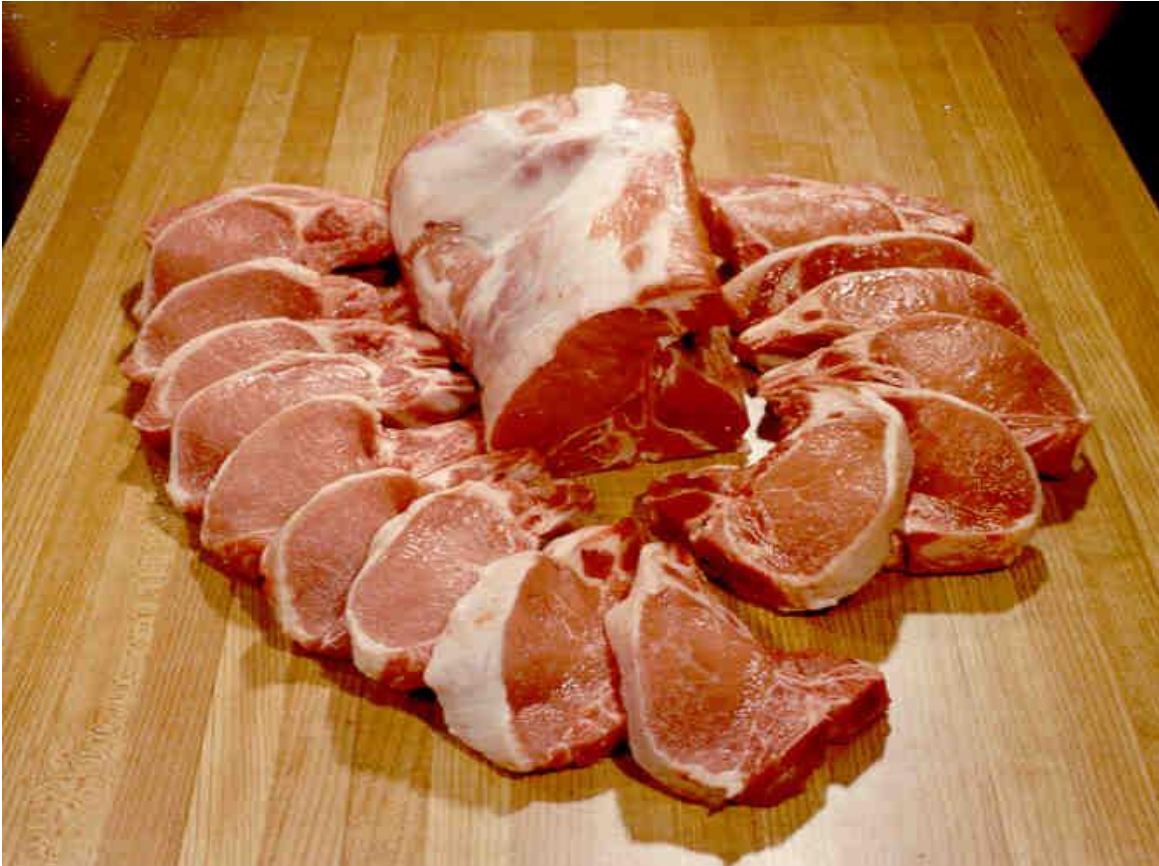


Pork Market in the Philippines



November 17, 2021

Manitoba



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THE PHILIPPINES

Executive summary

The estimated value of the Filipino pork market is \$4 billion and it is forecasted to grow between 2020 and 2025, both in volume (6.5 per cent) and in retail value (9.2 per cent)¹. Imports of pork meat to the Philippines have increased since 2016, with a compound annual growth rate (CAGR)² of 4.52 per cent, indicating clear potential market opportunities for Manitoba pork producers and processors. A segment of interest in the pork meat market is fresh pork, with a CAGR of 9.25 per cent in the 2016 to 2020 period.

Canada has been one of the top three pork suppliers to the Philippines since 2016 with a CAGR of 19%. In the first three quarters of 2021, Canada ranked as top pork exporter to the Philippines with exports valued at \$231 million, representing a share of 21.5 per cent of total imports. During the same period, Manitoba sold 13,800 tonnes of pork to the Philippines, valued at \$36.1 million, with a CAGR of 23.54 per cent since 2016. Manitoba takes 3.4 per cent of the Philippines' pork import market share.

The Philippines is Canada's second largest export market in the Southeast Asia region³ and as of September, it has been identified as the seventh-largest pork importer in the world, with imports surpassing \$1 billion in 2021.

African Swine Fever (ASF) has continued to pose significant challenges to the Philippines' domestic pork production, but it has provided Manitoba producers and processors with opportunities to address the shortfall of pork. In fact, the president of the Philippines signed an executive order to temporarily lower tariffs on imported pork in April 2021. The order cuts tariffs within the minimum access volume (MAV) quota from 30 per cent to five per cent for the first three months, starting in April 2021, and to 10 per cent for the following nine months. This has put Canadian and Manitoba producers in a much better position to compete against other countries that have trade agreements in place with the Philippines.

