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Report Name: Food Processing Ingredients Annual

Country: Philippines

Post: Manila

Report Category: Food Processing Ingredients

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Report Highlights:

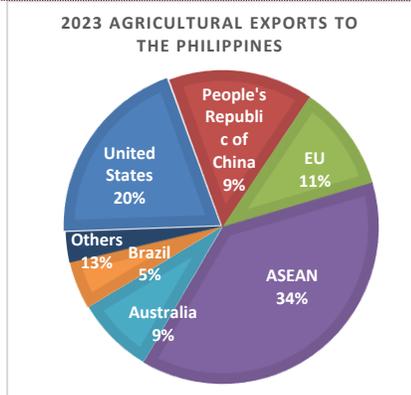
As the Philippines' economic growth outpaces its neighboring countries, the market presents stronger opportunities this year for U.S. food and beverage ingredients, including wheat, dairy products, poultry, pork, beef, starch products, processed and dried fruits, food preparations, and soy. As the food and beverage manufacturing sector reached higher capacity utilization and value of production in 2023, FAS Manila estimates three percent sales growth in 2024 with the easing of food inflation and thriftier consumer spending. The United States remains the largest single-country exporter to the Philippines with 20 percent market share.

MARKET FACT SHEET: PHILIPPINES MARKET OUTLOOK

The Philippines' economic growth outpaced neighboring countries China, Vietnam, and Malaysia in 2023. The service (7.2), industry (3.6), and agriculture, forestry, and fishing (1.2) sectors growth contributed to a six percent GDP growth in 2023. The country's economy is estimated to expand by seven percent in 2024.

AG EXPORTS TO THE PHILIPPINES

The Philippines ranked as the ninth largest U.S. agricultural export market in 2023, reaching [\\$3.6 billion](#). The United States remains the largest single-country exporter to the Philippines.



Source: Trade Data Monitor

FOOD PROCESSING SECTOR

Food manufacturers exceeded the 2022 production level with higher capacity and increased purchases of raw materials. Expensive input costs led to higher production costs. Thriftier consumer spending will lead to a modest three percent growth in food manufacturing sales in 2024.

RETAIL FOOD SECTOR

Post estimates expansion in sales of convenience stores, groceries, hypermarkets, and warehouse clubs in 2024 at six percent as more stores open. Retail prices remain elevated.

FOODSERVICE SECTOR

Restaurant and hotel sales grew in 2023. Post sees a robust growth of 20 percent in the sector as tourism improves and events resume. Restaurant chains continue to drive sales through an increasing number of stores, launching new restaurant concepts or franchises, and maintaining online deliveries.

Philippines: Quick Facts C.Y. 2024

Demographics

- 116 million population
- 1.6% population annual growth
- 47% under 24 years old & a median age of 25 years old
- 48% urbanization rate
- 13% reside in Metro Manila (capital city)
- 80% speak English & 96% literacy rate

Gross Domestic Product (GDP)

- GDP: \$476 billion (est)
- GDP per capita: \$4,170 (est)
- GDP growth rate: 7% (est)
- GDP PPP: \$1.4 trillion (est)

Agricultural & Related Trade (2023)

- PH Imports: \$17.89 billion
- PH Exports: \$6.40 billion

Consumer-oriented Agricultural Products:

- Pork, beef, poultry
- Dairy products
- Food preparations
- Sauces and condiments
- Fruits and vegetables
- Biscuits and baked products

Top Fast Food Chains

[Jollibee](#), [Mc Donald's](#), [Chowking](#), [Shakey's](#), and [KFC](#)

Top Supermarkets

[SM](#), [Robinson's](#), [Puregold](#), [Metro](#), [Walmart](#), and [Landmark](#)

Top Convenience Stores

[7-Eleven](#), [Alfamart](#), [Uncle John's](#), [Familymart](#), [All Day](#), and [Lawson](#)

Top Warehouse Clubs

[S&R Membership Shopping](#) and [Landers](#)

Top Online Grocery Delivery Platforms

[MetroMart](#), [GrabMart](#), [LazMart](#), and [Shopee Supermarket](#)

