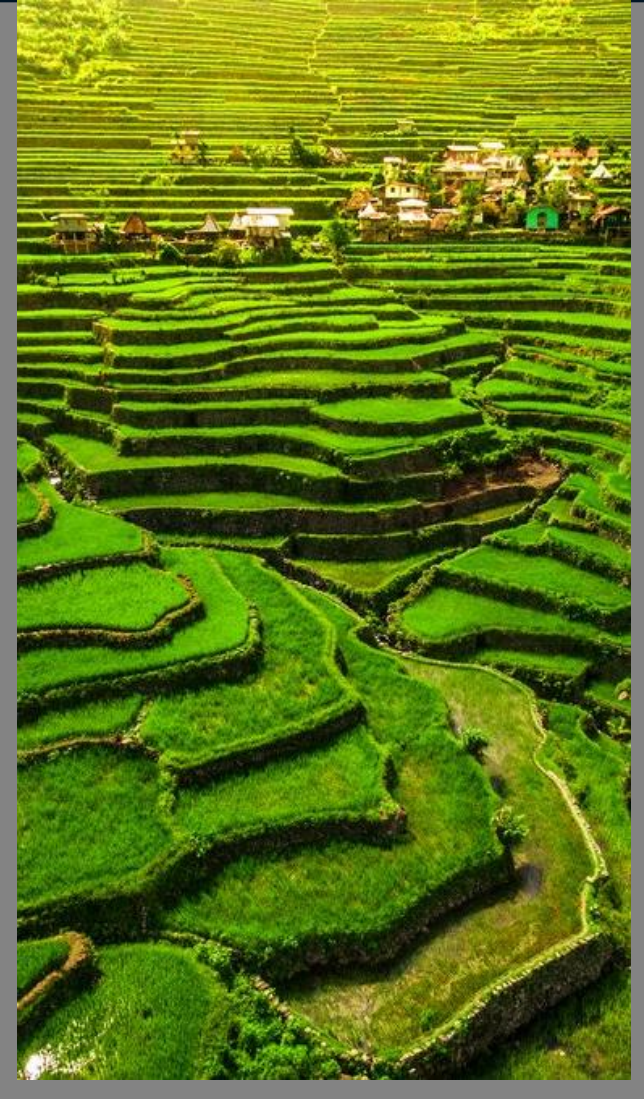


Spotlight on the Philippine Market

U.S. Department of Agriculture
Foreign Agricultural Service
U.S. Embassy Manila

14 December 2023





Regional Agricultural Promotion Program (RAPP)



Chris Jacquette
Senior Director
Cooperator Programs Division

RAPP Summary

- Export market development program
- Encourages market diversification
- \$1.2 Billion
 - Multi-year funding
 - Multiple tranches
 - Tranche 1: \$300 million
- Application period closes February 2
- More details can be found on the FAS website:
fas.usda.gov/programs/regional-agricultural-promotion-program

RAPP Regulations

- Final Rule published November 17
 - Transformed ATP into RAPP
 - Eliminated requirement for tariff damage
 - Removed some application review language
 - Cost-Share: 10% (Generic) and 100% (Brand)
 - Set comment deadline of December 18
- Key Changes from ATP:
 - Domestic Admin from 6% up to 8%
 - Overseas Offices and Employee Expenses (Generic)

Notice of Funding Opportunity (NOFO)

- NOFO published November 29
 - Notified public of \$300 million first tranche
 - Set application deadline of February 2
 - Projected a start date of June 1
 - Projected an end date of September 30, 2029
 - Detailed the review process
 - Named ineligible markets
 - Established emphasized regions
- Tranche 2 – anticipated announcement
 - Coincide with 2026 UES Cycle (March 2025)

RAPP Ineligible Markets

To encourage market diversification, the following are ineligible for RAPP:

- China (including Hong Kong and Macau)
 - Canada
 - Mexico
 - European Union (EU27)
-
- These four markets received more than half of U.S. ag exports in 2022
 - USDA-endorsed trade shows are eligible regardless of location

Other Ineligible Markets

Due to sanctions or USDA policy, the following markets are also ineligible:

- Crimea region of Ukraine
- Cuba
- Iran
- North Korea
- Syria
- Belarus
- Russia

Regions of Emphasis

Proposed activities in emphasized regions will receive preference:

- Africa (\$25 million set aside)
 - Latin America and the Caribbean
 - South Asia and **Southeast Asia**
-
- Activities proposed in regions/markets not listed as ineligible but not in an emphasized region are eligible. These fall under “All Other Regions/Markets.”