Pork is pivotal to the Filipino diet, ranking as the second-highest source of food energy after rice. In 2020, the pork consumption per capita in the Philippines was about 14.9 kilograms per person per year and it is expected to grow in 2021.⁴

Manitoba pork processors have the option of direct export, indirect export and use of e-commerce as potential methods for gaining market access into the Philippines. Direct export can result in higher profits and more control over the process, but requires enhanced capabilities and advanced knowledge and connections with the major retail chains in the Philippines. Intermediaries can include agents, distributors and export management or trading firms. These entities can assist with expansion into the Philippines by:

- selling the product
- leveraging distribution channels and contacts
- handling import documentation
- promoting the different products in the market
- helping to overcome language and cultural differences

E-commerce is emerging in the Philippines, but has several barriers to overcome before it is an appropriate distribution channel for exporters.

¹ Euromonitor – October 2021

² Compound annual growth rate (CAGR) is the mean annual growth rate of an investment over a specified period of time longer than one year

³ Canada Trade Commissioner Services

⁴ Statista Research Department, June 16, 2021

Key demographics and economic indicators

Country name: Republic of the Philippines

Head of Government: President Rodrigo Duterte (since 2016)

Government Type: Unitary presidential constitutional republic

Capital: Manila

Legislature: Congress with upper house (Senate) and lower house (House of Representatives)

Judiciary: Supreme Court (consists of Chief Justice and 14 judges)

Location: It is an archipelagic country in Southeast Asia, situated in the western Pacific Ocean, and consists of about 7,640 islands, that are broadly categorized under three main geographical divisions from north to south: Luzon, Visayas, and Mindanao. The Philippines is bounded by the South China Sea to the west, the Philippine Sea to the east, and the Celebes Sea to the southwest and shares maritime borders with Taiwan to the north, Japan to the northeast, Palau to the east and southeast, Indonesia to the south, Malaysia and Brunei to the southwest, Vietnam to the west and China to the northwest. The Philippines covers an area of 300,000 square kilometres (120,000 square metres).⁵

Economic indicators: The Philippines is the 29th economy in the world, in terms of gross domestic product (GDP) (\$1 trillion U.S.⁶).

Population: 109 million people (Jan. 1, 2020).

GDP growth: 6.3 per cent (2018) and 6.0 per cent (2019)

GDP per capita: \$9,061 (PPP, 2021 est.)

GDP per capita rank: 115th (nominal, 2021 estimated)

Inflation: 4.9 per cent (August 2021)

Consumption and the market

Consumer Trends

The leading meat products consumed in the country are chicken and pork-based. The Philippines has recently seen a rise in meat consumption, most specifically for pork meat. Pork is pivotal to the Filipino diet, ranking as the second-highest source of food energy after rice.

In 2020, the pork consumption per capita in the Philippines was about 14.9 kilograms per year, while poultry meat was at 13.74 kilograms. By the end of 2021, pork will be the most consumed type of meat in the Philippines at approximately 15 kilograms per person per annum.⁷

Filipinos love their pork and have several dishes as their favorites. Pata tim is a traditional Filipino dish with Chinese influences, made with a combination of pork leg, seasoning cube, bok choy, shiitake mushrooms, brown sugar, soy sauce, sesame oil, cornstarch, peppercorns, and star anise. Adobong baboy is a traditional stew originating from the Philippines, made with a combination of pork belly, garlic, soy sauce, vinegar, sugar, bay leaves, peppercorns and salt. Inihaw na liempo is another traditional Filipino dish, consisting of grilled pork belly, marinated in soy sauce, lemon juice, salt, pepper and garlic. It can be served as an appetizer or main dish. Bicol express is a popular Filipino dish consisting of sliced pork that is doused in a creamy coconut-based sauce and seasoned with shrimp paste and spicy chili peppers⁸.

⁵ Wikipedia.org

⁶ World Bank

⁷ Statista Research Department, Jun 16, 2021

⁸ <https://www.tasteatlas.com/>

Current market size and forecast 2020 to 2025

The estimated 2020 market size of pork by retail value in the Philippines was \$4.05 billion and 1.2 million tonnes. This market is expected to grow by 6.5 per cent in volume and 9.2 per cent in retail value by 2025, reaching 1.6 million tonnes and \$6.1 billion (See Table 1).

Table 1. **Market size and forecasted volume CAGR for the Philippines pork market**

| Type of Meat | 2020 Market Size by Retail Value RSP ⁹ (CAD million [†]) | 2020 Market Size by Total Volume (000 tonnes) | Forecasted Volume Growth 2020-2025 CAGR % | Forecasted Retail Value Growth 2020-2025 CAGR % |
|--------------|---|---|---|---|
| Pork | \$4,049.00 | 1,195 | 6.50% | 9.20% |

Source: Euromonitor - October 2021.