Sources: [Euromonitor](#), [Global Agricultural Trade System](#), [International Monetary Fund](#), [The World Factbook](#), [Trade Data Monitor](#), [The Economist](#), [World Bank](#), [Philippine Statistics Office](#), [Department of Trade and Industry](#), [National Economic and Development Authority](#), [S&P Global-IHS Markit](#), and FAS Manila research

Strengths	Weaknesses
Strong preference for U.S. ingredients and perceived higher standard and quality	Less competitive shipping costs and tariffs than ASEAN, China, and AU-NZ
Opportunities	Challenges
A service-based economy with a young, tech-savvy, working-age population, and resilient domestic demand	Tightening consumer purchasing power as a result of higher inflation with little room in the household budget to transfer additional outlays to food and beverages

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SECTION I. MARKET SUMMARY

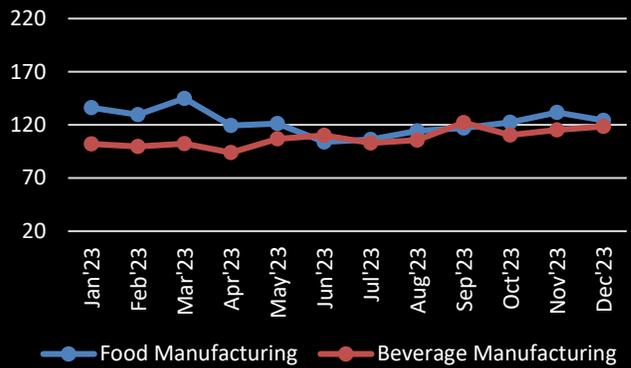
Post sees food and beverage manufacturing sales expanding minimally at 3 percent in 2024 with lower production volume and thriftier consumer food spending. Though food inflation decreased in recent months, high prices for products remain.

The manufacturing food and beverage sector production and capacity utilization surpassed the 2022 level. Demand, however, slowed since the 4th quarter of 2023 with lower food manufacturing sales combined with expensive input costs.

Food and non-alcoholic beverages inflation significantly decreased to 4.6 percent in February 2024 versus 10.8 in February 2023; however, the pricing of many products remains elevated.

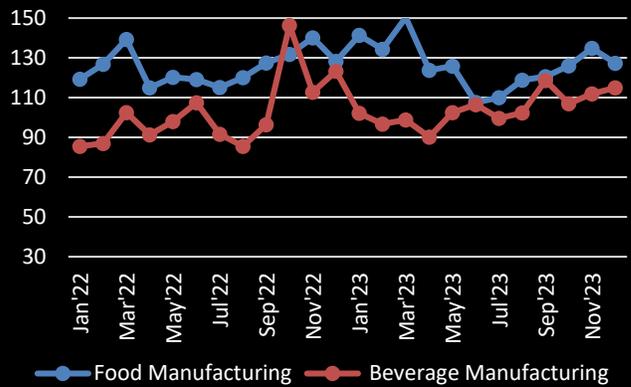
Spending on food remains the priority, forming 36 percent of household consumption; however, spending on restaurants and hotels, recreation and culture, and transportation has significantly increased by 20-30 percent in 2023. While some manufacturers produce smaller packaging to address the loss of sales, the local government monitors the pricing of products and shrinkflation, where manufacturers reduce the amount of product while maintaining the same price.

Figure 2. Value of Net Sales Index (2018=100)



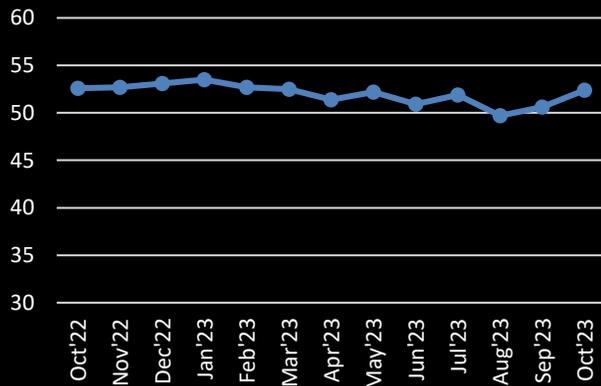
Source: [Philippine Statistics Authority](#)

Figure 3. Value of Production Index (2018=100)