Questions About RAPP

RAPP Specific Questions:
CoPDAdmin@usda.gov

RAPP Page on the FAS website:
fas.usda.gov/programs/regional-agricultural-promotion-program

Meet FAS Manila Team

Leadership

- Michael Ward, Agricultural Counselor
- Mark Hanzel, Agricultural Attaché

Agricultural Specialists

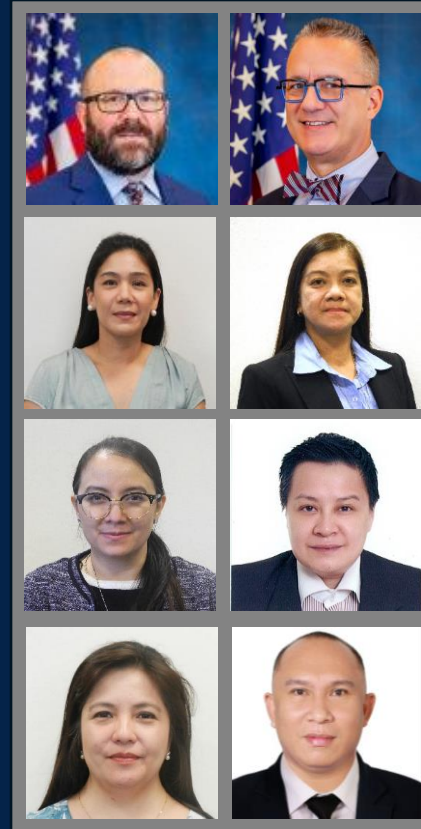
- Pia Ang
- Florence Sevilla

Agricultural Marketing Specialists

- Christine Del Castillo
- Ramona Singian

Administrative

- Bernadette Miguel
- Bernard Romarate

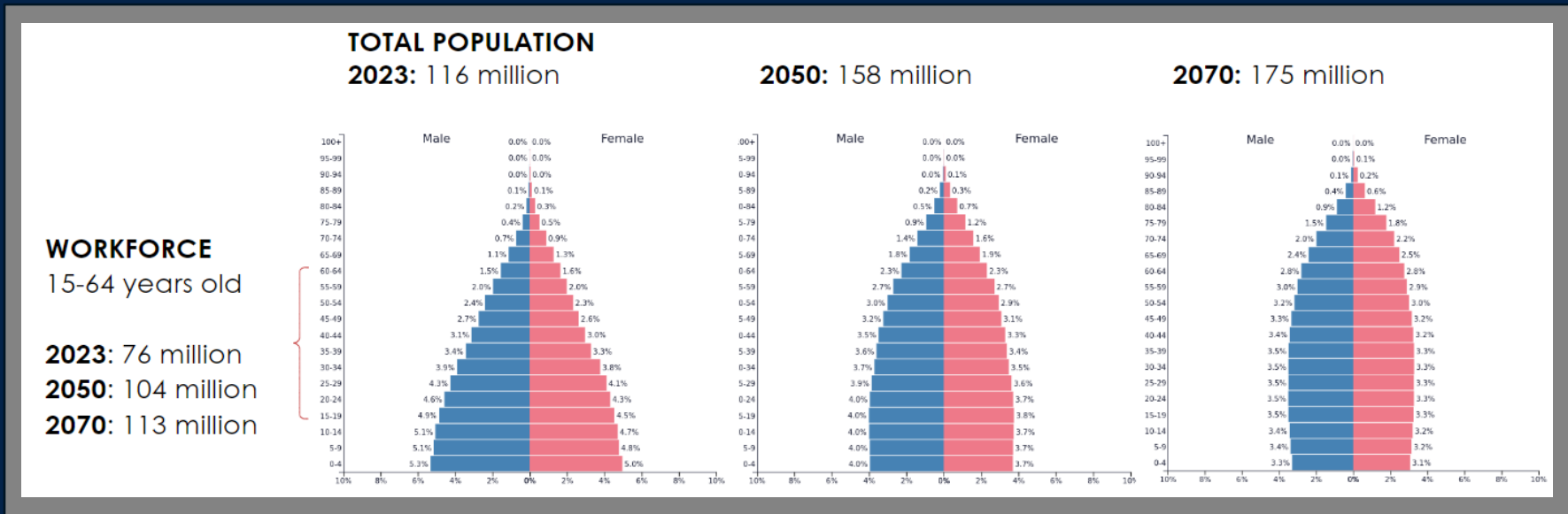


Quick Facts



- ▶ Archipelago: Luzon, Visayas, and Mindanao
- ▶ ASEAN's second fastest growing economy
- ▶ 6-7% GDP growth target
- ▶ GDP by sector:
 - 61% services
 - 30% manufacturing
 - 9% agriculture
- ▶ 116 million people