The domestic retail price of lean pork meat in the Philippines is sensitive. Factors include animal feed shortages due to adverse weather conditions, animal diseases (such as African Swine Fever) and rising fuel prices. The retail price of lean pork has seen a yearly increase since 2007 and as of 2018, its domestic price was approximately C\$5.45 per kilogram. By January 2021, the price of pork was reported at \$9.86 per kilogram, showing an increase of 60 per cent in just six months. For context, the minimum daily wage in the nation's capital is \$13.24. This has also resulted in subsequent rises in price for other proteins, including chicken. In response, the Philippine government introduced a two-month price cap on pork and chicken in early Feb. 2021. Despite this, reports indicate that pork retail prices were still around \$8.63 to \$9.37/kg, compared to the capped level of \$6.60 to \$7.40/kg as consumer's interest in purchasing pork meat steers the increasing domestic price of the market.

The Philippines' pork production and trade balance

In 2019, the country was ranked number seven in the world in pork production¹⁰. The total hog production in 2020 was estimated at 2.14 million tonnes, a 6.7 per cent decrease from the 2.30-million-tonne output in 2019.

Total hog production¹¹ from April to June 2021 was estimated at 406.07 thousand tonnes, liveweight. It decreased by 26.2 per cent from the 550.02-thousand-tonne, liveweight output during the same quarter of the previous year. Among the regions, Central Visayas was the top producer of hogs during the quarter, with a production of 55.15 thousand tonnes, liveweight. This was followed by Northern Mindanao and Western Visayas, with corresponding productions of 52.82 thousand tonnes, liveweight, and 47.23 thousand tonnes, liveweight. These regions collectively shared 38.2 per cent of the country's total hog production.

Relative to their levels in the same quarter of 2020, ten regions showed declines in production during the quarter April to June 2021. Central Luzon posted the biggest annual decline of 77.1 per cent, from 104.43 thousand tonnes, liveweight in the second quarter of 2020 to 23.95 thousand tonnes, liveweight for the quarter April to June of 2021.

African Swine Fever has posed significant challenges to the Philippines' pork production. While there are conflicting reports on the number of pigs affected, the USDA estimated that production fell by 30 per cent in 2020, and forecast a

⁹ Retail Sale Price RSP is the maximum price at which the excisable goods in packaged form may be sold to the ultimate consumer and includes all taxes, local or otherwise, freight, transport charges, commission payable to dealers, and all charges towards advertisement.

¹⁰ <https://www.nationmaster.com/nmx/timeseries/philippines-pork-production>

¹¹ Hog production refers to live weight of swine

further 10 per cent decline in 2021, at 1.0 million tonnes. In addition, tight supplies of pig meat because of the outbreak have resulted in significant rises in pork retail prices.

To address the shortfall of pork and the higher retail prices, the president of the Philippines signed an executive order to temporarily lower tariffs on imported pork in early April of 2021. The order cuts tariffs within the minimum access volume (MAV) quota from 30 to five per cent for the first three months, and to 10 per cent for the following nine months. For pork imports outside the quota scheme, the tariff drops from 40 to 15 per cent during the first three months and to 20 per cent for the remaining nine months. The president has also recommended increasing the MAV pork quota from 54,210 tonnes to approximately 400,000 tonnes for 2021. However, there have been some challenges from local farmers about the impact of these tariff reductions.

The Philippines' pork imports

The Philippines is, so far, the seventh-largest pork importer in the world in 2021, with imports surpassing \$1 billion at the end of September. In the first three quarters of 2021, Canada ranks as the number one pork exporter to the Philippines, with \$231 million in export value or 21.5 per cent of the country's total import value. During the same period, Manitoba has sold 13,800 tonnes of pork to the Philippines, valued at \$36.1 million. Manitoba takes 3.4 per cent of the Philippines' pork import market share.

In 2020, the Philippines imported a total of 281,300 tonnes of pork meat, of which 32 per cent was offal (organ meats), frozen or fresh. The quotas and tariff rate changes discussed above do not cover offal. Last year's pork meat imports were nearly 40 per cent lower compared to the previous year, which is reportedly due to disruptions from the pandemic. However, the USDA expectations that import levels were to exceed pre-pandemic levels in 2021 are now materializing. The introduction of the changes to import tariffs mentioned above are making the Philippines a more significant export market over 2021. Manitoba already has a foothold in this market, and the changes appear to be boosting the province's export prospects for this year. However, there is a stiff competition from the U.S. and Spain to capitalize on the increased market potential, and price competitiveness is the key.

In 2020, the Philippines imported pork from 28 countries around the world. Spain, Canada and the United States supplied over half of the nation's pork meat imports in volume terms. Table 3 shows the top suppliers of fresh, chilled and frozen pork to the Philippines between 2016 and 2020. The top five countries exporting frozen, fresh and chilled pork to the Philippines in 2020 (measured in value) include the United States, Spain, Canada, the Netherlands and France. The top two main countries show how colonial times have marked the trade relationship, while Canada, as third in 2020, has now become the number one supplier to the Philippines in 2021.

Imported frozen pork cuts are the overwhelming majority of imports with, making up over 90 per cent of the total volume.

