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Report Highlights:
Philippine imports of pulses and other leguminous vegetables in various formats (dry, frozen, flour, and prepared foods) grew 48 percent in the past five years to $88 million in 2022. The United States supplied a tenth of total imports and ranked as third largest supplier after ASEAN and Canada. Local traders forecast Philippine imports will increase five to seven percent annually in the next five years. The key drivers include the country's growing reliance on imports, the rising prices of animal-sourced protein, and a growing trend toward plant-based foods. Traders believe the United States is well positioned to increase its export volume by leveraging the Filipino consumers' strong preference for U.S.-origin products.

Philippine Market Brief

Pulses

The Philippines' increasing reliance on imported leguminous vegetables, tight supply of animal protein[1], growing trend towards plant-based foods, and strong consumer preference for U.S.-origin products underscore strong opportunity for the U.S. pulses industry to increase export volume.

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 consumer preference for U.S. food and beverage products
- Steady growth in retail, food service and food processing sectors.

Sources: The World Factbook and PSA 2020 Census of Population and Housing

Situation

Philippine production of leguminous vegetables declined over the past five years to 166,600 MT in 2021[2] (most recent data) at a compound annual growth rate (CAGR) of -1 percent. The top products were green beans (124,600 MT) and pulses (mungo, sweat peas, and some beans[3] and chickpeas). Locally-produced pulses (42,000 MT) accounted for 27 percent of the country's requirement in 2021[4]; the remaining 73 percent or 116,500 MT was satisfied by imported pulses. The total market value of local and imported pulses amounted to $130 million.

Figure 1. Volume Percentage of Philippine (PH) Production of Leguminous Vegetables by Product in 2021

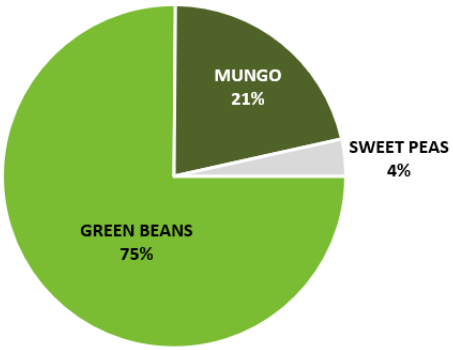
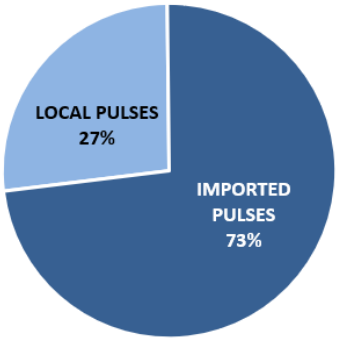


Figure 2. Volume Percentage of Local and Imported Pulses in 2021



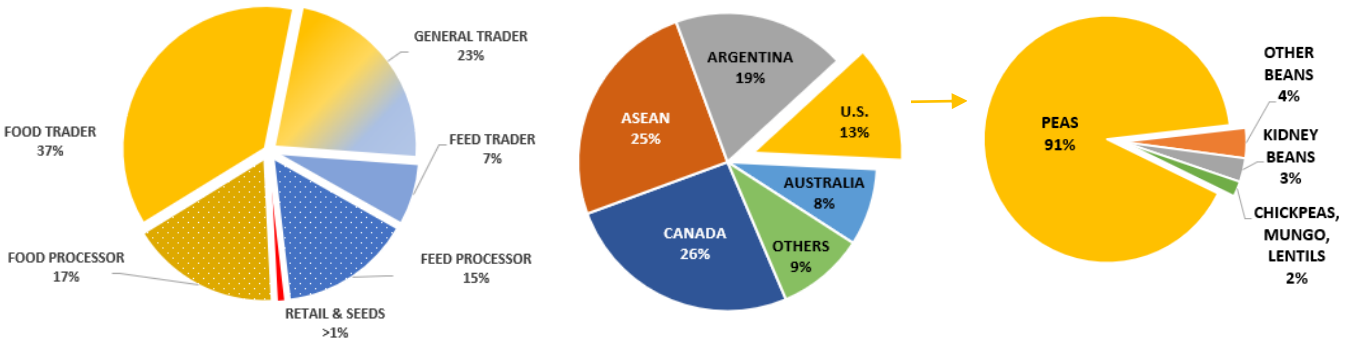
Sources: Philippine Statistics Authority, OpenStat, Other Crops: Volume of Production and PH Bureau of Customs data

[1] Bangko Sentral ng Pilipinas. February 2023 Economic Outlook. Retrieved on February 22, 2023 from https://www.bsp.gov.ph/SitePages/PriceStability/FullReportMPR/MonetaryPolicyReport_Full_February2023.aspx
[2] Philippine Statistics Authority. OpenStat, Other Crops: Volume of Production.
[3] Varieties of beans: black, lima, Kentucky, kidney, red, and wonder varieties.
[4] No available statistics on the volume of local leguminous vegetables that was used for food.