- ▶ Urban population: 48% or 56 million, increasing by two million annually
- ▶ Currently 20% of the population enjoy imported products
- ▶ Extremely strong U.S. cultural influence
- ▶ 96% literacy rate
- ▶ >95% speak English

Philippine Population Pyramid



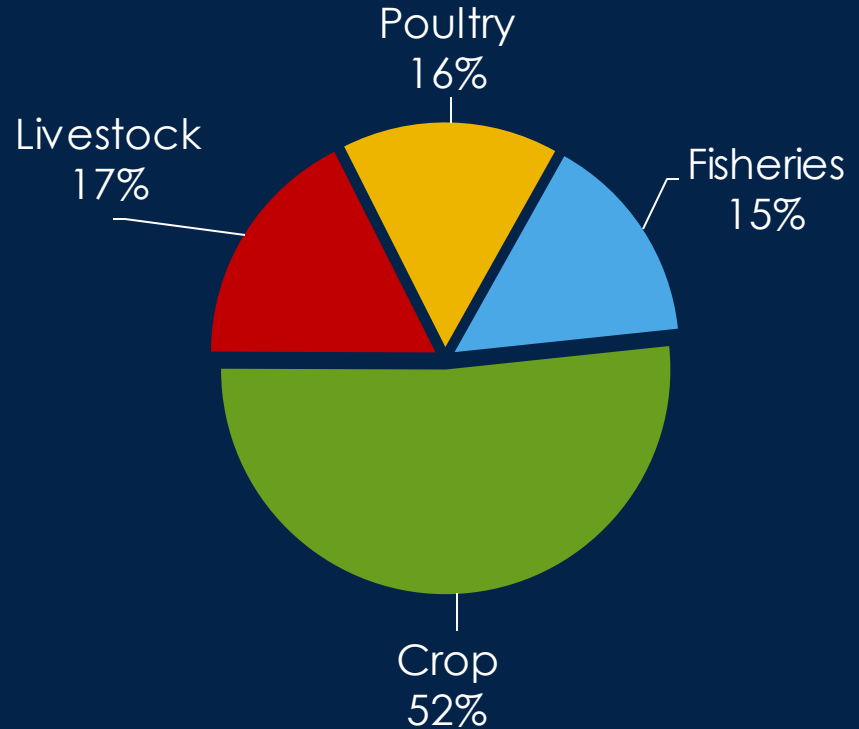
Sources: United Nations, World Population Prospects (medium variant).

- Demographic sweet spot - average age of 25 in 2023; projected average age of 31 in 2050.
- On track to be an upper middle-income country by 2025 (GNI \$4,500).
- Philippine Development Plan 2023–2028
 - ↑ GNI per capita, from \$3,950 in 2022 to \$6,570 by 2028.
 - Achieve First World Status (GNI \$12,700 or more) in the next 20 years.
- Ag Import Dependency Ratio: 25% or 9 million MT in 2023; 10 million MT in 2030; 13.5 million MT in 2050.



