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Philippines–US Food and Beverage Exports Surpass Billion-Dollar Mark

Report Categories:

Market Development Reports

Export Accomplishments - Other

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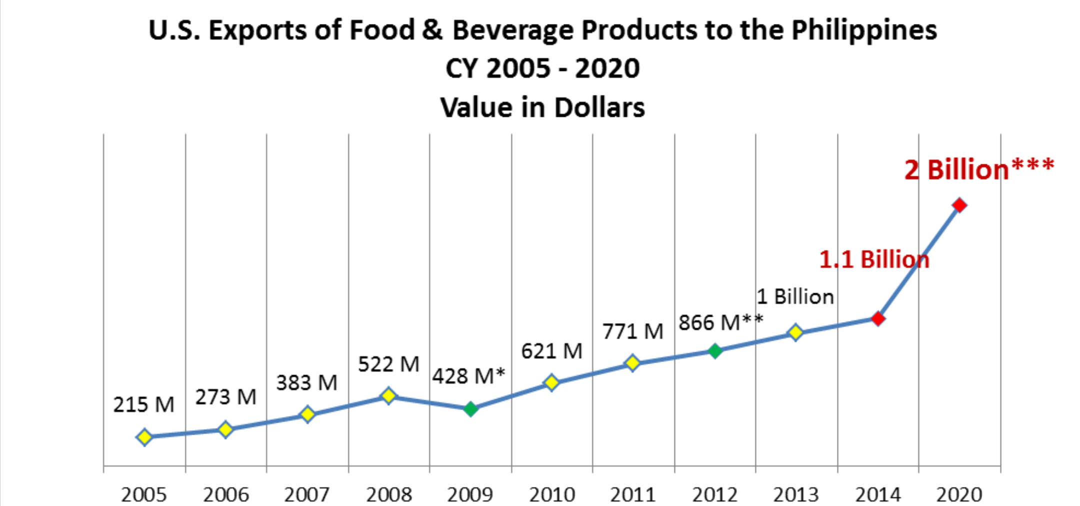
Report Highlights:

U.S. food and beverage (f&b) exports to the Philippines grew 11 percent in 2014 and reached a record $1.1 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 2014 to fill roughly 27,000 container trucks stretching more than 360 kilometers. Growth across the sector is exceptionally broad-based, with more than half of the products that comprise the f&b category setting new records. The top five exports in 2014 were dairy products, meat & poultry products, prepared food, processed vegetables and fresh fruit. 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."