Importation of Pulses

Philippine importation of pulses (HS 0713) in the past five years increased to 124,500 MT in 2022 (worth $82 million) at a CAGR of four percent; up six percent year-on-year. More than half of importation went to food. The United States was the fourth largest supplier of dry leguminous vegetables, mostly peas, with a 13 percent volume market share valued at $8.8 million.

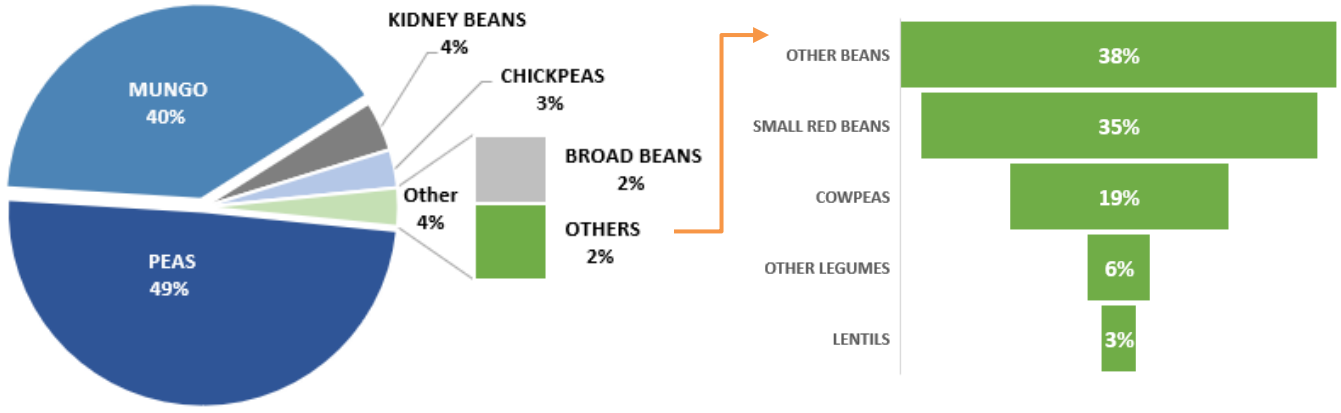
Figure 3. Volume Percentage of Philippine (PH) Importation of Dry Leguminous Vegetables in 2022 by Importer Type and Country of Origin



Source: PH Bureau of Customs data

Mungo and peas accounted for almost 90 percent of importation or 111,000 MT.

Figure 4. Percentage Volume of PH Importation of Dry Leguminous Vegetables in 2022 by Product Category



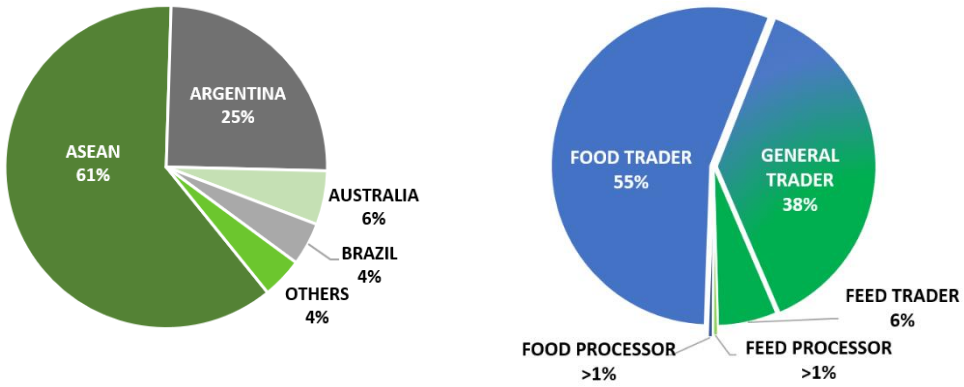
Notes:
1. Source: PH Bureau of Customs data
2. Other beans: pigeon peas, black lima, pinto, and cowpeas
3. Other legumes: leguminous vegetables NESOI including seed

Mungo

In 2022, the Philippines sourced close to 50,000 MT of mungo (HS 071331) worth almost $40 million, primarily from ASEAN and Argentina; less than one percent was sourced from the United States. The

product was imported primarily by traders and for food use. Only two processors, one for food and the other for feed, imported mungo directly. The volume imported by retailers and seed companies was negligible.