Local Ag Situation

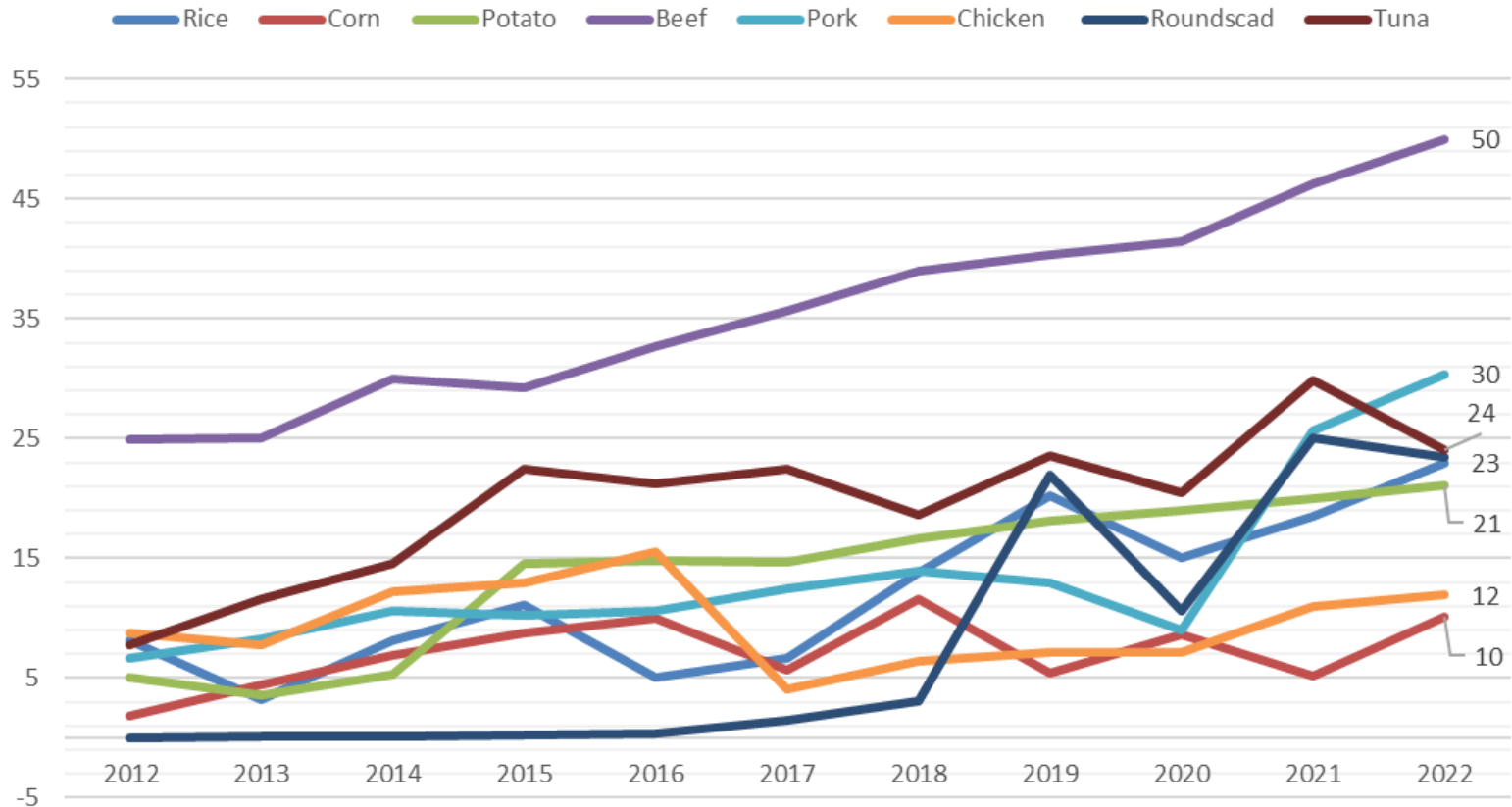
Value of Local Production
Current Prices (in millions of dollars)



Total: \$33 Billion in 2012 to \$36 Billion in 2022
(<1% annual growth)

	2012	2022
Livestock	5,071	6,827
Hog	4,131	5,502
Cattle	508	675
Carabao	236	355
Others	196	293
Poultry	3,968	6,069
Chicken	2,944	4,271
Chicken Egg	887	1,583
Others	137	214
Crops	18,418	20,171
Paddy Rice	6,918	6,257
Banana	2,540	3,122
Corn	2,229	2,604
Coconut	2,106	2,429
Others	4,625	5,757
Fisheries	5,630	5,930
Milkfish	833	847
Tilapia	501	472
Skipjack	346	451
Tiger Prawn	450	323
Others	3,501	3,836