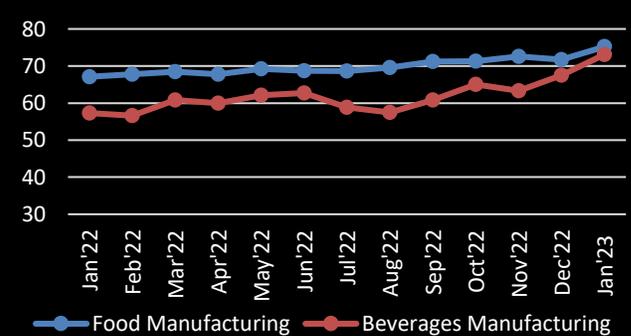
Source: [Philippine Statistics Authority](#)

Figure 1. Purchasing Manager's Index Manufacturing Sector



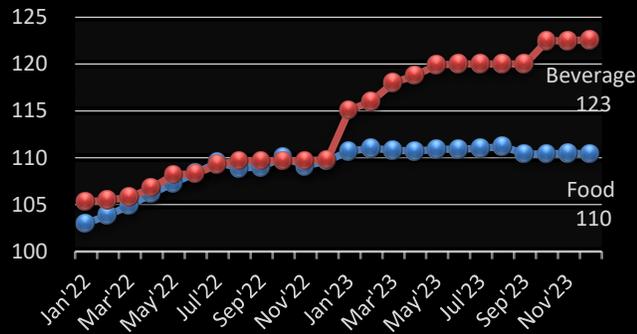
Source: [S&P Global-IHS Markit](#)

Figure 4. Average Capacity Utilization Rate (in percent)



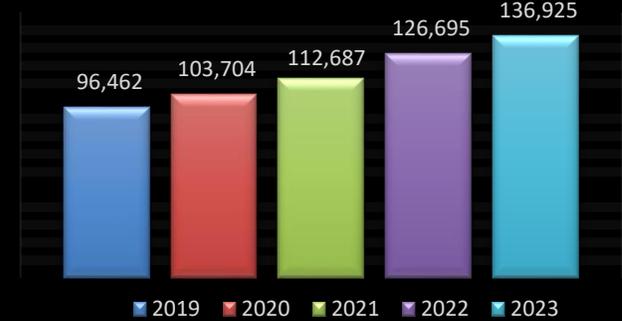
Source: [Philippine Statistics Authority](#)

Figure 5. Producer Price Index (2018=100)



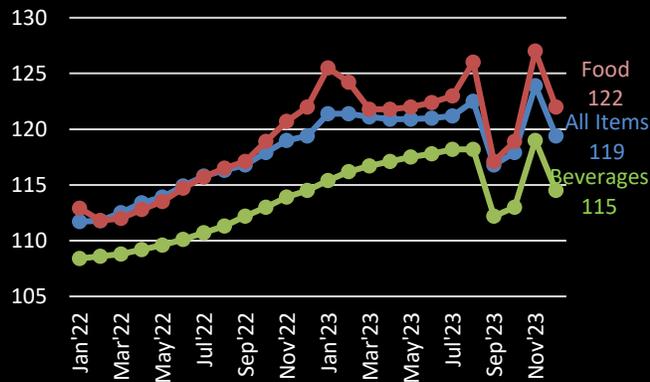
Source: [Philippine Statistics Authority](#)

Figure 7. Household Final Consumption Expenditure on Food and Non-alcoholic Beverages (in million dollars - current prices)



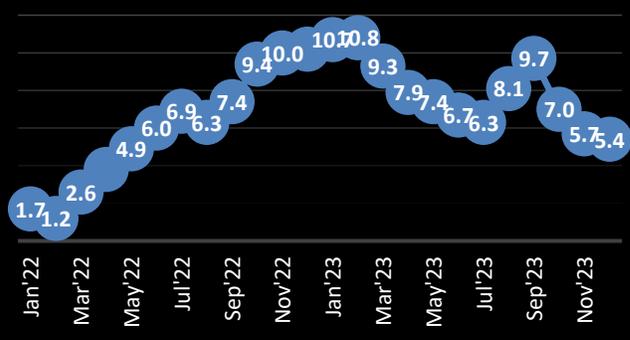
Source: [Philippine Statistics Authority](#)

Figure 6. Consumer Price Index (2018=100)



Source: [Philippine Statistics Authority](#)

Figure 8. Food and Non-Alcoholic Beverages Inflation Rate (in percentage)



Source: [Philippine Statistics Authority](#)

ADVANTAGES

- Philippine food and beverage manufacturers trust U.S. exporters for quality ingredients. Some companies use seals on product labeling to highlight U.S. ingredients and add value.

