government efforts to crackdown on illegal imports. Trade contacts also report that export prices of fresh potatoes from the EU increased slightly in 2013, resulting in a slight decline in exports to the Philippines.

Reporting Countries Export Statistics (Partner Country: Philippines)							
Commodity: 070190, Potatoes, Except Seed, Fresh Or Chilled, Nesoi							
Calendar Year: 2011 – 2013							
Reporting Country	Unit	2011		2012		2013	
		USD	Quantity	USD	Quantity	USD	Quantity
Reporting Total	T	5,589,321	14,172	6,563,137	18,096	7,011,268	16,362
United States	T	2,334,174	4,375	2,843,016	5,289	5,350,424	10,161
Germany	T	696,394	4,016	1,133,739	5,346	880,330	4,215
China	T	1,612,487	3,441	2,019,392	6,265	736,273	1,905
Malaysia	T	34,805	63	16,048	19	39,173	65
Singapore	T	5,429	1	187,434	52	4,820	16
Australia	T	381,036	650			248	
New Zealand	T	524,997	1,625	363,501	1,125		
Ukraine				6			

Prices

The Philippines produced an average of 120,000 MT of white potatoes in a 2013 for local consumption. The current wholesale price of local potatoes is about \$0.65 and the current retail price is \$1.50 per kg.

Varieties

There is a lack of awareness among Philippine importers, trade customers (including fast food chains, hotel, restaurants, institutions and supermarkets) and end-consumers on the availability, variety and applications of U.S. table-stock potatoes. Promotional efforts by industry trade groups, importers and local trade customers are needed to grow the market.

Policy and Tariff Rates

The Philippines maintains a WTO tariff rate quota (TRQ) or Minimum Access Volume (MAV) for fresh potatoes of 1,550 MT. However, in-quota and out-of-quota rates are now equal at 40 percent.

HEADING	TARIFF CODE	DESCRIPTION	M F N
07.01		Potatoes	
	0701.10.00	- Seed	1
	0701.90.00	- Other	
	0701.90.00A	-- In-quota	40
	0701.90.00B	-- Out-of-quota	40

ASEAN-China FTA (ACFTA) Tariff rates for potatoes from China are at 35 percent in-quota and 40 percent out of quota. Despite the ACFTA, no formal market access has been granted by the Philippines for potatoes originating from China.