Import Dependency Ratio (Percentage) Selected Agricultural Commodities



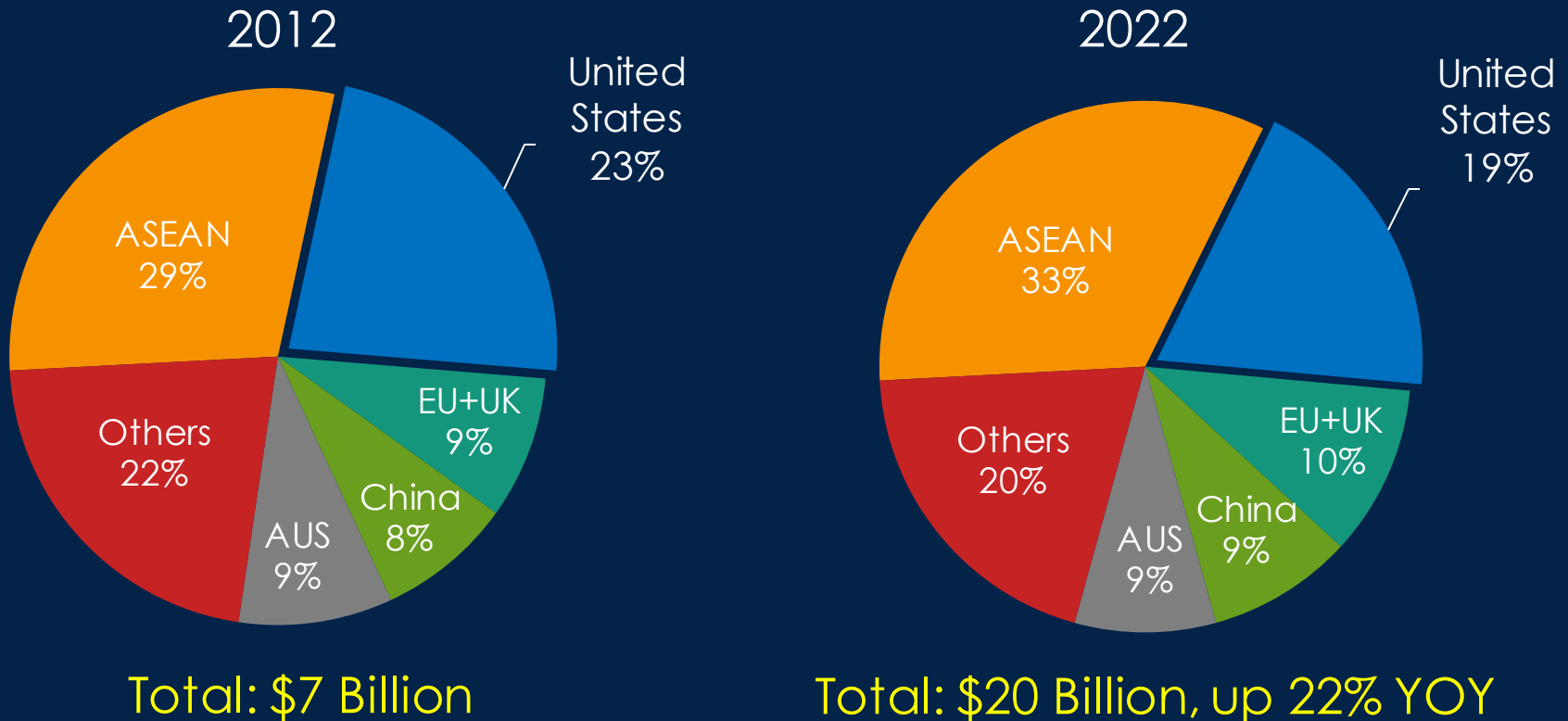
Note: Import Dependency Ratio indicates the extent to which a country's supply of commodities comes from imports.