Imports of pork meat to the Philippines have increased since 2016, with a CAGR of 4.52 per cent, indicating potential market opportunities for Manitoba pork suppliers. Based on the trends in the market size, and the forecast volume growth between 2020 and 2025, opportunities may exist to expand Canada's market share in the chilled and frozen processed pork meat categories in the Philippines. However, as per the data shown in Tables 2, 3 and 4, the COVID-19 global pandemic appears to have affected imported pork meat, with a drop in frozen pork meat imports in 2020 from the previous year. On the other hand, the increase in the amount of imported fresh pork meat in 2020, compared to previous years, appears to be a trend and an opportunity for Manitoba producers and processors.

Table 2a. The Philippines' imports of Frozen, Fresh and Chilled pork 2016-2020 (in Canadian dollars).

| <i>Description</i> | <i>2016-2020 \$</i> | <i>%</i> | <i>2016 \$</i> | <i>2017 \$</i> | <i>2018 \$</i> | <i>2019 \$</i> | <i>2020 \$</i> | <i>CAGR</i> |
|--|-------------------------|----------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Total meat of swine | 3,128,019,610 | 100.00% | 498,895,213 | 667,585,031 | 747,715,755 | 618,437,996 | 595,385,615 | 4.52% |
| Frozen meat | 1,712,433,837 | 54.74% | 253,812,072 | 374,172,386 | 411,944,183 | 362,575,301 | 309,929,895 | 5.12% |
| Edible offal, frozen | 754,178,091 | 24.11% | 127,993,453 | 150,018,870 | 170,959,496 | 150,747,740 | 154,458,532 | 4.81% |
| Prepared/preserved meat and offal | 371,566,890 | 11.88% | 72,914,369 | 90,317,394 | 107,671,049 | 43,749,464 | 56,914,614 | -6.01% |
| Frozen hams, shoulders and cuts, with bone in | 114,535,111 | 3.66% | 17,322,156 | 16,794,052 | 22,343,488 | 22,277,049 | 35,798,366 | 19.90% |
| Hams and cuts, prepared or preserved | 39,185,846 | 1.25% | 2,034,856 | 1,828,139 | 8,390,886 | 13,865,815 | 13,066,150 | 59.19% |
| Frozen edible livers | 59,283,426 | 1.90% | 9,366,504 | 12,604,283 | 14,039,132 | 12,461,727 | 10,811,780 | 3.65% |
| Fresh or chilled meat | 30,529,025 | 0.98% | 4,955,432 | 9,549,478 | 4,070,297 | 4,893,431 | 7,060,387 | 9.25% |
| Frozen carcasses and half-carcasses | 11,453,917 | 0.37% | 4,293,152 | 2,921,992 | 807,321 | 1,493,061 | 1,938,391 | 18.03% |
| Fresh or chilled edible offal | 7,143,367 | 0.23% | 1,193,503 | 2,002,171 | 1,484,266 | 927,860 | 1,535,567 | 6.50% |
| Meat , salted, in brine, dried or smoked | 8,620,047 | 0.28% | 1,077,653 | 1,778,056 | 2,478,927 | 1,897,324 | 1,388,087 | 6.53% |
| Prepared / preserved shoulders and cuts | 9,214,488 | 0.29% | 1,883,346 | 3,479,525 | 1,163,084 | 1,708,819 | 979,714 | 15.07% |
| Hams, shoulders and cuts, salted, in brine, dried/smoked, with bone in | 3,274,598 | 0.10% | 834,067 | 958,602 | 463,714 | 593,386 | 424,829 | 15.52% |
| Fresh or chilled carcasses and half-carcasses | 1,304,075 | 0.04% | 90,110 | 366,459 | 207,342 | 223,661 | 416,503 | 46.63% |
| Bellies "streaky" and cuts, salted, in brine, dried or smoked | 2,294,309 | 0.07% | 385,214 | 228,382 | 422,332 | 845,802 | 412,579 | 1.73% |
| Fresh or chilled hams, shoulders and cuts, with bone in | 3,002,583 | 0.10% | 739,326 | 565,242 | 1,270,238 | 177,556 | 250,221 | 23.73% |

Source: Global Trade Tracker October 2021

Table 2b. The Philippines' imports of Frozen, Fresh and Chilled pork 2016-2020 (in tonnes).