- [U.S. trade associations](#), [State Regional Trade Groups](#), [State Departments of Agriculture](#), and [USDA Foreign Agricultural Service](#) (based in the Philippines) provide marketing programs to assist U.S. exporters.

- The high import dependency ratio of the Philippines helps facilitate exports of U.S. ingredients.

CHALLENGES

- U.S. exporters face higher logistical costs and longer shipping lead times than Asian countries.

- U.S. products have higher tariffs (Most-Favored Nation) than countries with preferential trade agreements, i.e., Asian countries.

- Some Philippine manufacturers face rising input costs and resort to alternative sourcing ingredients with multiple suppliers.

SECTION II. ROAD MAP FOR MARKET ENTRY

ENTRY STRATEGY, DISTRIBUTION CHANNELS AND MARKET STRUCTURE

With high inter-island shipping costs in the Philippines, U.S. exporters typically ship to ports nearest the importer, distributor, or manufacturer's facility. Some exporters meet central purchasing managers of conglomerates, procuring ingredients for manufacturing plants nationwide.

Some U.S. exporters participate in local and regional trade shows to meet buyers. Other U.S. companies who are active members of [U.S. trade associations](#) and [State Regional Trade](#)

[Groups](#) join buyers' missions to meet Philippine buyers and take advantage of other market development and capacity-building programs. Exporters should also coordinate with [State Departments of Agriculture](#) and [USDA-FAS](#) based in the Philippines for assistance.

Access [Connecting Port to Plate amid Evolving Food Preferences](#) to read more on distribution channels and market structure. The following Philippine Market Brief reports are available at [USDA FAS Manila](#):

Table 1. Market Brief Reports

2021	2022	2023
<ul style="list-style-type: none">• Fresh Fruits• Plant-based Food Products• Shelf-Stable and Frozen Ready Meals• Wood Products	<ul style="list-style-type: none">• Brewing Ingredients and Beer• Distilled Spirits• Seafood Products• Wine• Non-Alcoholic Beverages• Deli Shops	<ul style="list-style-type: none">• Baking Ingredients• B2C Cross-border E-commerce• Pet Food• Processed Vegetables• Pulses• Distribution: Connecting Port to Plate• Halal Products

IMPORT PROCEDURES

Read the following reports for details on import regulations:

- [Philippines: FAIRS Annual Country Report](#)
- [Philippines Country Commercial Guide: Market Entry Strategy](#)
- [Customs Regulations, Import Requirements and Documentation](#)
- [Labeling/Marking Requirements](#) and [Protecting Intellectual Property](#)
- [Tariffs](#) and [Foreign Trade Agreements](#)