Source: Philippine Statistics Authority



Ag Trade Situation

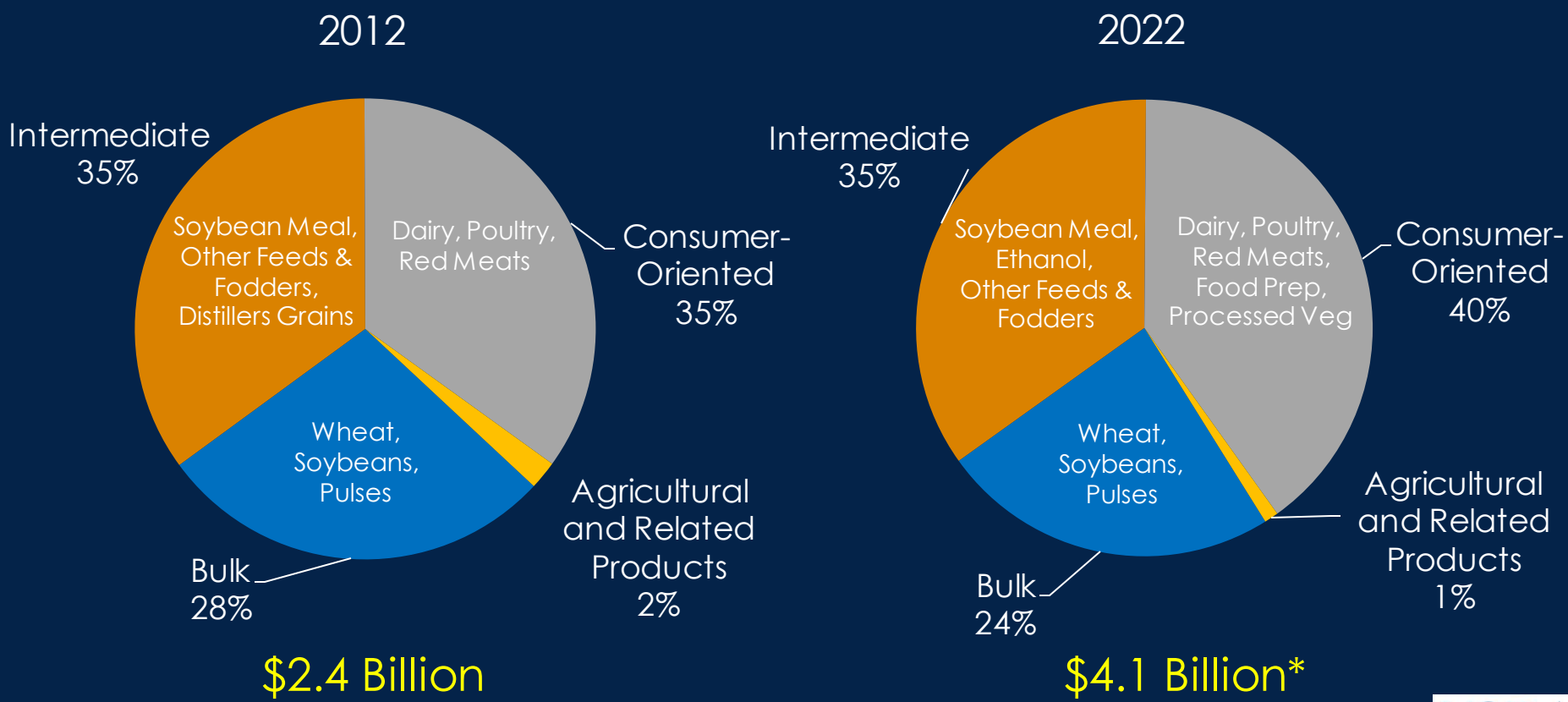
Philippines: Sources of Imported Agricultural & Related Products in 2012 & 2022