| <i>Description</i> | <i>2016-2020 tonnes</i> | <i>%</i> | <i>2016 tonnes</i> | <i>2017 tonnes</i> | <i>2018 tonnes</i> | <i>2019 tonnes</i> | <i>2020 tonnes</i> |
|---|-----------------------------|----------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total for swine | 1,416,955 | 100.00% | 256,908 | 298,300 | 348,614 | 281,808 | 231,325 |
| Frozen meat | 704,706 | 49.73% | 122,434 | 151,352 | 178,922 | 147,541 | 104,456 |
| Edible offal (frozen) | 465,472 | 32.85% | 90,484 | 94,285 | 106,207 | 89,860 | 84,636 |
| Frozen edible livers | 85,244 | 6.02% | 14,307 | 17,259 | 21,296 | 18,489 | 13,893 |
| Prepared/preserved meat and offal | 80,493 | 5.68% | 15,520 | 20,374 | 25,625 | 9,610 | 9,365 |
| Frozen hams, shoulders and cuts | 46,892 | 3.31% | 7,236 | 6,963 | 10,353 | 9,830 | 12,510 |
| Fresh or chilled meat | 11,778 | 0.83% | 2,425 | 3,530 | 1,845 | 1,966 | 2,013 |
| Hams of swine and cuts (prepared or preserved) | 6,887 | 0.49% | 313 | 325 | 1,493 | 2,455 | 2,302 |
| Fresh or chilled edible offal | 4,548 | 0.32% | 1,099 | 1,058 | 1,015 | 513 | 864 |
| Frozen carcasses and half-carcasses | 4,496 | 0.32% | 1,788 | 1,109 | 324 | 508 | 767 |
| Prepared/preserved shoulders and cuts | 2,066 | 0.15% | 450 | 878 | 278 | 318 | 141 |
| Meat, salted, in brine, dried or smoked | 1,509 | 0.11% | 178 | 358 | 517 | 341 | 114 |
| Fresh or chilled hams, shoulders and cuts | 1,178 | 0.08% | 285 | 248 | 495 | 74 | 75 |
| Hams, shoulders and cuts, salted, in brine, dried or smoked | 727 | 0.05% | 230 | 297 | 92 | 60 | 49 |
| Fresh or chilled carcasses and half-carcasses | 578 | 0.04% | 77 | 230 | 100 | 90 | 81 |
| Bellies "streaky" and cuts, salted, in brine, dried or smoked | 382 | 0.03% | 82 | 35 | 53 | 153 | 59 |

Source: Global Trade Tracker October 2021.

Table 3. Top 10 global suppliers of pork meat to the Philippines 2016-2020 (in Canadian dollars).

| Country | Total 2016-2020 | % | 2016 (\$) | 2017 (\$) | 2018 (\$) | 2019 (\$) | 2020 (\$) | CAGR |
|----------------|-----------------|---------|-------------|-------------|-------------|-------------|-------------|--------|
| Total | 3,128,019,611 | 100.00% | 498,895,213 | 667,585,033 | 747,715,756 | 618,437,994 | 595,385,615 | 4.52% |
| United States | 623,679,285 | 19.94% | 100,714,188 | 120,771,817 | 142,957,602 | 111,523,078 | 147,712,600 | 10.05% |
| Spain | 497,437,184 | 15.90% | 67,228,500 | 87,079,946 | 101,121,016 | 119,307,171 | 122,700,551 | 16.23% |
| Canada | 466,738,857 | 14.92% | 54,677,101 | 91,554,739 | 99,326,515 | 111,455,630 | 109,724,872 | 19.02% |
| Netherlands | 201,536,903 | 6.44% | 25,706,083 | 35,695,087 | 36,766,478 | 42,010,337 | 61,358,918 | 24.30% |
| France | 307,220,486 | 9.82% | 47,314,651 | 64,471,750 | 67,754,565 | 69,359,778 | 58,319,742 | 5.37% |
| Denmark | 93,536,138 | 2.99% | 9,740,628 | 11,956,780 | 14,332,727 | 19,710,896 | 37,795,107 | 40.35% |
| United Kingdom | 82,906,527 | 2.65% | 10,655,661 | 18,517,099 | 20,068,188 | 17,488,642 | 16,176,937 | 11.00% |
| Ireland | 57,053,048 | 1.82% | 7,890,974 | 12,121,233 | 12,051,224 | 11,359,817 | 13,629,800 | 14.64% |
| Brazil | 59,320,904 | 1.90% | 5,321,926 | 3,717,353 | 26,239,351 | 10,574,911 | 13,467,363 | 26.13% |
| Australia | 34,792,274 | 1.11% | 5,810,176 | 6,793,309 | 11,118,019 | 6,584,063 | 4,486,707 | -6.26% |

Source: Global Trade Tracker October 2021.

Table 4. Quantity of pork meat imported by the Philippines in 2016-2020 with top 10 suppliers.

| Country | 2016-2020 tonnes | % | 2016 tonnes | 2017 tonnes | 2018 tonnes | 2019 tonnes | 2020 tonnes |
|----------------|------------------|---------|-------------|-------------|-------------|-------------|-------------|
| Total | 1,416,954 | 100.00% | 256,910 | 298,300 | 348,615 | 281,804 | 231,325 |
| Spain | 288,048 | 20.33% | 46,527 | 51,404 | 63,000 | 69,001 | 58,116 |
| Germany | 231,644 | 16.35% | 60,389 | 67,682 | 68,040 | 35,527 | 6 |
| Canada | 208,474 | 14.71% | 28,027 | 40,941 | 45,737 | 49,428 | 44,341 |
| United States | 205,430 | 14.50% | 34,209 | 38,233 | 47,392 | 39,650 | 45,946 |
| France | 125,864 | 8.88% | 24,431 | 25,154 | 30,373 | 26,714 | 19,192 |
| Netherlands | 105,398 | 7.44% | 16,852 | 19,979 | 21,793 | 22,009 | 24,765 |
| United Kingdom | 48,456 | 3.42% | 7,420 | 10,982 | 12,905 | 9,185 | 7,964 |
| China | 43,717 | 3.09% | 9,304 | 13,505 | 17,036 | 3,832 | 40 |
| Ireland | 32,145 | 2.27% | 4,601 | 7,312 | 8,248 | 6,112 | 5,872 |
| Belgium | 31,817 | 2.25% | 11,869 | 10,109 | 7,012 | 1,472 | 1,355 |

Source: Global Trade Tracker October 2021.

