USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Philippines-A Billion Dollar Market for US Food and Beverage Exports

Report Categories:

Market Development Reports

Export Accomplishments - Other

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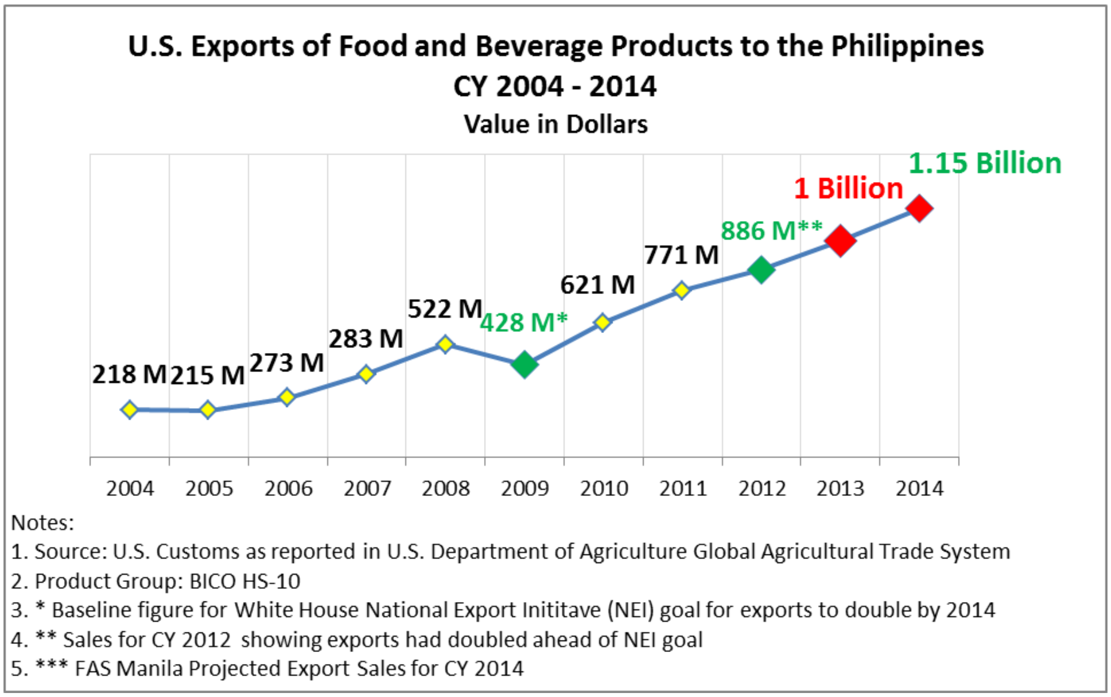
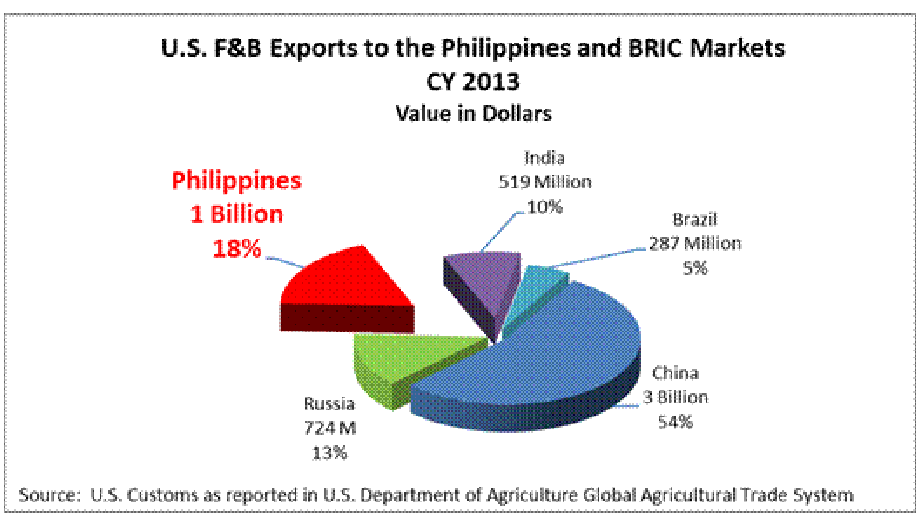
Report Highlights:

