

Voluntary Report – Voluntary - Public Distribution

Date: December 20, 2022

Report Number: RP2022-0067

Report Name: Distilled Spirits Market Brief

Country: Philippines

Post: Manila

Report Category: Product Brief, Food Processing Ingredients, Food Service - Hotel Restaurant Institutional, Retail Foods, SP1 - Expand International Marketing Opportunities

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Report Highlights:

The United States is among the top five suppliers of distilled spirits to the Philippines, supplying mostly whiskey. Philippine importation of U.S. distilled spirits in 2021 dropped to \$4.6 million, 42 percent lower than the pre-pandemic level. As the hospitality and food service sectors ease into post-pandemic recovery mode, traders are optimistic that sales of U.S. distilled spirits to the Philippines will climb to \$5.3 million in 2022, up 15 percent year-on-year. Prospects for growth are exceptionally bright due to the country's young, fast growing, and highly urbanized population, the strong presence of premium U.S. brands, and the proliferation of social media.

Philippine Market Brief

Distilled Spirits



The Philippines’ young, fast growing, and highly urbanized population, and relatively low consumption of imported distilled spirits (less than four percent of roughly 2.7 billion liters of alcohol consumed annually) present a strong opportunity for U.S. exporters of distilled spirits.

The Philippines imported a higher volume of distilled spirits in 2021 than it did in pre-pandemic 2019, despite closing its borders to foreign travelers, and the complete shutdown of bars and clubs nationwide. The average price of imported distilled spirits dropped 25 percent as consumers shifted to consuming low-ABV drinks at home, such as soju and cocktail mixes.

Fast Facts: Philippine Market

- Young and growing population: 115 million (2022 est.), annual growth rate of 1.6 percent, 51 percent below 24 years old
- Urbanized: 48 percent live in urban areas
- At least 20 million people earn \$12,700 annually
- Strong preference for U.S. food and beverage products
- Steady growth in retail, food service and food processing sectors

Sources: The World Factbook and Philippine Statistics Authority, 2020 Census of Population and Housing

Philippine Importation of Distilled Spirits					
	2019	2021	%Δ 2021/19	2022 Forecast	%Δ 2022/21
Value	\$153 M	\$119 M	-22%	\$143	20%
Volume	103 ML	106 ML	3%	87 ML	-18%
Average Price	\$1.49	\$1.12	-25%	1.64	46%

Source: Philippine Customs as reported by Trade Data Monitor and interviews with the trade.

This year, most organizations have eased back to office life. Consumers have cut back on consuming alcoholic drinks at home, affecting the sales of low-ABV drinks. On the other hand, a growing number of bars and pubs have come to life, attracting “revenge” partygoers eager to spend on booze. Business entertaining and big weddings are also back on track. These shifts have prodded traders to re-think their product mix and reorder more expensive distilled spirits, such as brandies and whiskeys. Traders forecast Philippine importation of distilled spirits in 2022 will reach \$143 million (87 million liters at an average price of \$1.64 per liter), up 20 percent year-on-year, and return to pre-pandemic level by 2023.

Below is a list of the top exporting countries (at least \$1 million in sales) and the types of distilled spirits exported to the Philippines in 2021.

Exporting Countries and Types of Distilled Spirits Exported to the Philippines in 2021	
#1 Spain – Brandy	#5 United States – Whiskeys
#2 South Korea – Soju	#6 France – Cognac
#3 United Kingdom – Whiskies	#7 Japan – Sake
#4 Singapore – Whiskeys and Cognac	#8 Mexico – Tequila

Notes:

1. Source: Philippine Customs data as reported by Trade Data Monitor and interviews with the trade.
2. Products from Singapore were imported by Duty Free Philippines Corporation and by other importers from bonded warehouses.