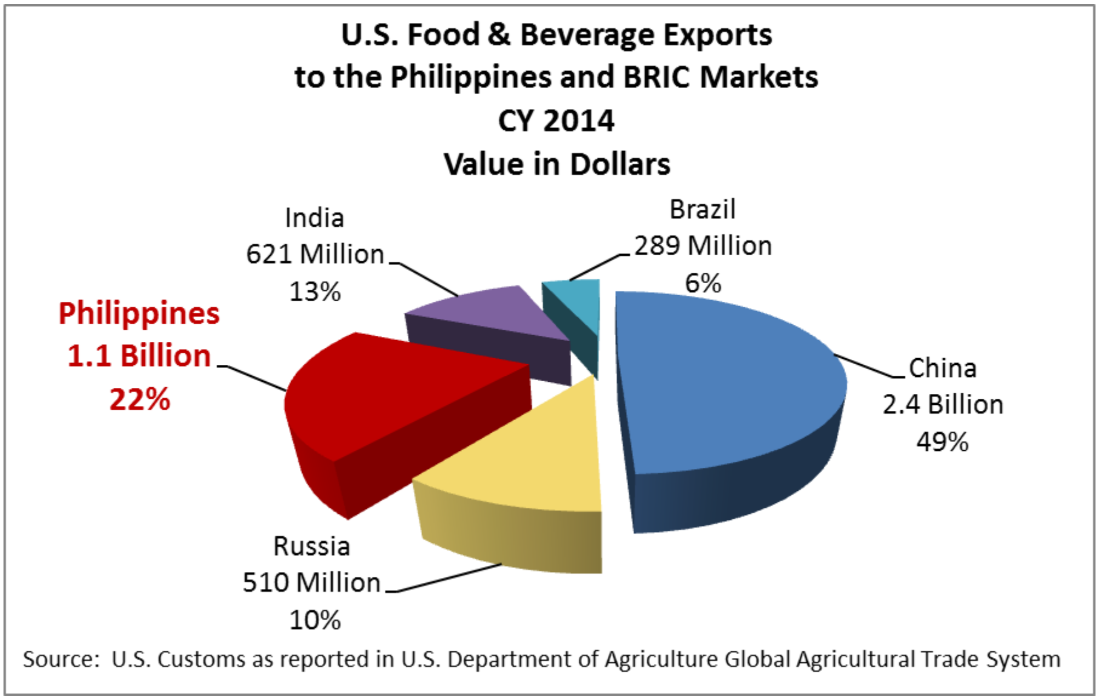
I. Background

In the past ten years (2005-2014), U.S. f&b sales more than quadrupled. As the Philippines is expected to remain the fastest growing economy in SE Asia, prospects for 2015 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, and forecast export sales will reach $2 billion in 2020 due to the popularity of U.S. f&b products and its reputation for excellent quality.



Notes:
1. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
2. * Baseline figure for White House National Export Inititave (NEI) goal to double exports in the next five years
3. ** Export sales for CY 2012 showing exports had doubled since 2009 and achieved the NEI goal
4. *** Projected export sales for CY 2020 based on interviews with the trade
5. Product Group: BICO-HS 10

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



Growing Market Potential

A larger market than India, or Russia and Brazil combined, opportunities for growth in the Philippines are underscored by:

- Consistently strong economic growth
- The country's young, fast-growing and highly urbanized population
- The presence of 10-15 million potential customers with sufficient income to purchase high-value f&b products
- A rapidly developing food processing industry
- 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.

Philippine Market Profile

Population:
• 107 Million (July 2014 est.); annual growth rate of 1.81%
• 40% below 20 years old
• 52% living in urban areas

Source: CIA World Fact Book

Potential Customers: 10-15 million and growing

This fertile combination of factors gives the Philippines a market profile that is among the most exciting in the world.

II. NEI Target 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 2014, with 12 of the 21 products setting new records. More importantly, those record-setting products comprise 85 percent of sales. Food processing contributes over 1.8 million jobs in the United States, many of them based on exports.

U.S. Food & Beverage Exports to the Philippines
CY 2009-2014
(in Millions of Dollars)

	Calendar Years (Jan-Dec)						% Change
	2009	2010	2011	2012	2013	2014	2009-2012
Food & Beverage Total	**428.2**	**621.0**	**772.6**	**866.2**	**999.2**	**1110.8***	159
Beef & Beef Products	21.6	29.2	38.0	44.9	54.5	59.5*	175
Pork & Pork Products	76.5	103.4	92.9	88.2	112.3	103.7	36
Poultry Meat & Prods. (ex. eggs)	24.0	43.4	55.1	73.2	89.2	93.0*	288
Meat Products NESOI	4.5	4.8	5.3	5.6	9.5	9.4	109
Egg & Products	1.6	0.8	2.1	2.2	2.2	2.3*	44
Dairy Products	78.1	185.5	280.5	317.5	364.0	422.9*	441
Fresh Fruit	32.8	31.3	41.9	50.9	60.6	62.5*	91
Processed Fruit	8.0	9.0	9.9	12.0	13.3	13.0	63
Fresh Vegetables	1.6	4.4	5.9*	3.4	5.4	5.6	250
Processed Vegetables	26.4	42.6	43.8	48.1	57.5	68.4*	159
Fruit & Vegetable Juices	6.7	7.8	7.9	8.3	9.6	11.6	73
Tree Nuts	2.7	4.5	4.9	5.5	5.0	7.1*	163
Chocolate & Cocoa Products	24.8	25.5	31.5	34.8	40.0	40.8*	65
Snack Foods NESOI	23.7	26.2	34.0	38.2	43.7	51.3*	116
Breakfast Cereals	0.7	1.0	1.1*	0.6	0.6	1.0	43
Condiments & Sauces	10.3	10.2	13.6	14.2	17.3	20.5*	99
Prepared Food	38.4	38.1	43.5	58.5	69.3	88.6*	131
Wine & Beer	7.4	8.1	8.1	8.0	9.5*	9.0	22
Non-Alcoholic Bev. (ex. juices)	6.0	18.3*	14.7	13.2	15.6	13.6	127
Dog & Cat Food	12.7	15.0	19.1	22.4	25.7	26.1*	106
Other Consumer Oriented	0.3	0.3	0.5	0.6	0.5	0.8*	167