Figure 5. Percentage Volume of PH Importation of Mungo in 2022 by Country of Origin and Importer Type

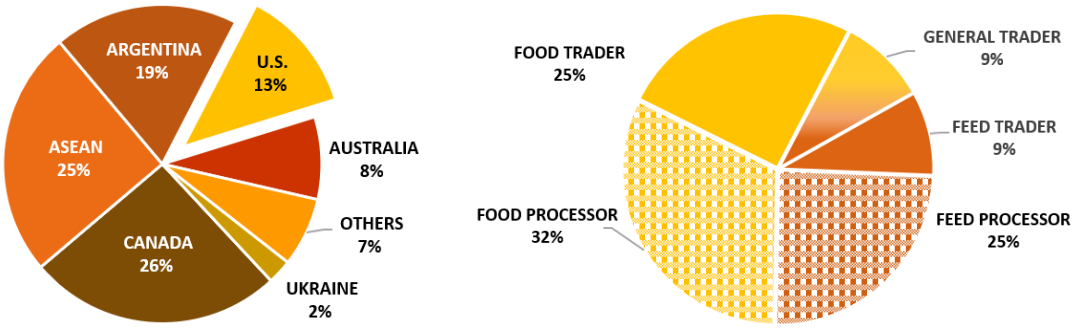


Sources: PH Bureau of Customs data and FAS Manila research

Peas

The Philippines imported 61,500 MT of peas (HS 071310) in 2022 worth almost 34 million; 70 percent of which was sourced from Canada, ASEAN, and Argentina. The United States ranked fourth largest supplier and held a 13 percent volume market share. Most of the product (57%) was imported directly by food and feed processors, and the rest (43%) by traders. At least 57 percent of imports went to food use; 34 percent was used for feeds. The remaining nine percent was imported by companies that trade in general. The volume imported by retailers and seed companies was negligible.

Figure 6. Percentage Volume of PH Importation of Peas in 2022 by Country of Origin and Importer Type



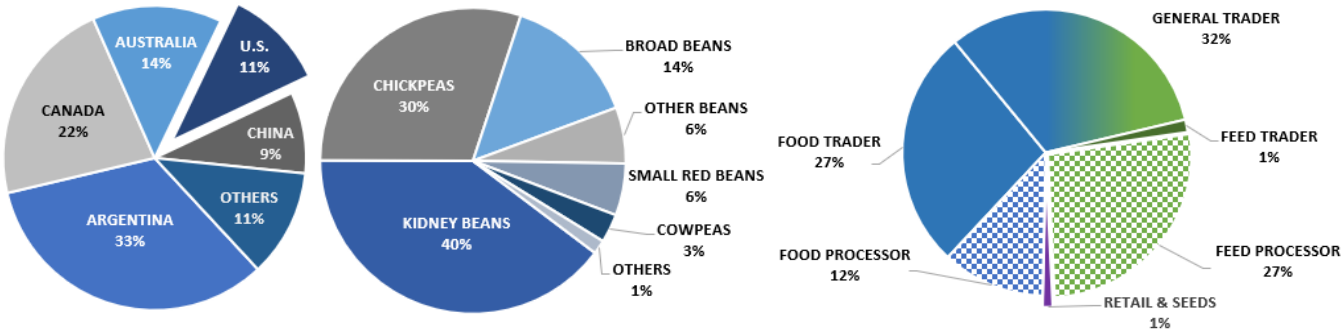
Sources: PH Bureau of Customs data and FAS Manila research

Other Dry Leguminous Vegetables

In 2022, the Philippines imported 13,000 MT of other dry leguminous vegetables (excluding mungo and peas) worth almost $9 million. The top products were kidney beans, chickpeas, and broad beans. The United States ranked fourth largest supplier and held an 11 percent volume market share. Products from Argentina, Canada, and Australia accounted for 70 percent of importation. Traders brought in 60 percent of total imports, while 39 percent was imported by processors (mostly for feed use). The direct

importation of retailers and seed companies was negligible. At least 39 percent of imports went to food, and at least 28 percent was used for feeds. The remaining 32 percent was imported by general traders that cater to both sectors.