As shown in Table 5, Canadian and Manitoban pork meat to the Philippines show a steady increase with a CAGR of 19 and 23.5 per cent for Canada and Manitoba, respectively, with a market share for Canada of 14.7 per cent per cent in the 2016 to 2020 period. Manitoba exported almost 21 per cent of all the Canadian pork exported to the Philippines in the 2016 to 2020 period.

Table 5. Canadian pork meat exports to the Philippines 2016-2020 (Canadian dollars)

| Province | Total 2016-2020 | % | 2016 (\$) | 2017 (\$) | 2018 (\$) | 2019 (\$) | 2020 (\$) | CAGR |
|------------------|-----------------|---------|------------|------------|------------|-------------|-------------|----------|
| Canada | 466,738,857 | 100.00% | 54,677,101 | 91,554,739 | 99,326,515 | 111,455,630 | 109,724,872 | 19.02% |
| Quebec | 280,881,899 | 60.18% | 27,755,532 | 52,385,630 | 68,013,393 | 72,572,319 | 60,155,025 | 21.33% |
| Manitoba | 96,763,933 | 20.73% | 12,070,104 | 20,871,538 | 14,548,527 | 21,155,425 | 28,118,339 | 23.54% |
| Alberta | 42,105,287 | 9.02% | 8,967,905 | 9,580,947 | 6,945,881 | 6,390,804 | 10,219,750 | 3.32% |
| Ontario | 23,198,308 | 4.97% | 2,494,583 | 5,288,170 | 5,362,143 | 4,605,930 | 5,447,482 | 21.56% |
| British Columbia | 22,625,756 | 4.85% | 3,364,277 | 3,353,651 | 4,456,571 | 6,620,551 | 4,830,706 | 9.47% |
| Nova Scotia | 1,010,022 | 0.22% | - | - | - | 56,452 | 953,570 | 1589.17% |
| Saskatchewan | 96,898 | 0.02% | 24,700 | 18,049 | - | 54,149 | - | 29.91% |
| New Brunswick | 56,754 | 0.01% | - | 56,754 | - | - | - | - |

Source: Global Trade Tracker October 2021.

The Philippines' pork exports

Globally, the Philippines exported a total of 611 tonnes of pork, valued at \$3 million¹² in 2020. Most of the pork was exported as prepared, salted, in brine or hams. The Philippines exported pork products to 14 countries in 2020, with the United Arab Emirates (UAE) as the main destination (Table 6). Although the consumption of pork and pork by-products is forbidden by the Muslim religion, the UAE allows pork to be imported for sale and consumption by foreigners living in the country. This trade exchange requires sanitary certification, but no Halal certification.¹³ The important Filipino community living as foreign workers in the UAE explains the type of export: prepared pork, specifically tailored for the diaspora (Table 7). Manitoba's Filipino community could potentially mimic this model and create an enterprise to trade Manitoba pork prepared as per Filipino recipes to the rest of the Filipino diaspora around the world (over 10 million Filipinos working overseas with remittances valued at \$39 billion in 2020).¹⁴

Table 6. Top seven export destinations of pork meat from the Philippines in 2016-2020.

| Country | 2016-2020 \$ | % | 2016 \$ | 2017 \$ | 2018 \$ | 2019 \$ | 2020 \$ | CAGR |
|-----------------------------|--------------|---------|-----------|-----------|-----------|-----------|-----------|---------|
| World | 18,629,252 | 100.00% | 2,987,654 | 3,676,879 | 4,490,129 | 4,480,102 | 2,994,488 | 0.06% |
| United Arab Emirates | 9,809,692 | 52.66% | 1,550,593 | 2,036,348 | 2,537,669 | 1,351,361 | 2,333,721 | 10.76% |
| Hong Kong | 2,324,253 | 12.48% | 610,427 | 26,397 | 72,812 | 1,609,856 | 4,761 | -70.28% |
| Micronesia (Fed. States of) | 1,136,435 | 6.10% | - | - | 189,566 | 840,737 | 106,132 | -25.18% |
| Qatar | 1,113,453 | 5.98% | 242,168 | 377,484 | 208,943 | 105,180 | 179,678 | -7.19% |
| Marshall Islands | 758,508 | 4.07% | - | - | 165,644 | 348,980 | 243,884 | 21.34% |
| Japan | 701,932 | 3.77% | 269 | 583 | 688,656 | - | 12,424 | 160.69% |
| Saudi Arabia | 647,712 | 3.48% | 247,433 | 400,279 | - | - | - | 61.77% |

Source: Global Trade Tracker October 2021.