Figure 9. Market Entry Channels

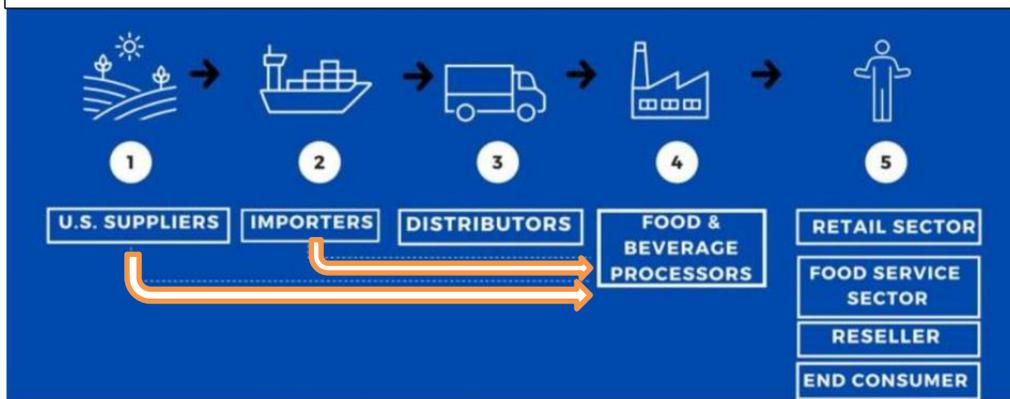


Table 2. Top Food and Beverage Manufacturers and Key Ingredients

Rank	Company	2022 Revenue Million \$	% Change	Red Meat	Poultry and Eggs	Seafood	Dairy	Fruit Prod	Veg Prod	Wheat Prod	Starch Prod	Potato Prod	Corn Prod	Soy Prod	Sauce/ Season	Cocoa	Pulses	Nuts	Oils	Sweeteners	Bev Ing
1	Nestle Philippines, Inc.	2,665	7		x		x	x		x	x		x	x	x	x			x	x	x
2	San Miguel Brewery, Inc.	2,298	15					x	x				x							x	x
3	Universal Robina Corp.	2,385	20	x		x	x	x	x	x			x	x		x	x	x		x	x
4	Coca-Cola Beverages Phil., Inc.	1,778	10					x								x				x	x
5	Zenith Foods Corp.	1,542	42	x	x	x	x	x	x	x	x	x		x	x	x				x	x
6	Monde Nissin Corp.	1,103	10			x				x				x	x	x			x	x	
7	Century Pacific Food, Inc.	983	16	x	x	x	x		x					x	x	x	x		x	x	
8	Ginebra San Miguel, Inc.	877	10					x			x				x					x	
9	Pepsi-cola Products Phil., Inc.	717	18					x												x	x
10	Purefoods-Hormel Co., Inc.	639	18	x	x	x			x					x	x					x	
11	Emperador Distillers, Inc.	507	-2																	x	x
12	Foodsphere, Inc.	549	12	x	x	x	x		x					x							
13	Pilmico Foods Corp.	561	32	x	x					x	x		x	x			x			x	
14	Nutri-Asia, Inc.	450	15	x		x		x	x		x				x		x		x	x	
15	Oleo-Fats, Inc.	532	48	x			x	x			x		x	x	x	x			x	x	x
16	Alaska Milk, Inc.	355	2				x				x		x		x	x			x	x	
17	Mondelez International, Inc.	378	14		x		x				x				x	x		x	x	x	x
18	RFM Corp.	261	13				x	x	x	x					x					x	
19	San Miguel Mills, Inc.	321	38							x										x	
20	Magnolia, Inc.	262	14		x		x	x	x		x			x	x	x			x	x	
21	LWAYWAY Marketing Corp.	256	22	x		x	x	x		x		x	x		x	x	x	x	x	x	x
22	Unilever RFM Ice Cream, Inc.	241	17				x	x			x					x			x	x	
23	Monde M.Y. San Corp.	214	9			x	x			x	x			x	x	x			x	x	
24	Ajinomoto Philippines Corp.	198	9		x	x			x	x	x			x	x					x	
25	Phil. Foremost Milling Corp.	236	30							x										x	
26	Mead Johnson Nutrition (Ph), Inc.	235	32				x									x				x	
27	General Tuna Corp.	201	24			x								x	x				x	x	
28	Republic Biscuit Corp.	225	40			x	x	x		x	x	x	x	x	x	x	x	x	x	x	x
29	General Milling Corp.	206	31							x			x							x	
30	First PGMC Enterprise, Inc.	167	9							x				x	x					x	
31	Gardenia Bakeries (Phil.), Inc.	181	20				x	x		x						x				x	
32	Nissin - Universal Robina Corp.	186	27			x			x	x				x	x				x	x	
33	Asia Brewery, Inc.	175	31					x									x			x	x
34	Goldilocks Bakeshop, Inc.	143	17	x	x		x	x	x	x	x					x	x			x	x
35	Phil. Best Canning Corp.	110	-8			x								x	x				x	x	
36	Interbev Philippines, Inc.	131	23																	x	x
37	Suncrest Foods, Inc.	108	40				x		x	x		x	x			x				x	