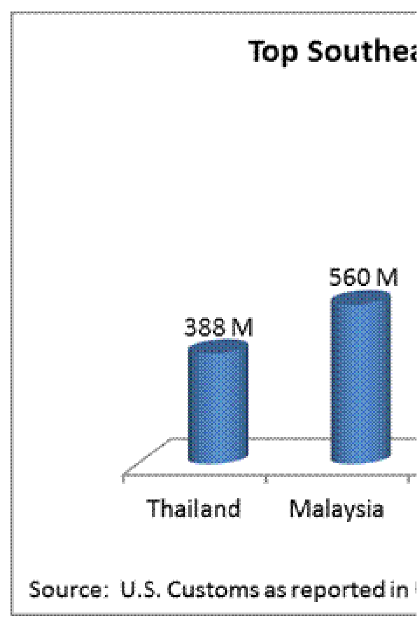
U.S. food and beverage (f&b) exports to the Philippines grew 15 percent in 2013 and reached a record $1 billion. As the number one market in SE Asia and the 10th largest market in the world for U.S. f&b products, the Philippines purchased enough value added goods in 2013 to fill roughly 25,000 container trucks stretching more than 300 kilometers. These sales provide key support to the approximately 1.8 million American food processing jobs and to many more throughout the supply chain in both countries. Among the top-20 markets worldwide, the Philippines is one of only two to double in three years. In addition, growth across the sector is exceptionally broad-based, with most of the products that comprise the f&b category setting new records. The top five export items in 2013 include dairy, meat & poultry, prepared food, fresh fruit and processed vegetables. While sales for these products are expected to remain strong in the coming years, prospects are excellent for a wide variety of f&b products, particularly those that can be classified as “healthy”, “gourmet” or “convenient.”

I. Background

In the past ten years (2004-2013), U.S. f&b sales nearly quintupled. As the Philippines is expected to remain the fastest growing economy in SE Asia, prospects for 2014 and beyond are excellent for most f&b products, particularly those that can be classified as "healthy", "gourmet" or "convenient." Traders expect the U.S. will retain its longstanding position as the Philippines' number one supplier for the foreseeable future due to the popularity of U.S. f&b products and their reputation for safety and high quality.







Already a larger market than

India and Brazil combined, opportunities for growth are underscored by the country's strong economic growth, increasing urbanization, the rapid development of food processing, the explosion in supermarket construction around the country, and the fact that import-poor "mom-and-pop" stores still carry 70 percent of national retail food sales. This fertile combination of factors gives the Philippines a market profile that is among the most exciting in the world.

II. NEI Target Already Achieved

By doubling sales to the Philippines from 2009-2012, f&b exporters achieved the White House National Export Initiative (NEI) a full two years early. The continued growth across the sector was exceptionally broad-based in 2013, with 15 of the 21 products that comprise the f&b category setting new records over the past five years. More importantly, those record-setting products made up 90 percent of sales.

NEI Progress
U.S. Food and Beverage Exports to the Philippines
CY 2009-2013
(In Thousands of Dollars)

	Calendar Years (Jan-Dec)					% Change 2012-2013
	2009	2010	2011	2012	2013	
Food & Beverage Total	**428,242**	**621,020**	**771,510**	**866,213**	**999,410**	**15**
Dairy Products	78,096	185,467	280,306	317,512	364,134	15
Pork & Pork Products	76,531	103,409	92,620	88,172	112,256	27
Poultry Meat & Products	43,443	55,118	72,811	89,231	83,025	-7
Prepared Food	38,419	38,124	43,546	58,521	69,307	18
Fresh Fruit	32,787	31,254	41,839	50,845	60,400	19
Processed Vegetables	26,391	42,554	43,834	48,131	57,523	20
Beef & Beef Products	21,554	29,186	38,030	44,958	54,522	21
Snack Foods NESOI	23,692	26,193	33,993	38,186	43,697	14
Chocolate & Cocoa Products	24,833	25,544	31,524	34,765	40,023	15
Dog & Cat Food	12,704	15,009	19,000	22,370	25,691	15
Condiments & Sauces	10,326	10,185	13,571	14,175	17,284	22
Non-Alcoholic Bev. (e.g., tea, coffee)	6,012	18,296	14,737	13,174	15,587	18
Processed Fruit	8,004	9,012	9,919	11,976	13,389	12
Fruit & Vegetable Juices	6,719	7,756	7,926	8,313	9,630	16
Wine & Beer	7,423	8,068	8,110	7,970	9,546	20
Meat Products NESOI	4,459	4,781	5,272	5,621	9,459	68
Fresh Vegetables	1,565	4,364	5,873	3,377	5,416	60
Tree Nuts	2,670	4,532	4,893	5,490	5,139	-6
Eggs & Products	1,619	825	2,064	2,197	2,248	2
Breakfast Cereals	702	1,034	1,095	581	626	8
Other Consumer Oriented	294	310	546	648	507	-22

Legend:
- Denotes highest export levels in the past five years
- Denotes export sales in 2013 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

III. Top Ranking Products in 2013 and Top Prospects for 2014

According to U.S. Customs statistics, the top five f&b product categories by value in 2013 were: dairy products, pork & pork products, poultry meat & products, prepared food and fresh fruit. The top five f&b products that led the growth in 2013 were: meat products (not elsewhere specified or indicated), fresh vegetables, pork & pork products, condiments & sauces, and beef & beef products.