Figure 7. Percentage Volume of PH Importation of Other Dry Leguminous Vegetables in 2022 by Country of Origin, Product Category, and Importer Type



Notes:
1. Sources: PH Bureau of Customs data and FAS Manila research
2. Other beans: pigeon peas, black lima, pinto, and cowpeas
3. Others: lentils, pigeon peas, and other leguminous vegetables NESOI including seed

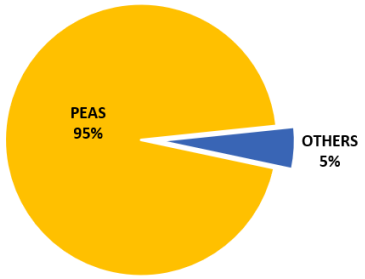
Importation of Other Formats of Leguminous Vegetables

Frozen Leguminous Vegetables

The Philippines imported 1,830 MT of frozen leguminous vegetables in 2022, mostly peas (HS 071021), amounting to almost $2 million. The rest were beans and other leguminous vegetables (HS 071022 and 071029). The top suppliers of frozen leguminous vegetables were China and New Zealand. The United States supplied 3 MT worth $13,600.

In addition, the Philippines imported 4,300 MT of mixed vegetables (HS 071090; typically a medley of peas, green beans, corn, and carrots) worth $4 million, and mostly from China.

Figure 8. Percentage Volume of PH Importation of Frozen Leguminous Vegetables in 2022 by Product Category



Source: PH Bureau of Customs data

Chickpea Flour

In 2022, the Philippines imported close to 5.5 MT of chickpea flour (HS 110610) worth $7,000 from the United States and India, in retail and bulk formats.

Prepared Peas, Beans, and Chickpeas

Philippine importation of prepared beans, chickpeas, and peas (HS 200540, 200551, and 200559) grew 40 percent in the past five years to 3,900 MT (worth almost $4 million) in 2022. The top suppliers were China, EU, and UK. The United States ranked fourth largest supplier with a six percent volume market share valued at $250,000.

Opportunities, Product Applications, and Trends

Government Roadmaps

- The Philippine Board of Investments (BOI) is drafting the Philippine Plant-based Food Industry Roadmap to support the development of the local plant-based food industry, with strong emphasis on fiscal incentives under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act for prospective investors. Once completed, the roadmap could bolster the demand for imported pulses and pulse ingredients.
- The Philippine Department of Agriculture's Philippine Vegetable Industry Roadmap 2021-2025 cited a deficiency[5] in the actual household consumption of vegetables; hence the need for programs to encourage higher consumption of vegetables. Following are the programs that are pertinent to leguminous vegetables: 1) The University of the Philippines will develop other varieties of legumes, 2) Under the National Nutrition Council's dietary supplementation program, local leguminous vegetables will be included in food rations for pregnant women and children ages 6-23 months, and 3) Local government units will be encouraged to include local leguminous vegetables in food packs distributed during emergencies and disasters. While the roadmap emphasizes utilizing local products, the country's increasing dependence on importation underscores strong opportunities for the U.S. pulse industry.

USADPLC Quality Seal

- WL Foods and two other local processors, namely JBC and M&T, have incorporated the USA Dry Pea & Lentil Council mark on-pack. According to Euromonitor International, the retail value sales of the savory snack market in the Philippines, which was $1.7 billion in 2022, is set to increase at a CAGR of 9 percent to $2.6 billion by 2027. The remarkable size and potential growth of the market present a valuable opportunity for the U.S. pulses industry to introduce innovative savory snack applications and leverage the Filipino consumer's strong preference for U.S.-origin products.

Product Applications

- *Chicharon*, made from deep-fried pork rind with a little bit of fat, is a popular snack and bar chow all over the Philippines. *Chicharon* is also typically crushed and tossed on top of popular local foods, such as sisig and pancit palabok.[6] Market leaders in the snack food industry Liwayway Marketing Corporation and Universal Robina Corporation (URC) bank on the Filipinos' love for *chicharon*. Both companies manufacture a *chicharon* snack made from dry peas under the brand names Marty's

[5] The Philippine Department of Science and Technology - Food and Nutrition Research Institute and Department of Health - National Nutritional Council recommend that each healthy meal should be composed of 33 percent vegetables. Based on the 2019 Expanded National Nutrition Survey, the average daily intake is 15.5 vegetables, a 13 percent deficit in the actual consumption of vegetables.