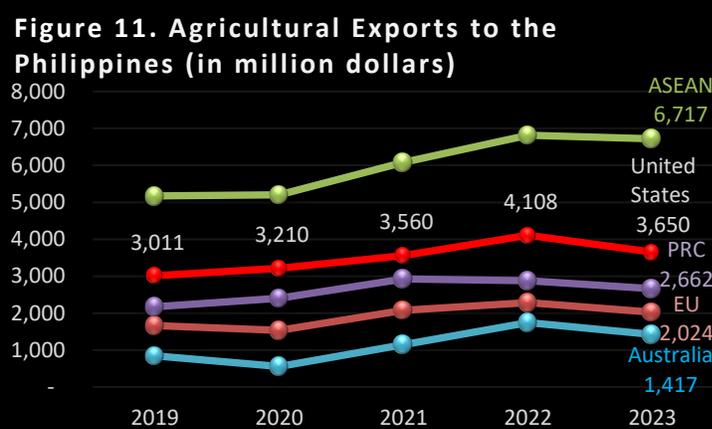
Source: BusinessWorld Top 1000 Corporations in the Philippines Volume 37 and FAS Research

SECTOR TRENDS

U.S. EXPORTERS	<ul style="list-style-type: none"> ○ ship directly to key cities in Visayas and Mindanao regions ○ appoint Philippine or regional representatives to identify more buyers ○ highlight sustainability practices to buyers
PHILIPPINE FOOD AND MANUFACTURERS	<ul style="list-style-type: none"> ○ seek alternative sources in international trade shows ○ produce smaller packaging of products or develop value-for-money options for thriftier consumer spending ○ develop new product flavors (i.e., snack food, breads, and beverages) ○ use quality seal of trade associations to add value to the product ○ develop products with immunity boosters, especially in beverages. ○ use ingredients to address dietary choices (i.e., vegan, plant-based, non-dairy products) of consumers ○ use functional ingredients to add flavor, color, or texture i.e., thickeners

SECTION III. COMPETITION

The United States has remained the top single-country exporter to the Philippines. ASEAN, China, India, New Zealand, and Australia benefit from preferential market access and proximity to the Philippines. Canada and Europe compete for premium products but face similar constraints as the United States. The United States continues to be one of the leading exporters of most products to the Philippines.



Source: [Trade Data Monitor](#)

TABLE 3. TOP U.S. AGRICULTURAL EXPORTS TO THE PHILIPPINES 2023 (in million dollars)

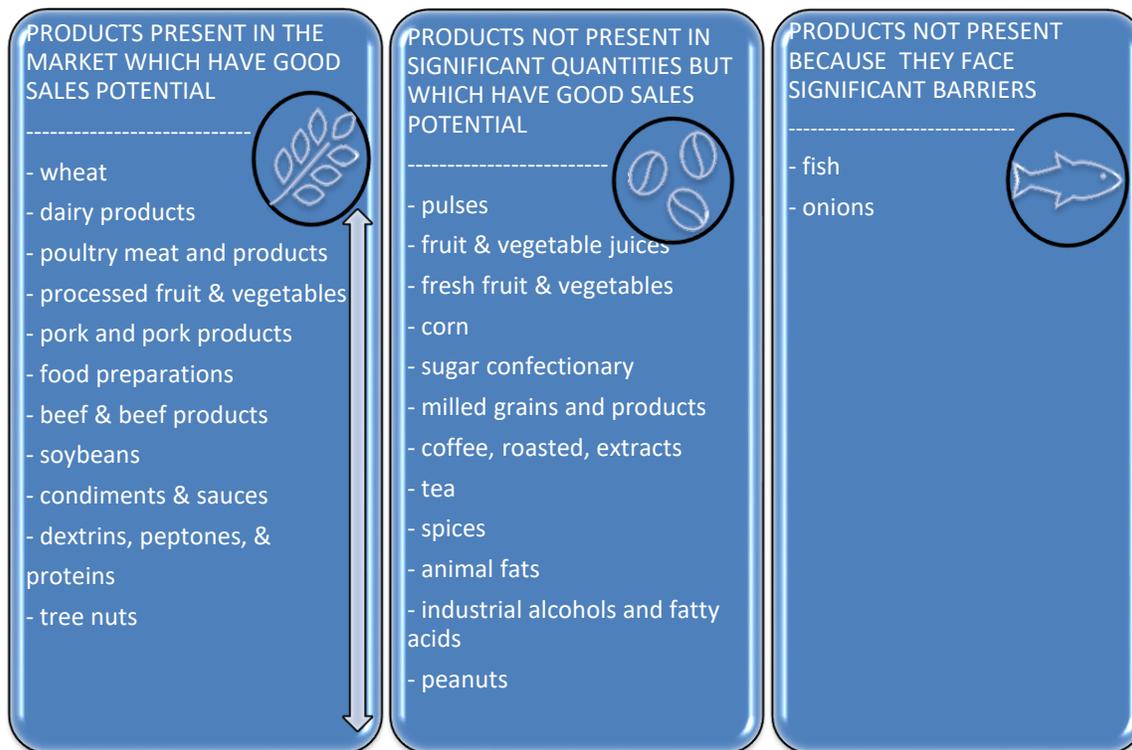
PRODUCT	RANK 1	RANK 2	RANK 3	RANK 4
SOYBEAN MEAL	1,272	57	12	4
WHEAT	862	750	156	40
DAIRY	381	373	327	112
POULTRY	203	180	32	22
PROC. VEG	222	121	96	83
PORK	563	285	220	106
FOOD PREP	362	145	111	88
BEEF	211	106	98	84
SOYBEANS	69	7	1	0
COCOA	74	45	44	44
SEASONINGS	70	70	25	17
PROC. FRUIT	77	25	17	12