Preferential Trade Agreements

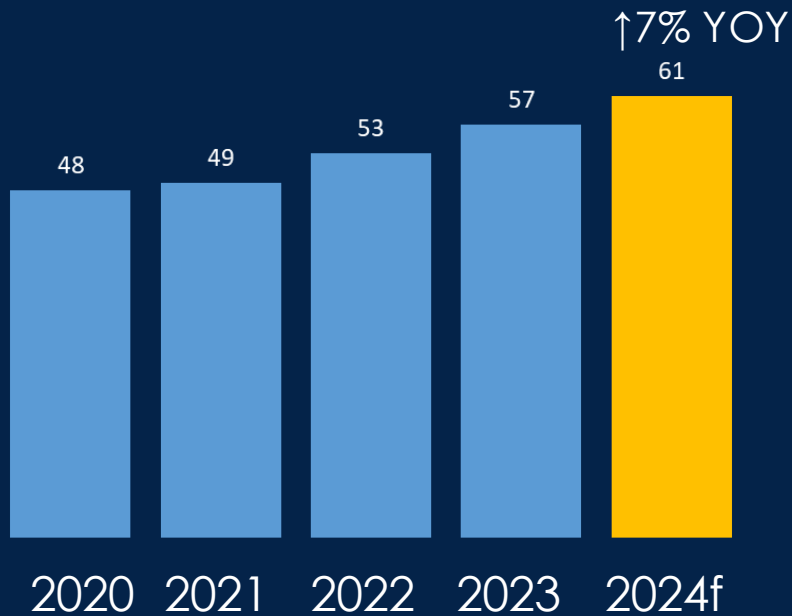
RCEP	Regional Comprehensive Economic Partnership Agreement	2023
AHKFTA	ASEAN-Hong Kong, China Free Trade Agreement	2020
PH-EFTA	Philippines-European Free Trade Association Free Trade Agreement	2018
AIFTA	ASEAN-India Free Trade Area	2011
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area	2009
AJCEPA	ASEAN-Japan Economic Partnership Agreement	2008
PJEPA	Japan-Philippines Economic Partnership Agreement	2008
AKFTA	ASEAN-Republic of Korea Free Trade Area	2007
ACFTA	ASEAN-China Free Trade Area	2005
ATIGA	ASEAN Trade in Goods Agreement	1997
MFN	Most Favored Nation Tariff Rates	1995

Philippines: Our 8th Largest Export Market for Agricultural and Related Products



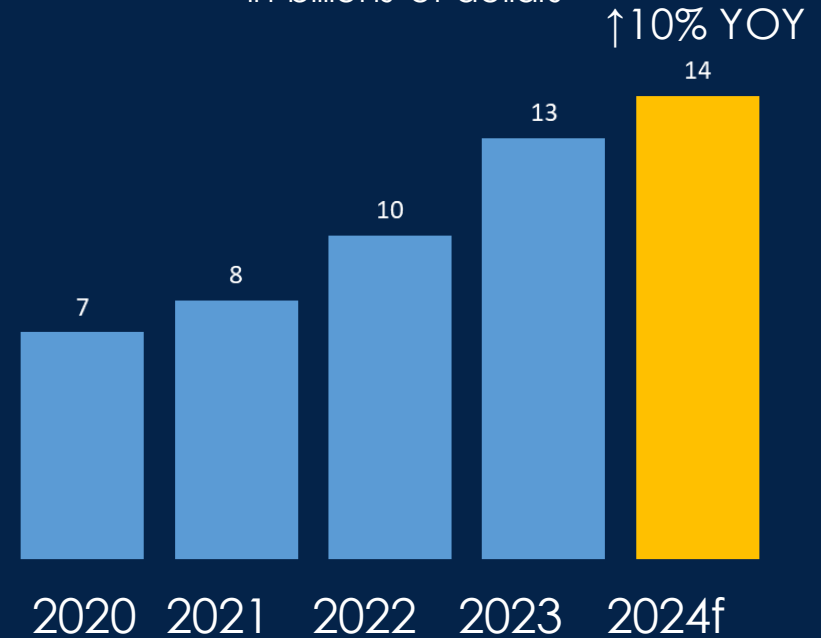
Continuous Retail Food Growth and Rapid Expansion in Food Service Sales

Retail Food Sales
in billions of dollars



CAGR 6%

Food Service Sales
in billions of dollars



CAGR 19%

Market Trends

- ▶ Robust online platforms
- ▶ Quick delivery service
- ▶ Plant-based, better-for-you, and free-from foods
- ▶ New flavors
- ▶ Sustainability
- ▶ Niche: Premium and SUPER premium foods



BEST PRODUCT PROSPECTS



POULTRY AND RED MEATS

Frozen and prepared

DAIRY PRODUCTS

Baking ingredients, yogurts, cheeses, etc.