¹² Global Trade Tracker October 2021

¹³ <https://cancilleria.gob.ar/en/announcements/news/united-arab-emirates-opens-its-market-argentine-pork>

¹⁴ Canada's Trade Commissioner Service

Table 7. **Pork cuts exported from the Philippines to the rest of the world in 2016-2020.**

| Description | 2016-2020 \$ | % | 2016 \$ | 2017 \$ | 2018 \$ | 2019 \$ | 2020 \$ | CAGR |
|---|-----------------|---------|------------|------------|------------|------------|------------|---------|
| Total for swine | 18,629,251 | 100.00% | 2,987,653 | 3,676,878 | 4,490,129 | 4,480,102 | 2,994,489 | 0.06% |
| Prepared or preserved meat and offal of swine | 14,257,869 | 76.53% | 2,722,552 | 3,223,709 | 3,290,648 | 2,633,220 | 2,387,740 | -3.23% |
| Hams and cuts thereof, prepared or preserved | 2,728,613 | 14.65% | 191,198 | 74,150 | 209,769 | 1,702,668 | 550,828 | 30.28% |
| Meat, salted, in brine, dried or smoked | 587,818 | 3.16% | 73,903 | 115,173 | 198,607 | 144,214 | 55,921 | -6.73% |
| Prepared/preserved shoulders and cuts | 927,654 | 4.98% | - | 136,549 | 791,105 | - | - | 479.36% |
| Frozen meat | 127,297 | 0.68% | - | 127,297 | - | - | - | |

Source: Global Trade Tracker October 2021.

Balance between imports and exports

In conclusion, pork exports are negligible compared to imports, and the Philippines is currently a net importer of pork. Exports can be attributed to processed meats sold to countries with an important Filipino diaspora that wants food with a homemade flavor.

Supply chain dynamics

The Philippine archipelago has more than 1,490 ports that serve to connect its major islands. There are currently 424 registered cargo and container ships¹⁵, and the total cargo handled is estimated at 230.4 million tons.¹⁶ The busiest national port is in Manila, with ninety per cent of the country's imports and more than 20 per cent of its exports passing through its South Harbor and the Manila International Container Terminal.

The transport infrastructure includes 492 kilometers (306 miles) of working railroads and 199,950 kilometers (124,249 miles) of roads, of which 39,590 kilometers (24,601 miles) are paved.¹⁷

Distribution channels

In the Philippines, retail is predominantly brick and mortar physical stores, with 58 per cent of them accounting for the food in the fast moving consumer goods. Food and beverage retailers (Table 8) have different formats to capture the market:

- warehouse clubs (S&R and Landers)
- hypermarkets (SM Hypermarkets)
- supermarkets (Robinsons, The Marketplace, SM Savemore, AllDay)
- convenience stores (7-Eleven, Alfamart, Ministop)

In 2020, Food and Beverage e-commerce saw growth of 210 per cent. Retailers have accelerated their adaptation by managing their own e-commerce site or partnering with third party applications. Some packaged food manufacturers have also partnered with e-commerce platforms to have their own boutique online stores (e.g., Universal Robina Corporation, Rebisco and Monde Niss).

¹⁵ Maritime Industry Authority of the Philippines

¹⁶ <https://www.statista.com/statistics/1242405/cargo-volume-philippines/>

¹⁷<https://www.nationsencyclopedia.com>

Table 8 - Top Food and Beverage retail players in 2020

| Type of retailer | Number of stores | Type of retailer | Number of stores |
|---------------------------|------------------|------------------------|------------------|
| <i>Hypermarkets</i> | | <i>Supermarkets</i> | |
| Puregold | 240 | SM SaveMore | 207 |
| Super8Grocery | 76 | Robinsons | 144 |
| SM Hypermarket | 52 | Puregold | 101 |
| Prince Hypermart | 46 | Waltermarket | 65 |
| Shopwise | 17 | SM Supermarket | 61 |
| | | The Marketplace | 34 |
| <i>Convenience Stores</i> | | <i>Warehouse Clubs</i> | |
| 7-Eleven | 2940 | S&R | 21 |
| Alfamart | 910 | Landers | 5 |
| Ministop | 540 | | |
| Family Mart | 87 | | |
| AllDay | 73 | | |

Source: Canada Trade Commissioner – Philippines office

Canada-Philippines trade relationship implications

The Philippines is a member of the ASEAN¹⁸ group. Living in a highly westernized, free market economy, Filipinos are open to new trends, styles and products, providing plenty of opportunities for Canadian exporters. The Philippines is an import reliant country. For pork meat and edible offal, the tariffs are 10 per cent within quota and 20 per cent outside the quota. For processed pork meats, the tariffs are higher, ranging between 35 and 45 per cent. There is no free trade agreement between Canada and the Philippines in force at this point. However, the Canada-Philippines Free-Trade Agreement exploratory talks were announced in 2015 and began in 2017.

The Philippines has free-trade-agreements with the ASEAN countries, Australia and New Zealand, China, India, Japan and South Korea as well as the EU. That is the main reason why, along with proximity, most of food imports (43 per cent) in 2020 were from ASEAN countries. Philippines food imports also come from U.S. (29 per cent), EU (14 per cent), Australia and New Zealand (8.9 per cent), Latin America and the Caribbean (5.4 per cent), and Africa (0.2 per cent).