TOP 5 PRODUCTS by VALUE in 2013 (in Thousands of Dollars)		
#1	Dairy Products	364,134
#2	Meat & Poultry	259,262
#3	Prepared Food	69,307
#4	Fresh Fruit	60,400
#5	Processed Vegetables	57,523

TOP 5 PRODUCTS by GROWTH in 2013 (in Thousands of Dollars)				
		2012	2013	% Growth
#1	Meat Products NESOI	5,621	9,459	68
#2	Fresh Vegetables	3,377	5,416	60
#3	Pork & Pork Products	88,172	112,256	27
#4	Condiments & Sauces	14,175	17,284	22
#5	Beef & Beef Products	44,958	54,522	21

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

TOP PROSPECTS for 2014	
Healthy, Natural & Organic Products	Instant or "Convenience" Foods
Gourmet Products	Dried Fruits and Vegetables
Beef	Breakfast Cereals
Lamb	Coffee Flavoring & Syrups
Deli Meats and Cheeses	Preserved Fruits & Pie Fillings
Snack Foods	Processed Fruits & Vegetables
Dips, Sauces and Spreads	Fruit & Vegetable Juices
Tree Nuts	Potatoes (Frozen, Dehy & Fresh)
Wine	Dairy Products

Notes:
1. "Gourmet", "healthy" and "convenience" products are experiencing excellent growth and prospects, but are not defined by U.S. Customs.
2. The selection of top prospects is based on discussions with chefs, retailers and food processors.

Top Prospects: Fast Facts & Trends

Healthy, Natural & Organic Products
Although U.S. Customs does not track these products as a separate category, retail stores have been increasing shelf-space to accommodate the growing number of new-to-market healthy, natural & organic products because of the strong consumer trend towards health, wellness and beauty, and the rise in disposable income.

Gourmet Products
Most retailers maintain a gourmet section including products such as: meats & seafood, fruits & vegetables, specialty cheeses, sauces & condiments, herbs & spices, wines, craft beers and other beverages, dried fruits & nuts, specialty biscuits, snack foods, and chocolate & confectionery. There are several independent operators of delicatessen/gourmet shops within high-end neighborhoods.

Instant or "Convenience" Foods

Because of the country's bullish business process outsourcing (BPO) industry that operates around the clock and the rise in the number of women joining the workforce, traders report strong demand in products that can be classified as "convenient", snack foods, meal-replacements and ready-to-drink beverages. 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.

"Double" Products

In addition to being consumed directly, many U.S. f&b products (e.g. dairy, meat, poultry, dried fruits and tree nuts) are being used by the Philippines' booming food processing industry.

Dairy Products

The Philippines is the 4th largest export market in the world for U.S. dairy products. Exports more than quadrupled in the past five years and achieved record sales in 2013. The largest U.S. dairy product export to the Philippines is non-fat dry milk (NFDM). Consumers and the Philippine food processing industry are the major purchasers of NFDM. The Philippines is also a key market in Southeast Asia for standard and gourmet U.S. cheese products. Traders are optimistic about the growing market potential of gourmet cheese products due to the booming Philippine economy. Standard cheeses dominate total sales, but gourmet cheeses are gaining popularity and command very high prices (e.g $20-30/lb).

The U.S. is the second largest over-all 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 play a significant role in the competitiveness of U.S. products.

Red Meats

U.S. beef exports have been robust as U.S. prime rib and other high-value beef cuts have become standard menu offerings. The growth is expected to continue as incomes rise, and the number of finer dining options proliferate throughout the country. Strong growth in exports of high-value pork cuts and prepared/preserved pork products to supermarkets, hotels and restaurants are expected to continue.

Poultry Meat

The Philippines remains the largest market in Southeast Asia for U.S. poultry. 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 2013.

Prepared Food

Traders report growth in sales of baking ingredients such as cocoa products, pre-mixes, jams and jellies, and flavorings due to the proliferation of small bakeshops that sell premium-quality artisanal baked goods.

Fresh Fruits

The Philippines is the 4th largest export market in the world and the largest market in Southeast Asia for California table grapes, and a key market for other U.S. fresh fruits such as apples, oranges, lemons, pears and cherries. There is a growing demand for melons, pears, berries and stone fruits.

Processed Fruits and Vegetables
The Philippines is the 6th largest export market in the world and the largest market in Southeast Asia for U.S. frozen potatoes. There are excellent opportunities for multiple products in this category.

IV. Relevant Reports and Export Data

The following reports on the Philippine market are available on the USDA-FAS website:

- Exporter Guide
- Food and Agricultural Import Regulations and Standards (FAIRS)
- Booming Philippine Food Processing Industry Provides Opportunities for U.S. Ingredients
- Food Service Sector Report

USDA-FAS website: www.fas.usda.gov. Choose "Data & Analysis" then "Global Agricultural Information Network (GAIN)."

To access data on U.S. agricultural exports, choose "Data & Analysis" then "Global Agricultural Trade System (GATS)."

V. USDA-FAS Assistance

USDA-FAS at the U.S. Embassy in Manila is ready to help U.S. exporters of agricultural raw materials and ingredients achieve their objectives in the Philippines. For further information or assistance please contact:

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