[6] *Sisig* is a traditional Filipino dish made from chopped pork and chicken liver, and seasoned with onions, calamansi, and chili peppers. *Pancit palabok* is a popular noodle dish with a rich pork and shrimp sauce. Fast food giant Jollibee, with over 1,500 stores, features *pancit palabok* on its menu.

Crackling and Chicharron ni Mang Juan respectively. The pea-based *chicharon* snack costs $0.50 per 100 grams, a tenth of the cost of *chicharon* made from pork rind. When combined, Liwayway and URC hold a 40 percent share of the lucrative savory snacks market across several brands, while several other small to mid-scale processors account for the remaining shares. These smaller processors could be receptive to technical assistance and new product innovations.

- When compared to other leguminous vegetables, the relatively high consumption of mungo in the Philippines is due to the fact that Filipinos typically eat *ginisang munggo* every Friday. The dish is a savory mungo stew with spinach leaves, flavored with garlic, tomatoes, and onions, and topped with *chicharon* or paired with dried fish. The custom stems from the country's predominantly Roman Catholic population that refrains from eating meat every Friday during the Lenten season. In the Philippines, most wet markets replenish stocks during the weekend. Due to a lack of cold storage facilities, sellers need to move fresh meat, produce, and seafood briskly. Come Friday, dried mungo and dried fish are among the only products left.
- Filipinos welcome new culinary renditions of traditional dishes. With recipe development and the right marketing push, other pulses such as peas, chickpeas, and beans can hitch on the popularity of Filipino dishes and desserts. See "Mung Bean, Chickpeas and Bitter Gourd Shoots Soup Recipe," "11 Must-Try Filipno Dishes," and "12 Best Filipino Desserts."
- There are Filipino dishes, such as *rellenong bangus (stuffed milk fish),* that require small amounts of pulses to complete the recipe. In preparing *rellenong bangus*, half a cup (about 70 grams) of peas is needed for a medium-sized fish. Since only a small amount is required, homemakers would rather buy peas in small cans or pouches than soak peas overnight. RAM is a popular brand. U.S. dry peas are processed locally and promoted as "made from 100% U.S. green peas."

- Pulses are incorporated in desserts such as *halo-halo*, a Filipino summertime favorite that contains chickpeas, red mung, and white beans. *Halo-halo* has been a mainstay on Chowking's menu across more than 600 stores. Similarly, *ice buko* (a local ice popsicle) is made from coconut milk with a generous amount of red mungo at the tip.

Plant-Based Food Trend

- When Manila Vegans Facebook group began in 2014, only 70 people joined. The group now has 53,000 members composed of vegans, vegan-curious, vegetarians, and flexitarians nationwide. The rise in membership reflects a growing interest among Filipinos in plant-based foods. For more information, see USDA GAIN report entitled "Philippines: Plant-based Food Products Market

Brief." WONDER MEAT, the first local brand to offer 100 percent plant-based products, contains peas.

- Supported by a growing awareness and adoption of global trends, plant-based beverages have taken hold of a recognizable niche market in the Philippines. See GAIN report on "Philippines: Non-Alcoholic Beverages Market Brief."

Import Regulations and Requirements

Philippine Importer Requirements

1. Accreditations
   Only importers that are accredited by Philippine government regulatory agencies may import food and agricultural products into the Philippines for commercial purposes. For unprocessed and semi-processed plant products, whether fresh, dry, flour, chilled, or frozen, accreditation is obtained from the Bureau of Plant Industry (BPI). If the product will be offered for retail sale without undergoing further processing, the importer must obtain accreditation from both BPI and the Food and Drug Administration (FDA). For processed plant products, accreditation is obtained solely from FDA.

2. Import Clearance and/or Certificate of Product Registration
   - An importer must obtain a Sanitary and Phytosanitary Import Clearance (SPSIC) from BPI prior to each and every importation of an unprocessed or semi-processed plant product. If the product will be offered for retail sale without undergoing further processing, the importer must also obtain a Certificate of Product Registration (CPR) from FDA.
   - For all processed plant products, an importer must obtain a CPR from FDA.

Documents Required from the U.S. Supplier

- Depending on the category assigned by BPI, all unprocessed and semi-processed plant products from the United States that are shipped to the Philippines must be accompanied by a USDA-APHIS export certificate. Below is the categorization of plant products.