Market access regulations

The Food and Drug Administration (FDA) of the Philippines is the regulatory agency under the Department of Health that is responsible for ensuring the safety, efficacy and quality of food and drug products. Product registration under the FDA, when applicable, can be a lengthy process.

The Bureau of Agriculture and Fisheries Product Standards (BAFPS), under the Department of Agriculture (DA), is responsible for setting and implementing standards for fresh and processed agri-food and seafood products, including standards related to processing, preserving, packaging, labeling, importing, exporting, distribution and advertising.

The Bureau of Animal Industry (BAI) is responsible for establishing standards for quality in the manufacturing, importation, labeling, advertising, distribution and sale of livestock, poultry, meat products, dairy products and animal

¹⁸ Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam

feeds. The agency is also responsible for preventing, controlling, containing and eradicating communicable animal diseases by regulating the flow of animals and animal products in the country.

All imported agri-food and seafood products must comply with the Philippines' food, health and phytosanitary laws. All meat and milk, fish and seafood products, and fresh fruits and vegetables require certificates attesting to their safety and compliance before they are exported. All processed and packaged foods must be registered with the Food and Drug Administration.

The FDA has one centre for Food and Research regulations, which is in charge of issuing the following marketing authorizations for food operators:

- Licence to Operate, for Food Businesses related to prepackaged, processed food products, such as Food Manufacturers, Importers, distributors, exporters, repackers, traders and wholesalers
- Certificate of Product Registration for Prepackaged, processed food products
- Sales Promotion Permit for registered prepackaged, processed food products.

A Food Business Operator who intends to import and distribute prepackaged, processed food products must secure a Licence to Operate (LTO) as a food importer or distributor. After securing this licence, the operator needs to secure a Certificate of Product Registration for each product they want to import into the Philippines. Both the Licence to Operate (LTO) and the Certificate of Product Registration (CPR), among other documents, are presented to the Bureau of Customs once the shipment arrives in the Philippines and before the products or goods can be released. The Certificate of Product Registration can be pre-assessed electronically. The documents that must be submitted to customs include:

- clear, complete labels and artwork of all packaging sizes for the product
- pictures of the products at all angles
- documents to substantiate claims (i.e.: organic, kosher or halal)
- proof of payment of fees

For imported products, customs requires a certified, true copy or photocopy of any of the following original documents, the regulatory or health authority of the country of origin issued to the source:

- valid certificate of registration, with Good Manufacturing Practices compliance or its equivalent
- valid Phytosanitary certificate or Health Certificate
- valid ISO 22000 Certification
- valid HACCP Certificate
- valid Certificate of Free Sale (issued by a regulatory agency or authenticated by the Consulate of the Philippines)

In addition to the above, a scanned copy of any of the following is required:

- Foreign Agency Agreement
- Certificate of Distributorship
- Appointment Letter
- Proforma Invoice
- Memorandum of Agreement of each supplier

Working with the Canada Trade Commissioner Service (TCS), stakeholders and industry associations helps to ensure you, as an entrepreneur or company owner has access to market intelligence. Before exporting, strategize your product marketing and compliance with all requirements. Strategies may include working with a licensed importer, a consolidator or directly with a retailer.

Key contact organizations

Canadian Embassy in the Philippines

Levels 6-8, Tower 2
RCBC Plaza
6819 Ayala Avenue
Makati City 1200
E-mail: manil-da@international.gc.ca
Phone: (63-2) 8-857-9000

Canadian Trade Commissioner Service

Manila Office
Level 8, Tower 2
RCBC Plaza
6819 Ayala Avenue
Makati City, 0707 Philippines
Website: www.tradecommissioner.gc.ca/ph or <http://philippines.gc.ca>
Email: infocentre-manila@international.gc.ca

Food and Drug Administration (Central Office)

Civic Drive
Filinvest Corporate City Alabang
Muntinlupa City 1781
Phone: (+63) 2 165 332 Fax: (+63) 2 807 0751 / (+63) 2 807 8511
Website: <https://www.fda.gov.ph/>
E-mail: info@fda.gov.ph

Bureau of Agriculture and Fisheries Product Standards

BPI Cmpd. Visayas Ave. Diliman,
Quezon City, Metro Manila 1101
Phone: (632) 928-8756 to 65 local 3301-3305, 3308-3309, 3312

List of importers

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www.tradeatlas.com

References

www.fda.gov.ph

www.tradecommissioner.gc.ca/ph

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www.wikipedia.org

www.worldbank.org

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www.trademap.org

www.agr.gc.ca/eng

www.nationsencyclopedia.com

www.nationmaster.com

www.tasteatlas.com

www.canada.ca/eng

Others:

Catsnet

Euromonitor

Global Trade Tracker

World Trade Organization

Office of the United States Trade Representative

Tariff Commission of the Republic of Philippines

Contact us

www.manitoba.ca/agriculture

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