Notes:
1. * Denote highest export levels since at least CY 1970
2. Source: U.S. Customs as reported in U.S. Department of Agriculture Global Agricultural Trade System
3. Product Group: BICO-HS10

III. Top Ranking Products in 2014 and Top Prospects for 2015

According to U.S. Customs statistics, the top five f&b product categories by value in 2014 were dairy products, meat & poultry products, prepared food, processed vegetables and fresh fruit. The top five f&b products that led the growth in 2014 were breakfast cereals, tree nuts, prepared food, fruit & vegetable juices and processed vegetables.

TOP 5 PRODUCTS by VALUE in 2014 (in Millions of Dollars)		
#1	Dairy Products	422.9
#2	Meat & Poultry Products	265.6
#3	Prepared Food	88.6
#4	Processed Vegetables	68.4
#5	Fresh Fruit	62.5

TOP 5 PRODUCTS by GROWTH in 2014 (in Millions of Dollars)				
		2013	2014	% Growth
#1	Breakfast Cereals	0.6	1.0	66.7
#2	Tree Nuts	5.0	7.1	42.0
#3	Prepared Food	69.3	88.6	27.8
#4	Fruit & Vegetable Juices	9.6	11.6	20.8
#5	Processed Vegetables	57.5	68.4	19.0

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

"BEST" PROSPECTS for 2015	
Healthy, Natural & Organic Products	Instant or "Convenience" Foods
Gourmet Products	Breakfast Cereals
Beef	Other Dairy Products
Lamb	Preserved Fruits & Pie Fillings
Deli Meats and Cheeses	IQF Fruits & Vegetables
Snack Foods, Dips and Spreads	Fruit & Vegetable Juices
Dried Fruits & Vegetables	Fresh Vegetables
Tree Nuts	Frozen Potatoes (new cuts)
Wine & Craft Beer	Dehydrated Potatoes

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 rise in disposable income, and the strong consumer trend towards health, wellness and beauty.

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 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" including snack foods, meal-replacements and ready-to-drink beverages. The Philippines is the 8th 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 quintupled since 2009 and achieved record sales in 2014. 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 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 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 food processing industry comprise 75 percent of U.S. poultry exports in 2014.

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.

Processed Vegetables
The Philippines is the 7th largest export market in the world for U.S. frozen potatoes. There are excellent opportunities for multiple products in this category.

Fresh Fruits
The Philippines is the 5th 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.

Fresh Vegetables
The Philippines formally opened its market to U.S. fresh celery, lettuce, and cruciferous vegetables (e.g. broccoli and cauliflower). As the only country with official access to the entire Philippine market for these temperate climate vegetables (which are in limited supply domestically), U.S. exporters are poised to take advantage of opportunities in the booming Philippine food service and retail sectors.

Further, the Philippines allowed the importation of U.S. fresh table stock potatoes for consumption. In the past, U.S. fresh potatoes entering the Philippine market were restricted to chipping and processing purposes.

IV. Relevant Reports and Export Data

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

- Philippines: Exporter Guide
- Philippines: Food and Agricultural Import Regulations and Standards (FAIRS)
- Food Processing Sector - "Booming Philippine Food Processing Industry Provides Opportunities for U.S. Ingredients"
- Retail Sector - "Philippine Food Retail-A Growing Opportunity for U.S. F&B"
- Philippines: Food Service Sector-Hotel, Restaurant & Institutional

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

V. Further Information and Assistance

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

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