  Category 1: Commodities processed to the point that they are incapable of being infested with quarantine pest require an SPSIC.

  Category 2: Commodities processed to the point where the commodity remains capable of being infested with some quarantine pests and whose intended use may be for consumption or further processing require an SPSIC, and may require a Pest Risk Analysis.

  Category 3 and 4: Commodities that have not been processed with an intended use of consumption, processing, or planting require an SPSIC and Pest Risk Analysis.

  For Category 1 products (such as flour), a Processed Plant Products Export Certificate (PPQ Form 578) will suffice. For Category 2 products (dry, chilled, and frozen) that do not require a Pest Risk Analysis, a Federal Phytosanitary Certificate (PPQ Form 577) is required.

- When applying for a CPR for processed products, the importer will need to obtain one of the following documents from the U.S. supplier:
    - Foreign Agency Agreement/Certificate of Distributorship/Appointment Letter
    - Proforma Invoice
    - Memorandum Agreement

  One of the following documents is also required:
    - Manufacturer's Certificate of Registration with Good Manufacturing Practices compliance or its equivalent
    - ISO 22000 Certification or HACCP Certificate
    - Phytosanitary Certificate/Health Certificate/Certificate of Free Sale issued by a U.S. government regulatory agency or health authority stating that the product is freely sold in the United States and/or fit for human consumption.

Notes:
1. The SPSIC will state if there are certain pre-entry requirements that need to be fulfilled before the products are shipped.
2. For the importation of plant and plant products for personal consumption, a Plant Quarantine Clearance (PQC) will be issued by BPI in lieu of an SPSIC.
3. USDA-APHIS provides a list of commodities eligible for a Processed Plant Products Export Certificate (PPQ Form 578) and a list of commodities ineligible for any type of PPQ certification on its website.
4. Should BPI require a Pest Risk Analysis for a specific plant product, contact FAS Manila for assistance.
5. For more information, see Philippines: Food and Agricultural Import Regulations and Standards (FAIRS) Report.

Tariff and Taxes

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

Tariff Rates

ASEAN, Canada, China, India, and the United States are the top exporters of dry leguminous vegetables to the Philippines. Preferential tariff rates under the ASEAN-China Free Trade Agreement (ACFTA), ASEAN-India Free Trade Agreement (AIFTA), and ASEAN Trade in Goods Agreement (ATIGA) apply.

ASEAN Harmonized Tariff Nomenclature (AHTN) Code	Description	Most Favored Nation	ACFTA	AIFTA	ATIGA
Frozen leguminous vegetables					
071021 071022 071029 071090	Peas Beans Other Mixture of vegetables	10%	0%	0%	0%

Dry leguminous vegetables					
071310	Peas	3%	0%	3%	0%
071320	Chickpeas	3%	0%	0%	0%
071331	Mungo	10%	0%	0%	0%
071332	Small red (Adzuki) beans	10%	0%	0%	0%
071333	Kidney beans	1%	0%	0%	0%
071334 071335 071339 071340 071350	Bambara beans Cowpeas Other beans (i.e., black, lima, pinto) Lentils Broad beans	3%	0%	0%	0%
071360 071390	Pigeon peas Others	5%	0%	0%	0%
Flour, meal, and powder of leguminous vegetables					
110610	Under heading 0713	10%	0%	10%	0%
Prepared leguminous vegetables					
200540	Peas and beans	10%	0%	10%	0%
200551	Beans, shelled	15%	0%	15%	0%
200559	Other (leguminous vegetables) In airtight container for retail sale Other	7%	0%	7%	0%

Source: Philippine Tariff Finder

VAT Free

The Philippine Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 112-2021 to clarify that imported unprocessed vegetables that may be legally imported into the country are exempt from the 12 percent value-added tax (VAT), including unprocessed vegetables whether whole, cut, sliced, broke, dried, fresh, chilled, frozen, shelled, skinned, or split. For more information, see USDA GAIN report entitled "Philippines: All Imported Fresh Fruits and Vegetables Now VAT Free."

Assistance and Further Information

USDA-FAS Manila can assist U.S. exporters in identifying potential importers in the Philippines. For more information on the Philippine market, access the following GAIN reports through our webpage:

- Philippines: Exporter Guide
- Philippines: Food Processing Ingredients
- Philippines: Food Service - Hotel Restaurant Institutional
- Philippines: Retail Foods

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Attachments:
No Attachments.