Importation of Bulk Ethyl Alcohol

In 2021, Philippine beverage processing and pharmaceutical companies imported a record \$176 million worth of undenatured ethyl alcohol (>80 percent by volume and in bulk), up 30 percent by value and 18 percent by volume year-on-year, primarily from Australia, Brazil, Indonesia, Pakistan, United States, and Thailand. Despite higher prices and the weak peso, traders increased their buffer stock to avoid shortage due to erratic shipping schedules. The top beverage processing companies that made use of the product are Emperador Distillers, Destileria Limtuaco, Ginebra San Miguel, and Tanduay Distillers.

Market Trends

- Asia Brewery (AB) launched Spritz Hard Seltzer on Facebook and Instagram, along with a cocktail recipe suggestion to add gin. AB’s sister company Tanduay Distillers entered the gin market in 2021 with the launch of Ginto barrel-aged gin. [Tanduay Distillers, Inc.](#) is the oldest among the Lucio Tan Group’s subsidiaries, and carries with it the distinction of being one of the biggest brands in the distilled spirits category with a 99 percent share in the Philippine rum category.
- Another addition to Tanduay Distillers’ portfolio is the [Barman](#) range of cocktail concentrates, set to appeal to younger consumers.
- Johnnie Walker pushes the envelope with the relaunching of Johnnie Highball Bar, an interactive pop-up bar seen at parks and music festivals to appeal to whiskey lovers and whiskey novices alike. The [Official Fan Page for Johnnie Walker in the Philippines](#) on Facebook has close to 15 million followers.
- To spur trial, Happy Living Philippines promoted Sagamore Signature Rye Whiskey at The Marketplace, the country’s leading, premium supermarket brand, by offering a \$10 price off to consumers and prominent merchandising.
- Online consumers tend to spend their time researching and wait for online shopping platforms’ flash sale discounts and free delivery vouchers. The tactic pushes consumers to purchase hastily. The leading online platforms in the country are Shopee and Lazada.
- Online store [Singlemalt.ph](#) offers more than 900 whiskies from around the world.
- [Whisky Society of the Philippines](#) Facebook group has more than five thousand members.

Tariff and Taxes

This overview is not a comprehensive guide. Regulations are subject to change.

Tariff Rates

Australia, Indonesia, Japan, Singapore, South Korea, and Thailand are among the top exporters of distilled spirits to the Philippines. Preferential tariff rates under the ASEAN Trade in Goods Agreement (ATIGA), ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), Japan-Philippines Economic Partnership Agreement (JPEPA), and ASEAN-Korea Free Trade Agreement (AKFTA) apply.

ASEAN Harmonized Tariff Nomenclature (AHTN) Code	Description	Most Favored Nation	ATIGA, AANZFTA, and JPEPA	AKFTA
220710	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher	10%	0%	5–10%
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.; spirits, liqueurs, and other spirituous beverages.			
22082050	- Brandy	10%	0%	5%
220830	- Whiskies	15%	0%	5%
22084000	- Rum and other spirits obtained by distilling fermented sugar-cane products	15%	0%	5%
22085000	- Gin	15%	0%	5%
22086000	- Vodka	10%	0%	5%
220870	- Liqueurs and cordials	10%	0%	5%

Source: [Philippine Tariff Finder](#)

Excise Tax

Based on [Republic Act No. 11467](#), the ad valorem tax on distilled spirits is 22 percent of the net retail price, and the specific tax is ₱52.00 (\$0.76). The specific tax will be raised to ₱59.00 per proof liter in 2023, to ₱66.00 in 2024, and by six percent every year thereafter, effective on January 1, 2025. The law does not include a sunset provision. Note: The current exchange rate is \$1=₱55.

Assistance and Further Information

USDA-FAS Manila can assist U.S. exporters in identifying potential importers in the Philippines.

For information on import regulations, see [Philippines: FAIRS Country Report](#).

Access other reports on the Philippine market:

- [Philippines: Exporter Guide](#)
- [Philippines: Food Service - Hotel Restaurant Institutional](#)
- [Philippines: Retail Foods](#)
- [Philippines: Food Processing Ingredients](#)

Attachments:

No Attachments.