Legend:								
	US	Argentina	India	Brazil	Australia	Canada	EU	Malaysia
	People's Republic of China	Thailand	Singapore	Indonesia	Mozambique	Korea	Cambodia	

Source: [Trade Data Monitor](#)

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 4. Best Products Categories



Source: [Trade Data Monitor](#), [Global Agricultural Trade System](#), and USDA-FAS Research

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Contact [USDA FAS Manila](#) for guidance in exporting to the Philippines. Access the U.S. Department of Commerce's [Country Commercial Guide](#) for more information on the Philippines' economic and political environment. Please see the links of key contacts and events:

KEY CONTACTS

USDA FAS Manila AgManila@usda.gov Tel: (632) 5301-2000	Foreign Commercial Service businessphilippines@trade.gov Tel: (632) 5301-4249	USDA APHIS IS Manila IS.Manila.Philippines@usda.gov Tel: (632) 5301-2000
Department of Trade and Industry (DTI)	Philippine Chamber of Commerce (PCCI)	American Chamber of Commerce of the Philippines (AMCHAM)
Philippine Chamber of Food Manufacturers Inc. (PCFMI)	Philippine Food Processors and Exporters	Filipino-Chinese Bakery Association, Inc.
Federation of Philippine Industries	Philippine Food Expo	Cold Chain Philippines

EVENTS

<p><u>Philippine Food Expo</u> World Trade Center, Manila, Philippines April 12-14, 2024</p>	<p><u>Food and Hotel Asia - Food and Beverage</u> * Singapore Expo, Singapore, Singapore April 23 - 26, 2024</p>	<p><u>International Food Exhibition Philippines Next Food Asia</u> World Trade Center, Manila, Philippines May 10-12, 2024</p>
<p><u>HOFEX</u> Hong Kong Convention & Exhibition Centre, Hong Kong, China May 14-16, 2024</p>	<p><u>Thaifex Anuga Asia</u> Impact Muang Thong Thani, Bangkok, Thailand May 28 – June 1, 2024</p>	<p><u>Seoul Food & Hotel 2024*</u> KINTEX, Seoul, Korea June 11-14, 2024</p>
<p><u>Manila Food and Beverage Expo</u> World Trade Center, Manila June 12-15, 2024</p>	<p><u>World Food Expo</u> SMX Convention Center, Manila July 31–August 3, 2024</p>	<p><u>Seafood Expo Asia</u> Sands Expo and Convention Centre September 4-6, 2024</p>
<p><u>Food Ingredients Asia*</u> Jakarta International Expo, Jakarta, Indonesia September 4-6, 2004</p>	<p><u>FOODEX Japan*</u> Tokyo Big Sight, Tokyo, Japan March 11-14, 2025</p>	

*[USDA Endorsed Trade Shows](#)

Attachments:

No Attachments