POTATOES

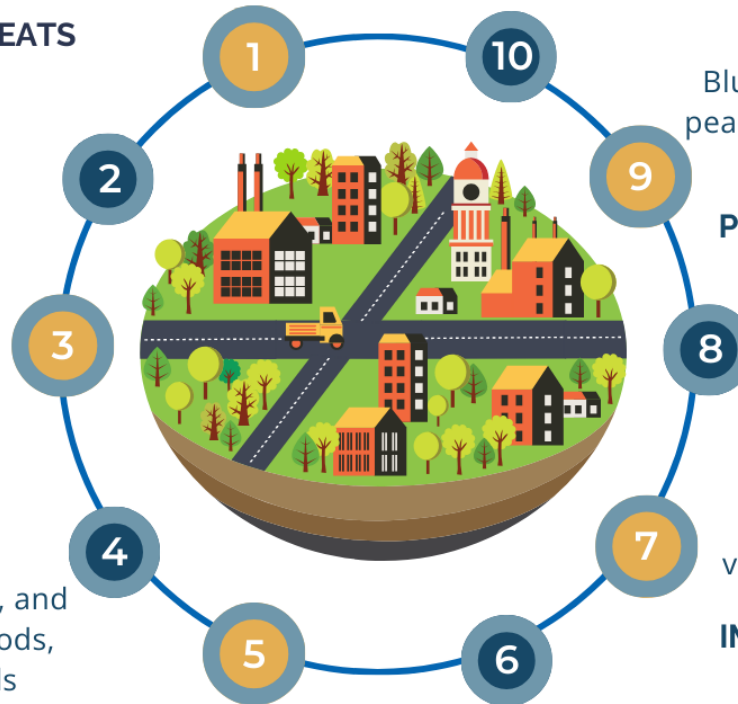
Fresh (table and chipping stocks), frozen, and processed

OTHER PROCESSED VEGETABLES

Frozen, dehydrated, freeze-dried, and prepared, juices, plant-based foods, infant-foods, and frozen meals

FROZEN AND PREPARED SEAFOOD

Fish, crustaceans, and mollusks



FRESH FRUITS

Blueberries, cherries, nectarines, peaches, plums, strawberries, table grapes, etc.

PROCESSED FRUITS AND NUTS

Frozen, dried, trail mixes, energy bars, etc.

CHOCOLATES, CONFECTIONERY, AND SNACK FOODS

Popcorn, potato, nacho, and vegetable chips, salsas, and dips

IMMUNITY BOOSTING AND FREE-FROM FOODS

PET FOOD

Dogs, cats, birds, and fish



USMEF ON THE GROUND

USMEF ASEAN Office (10 + 2)

Singapore
(Jan 1986)



Philippines
(Apr 2016)



Vietnam
(Aug 2017)



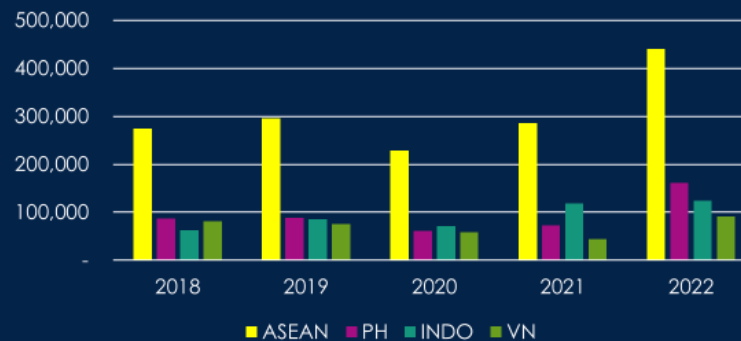
Indonesia
(Mar 2023)



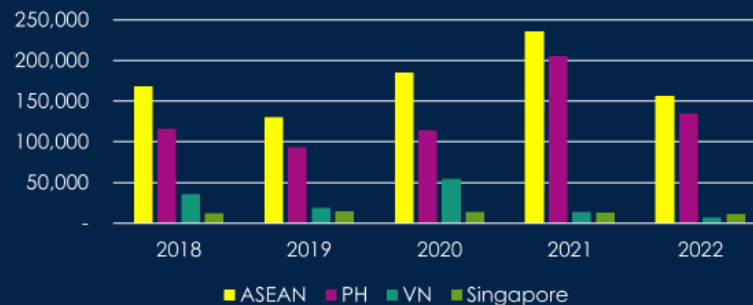
USMEF STRATEGIC VIEW

- ▶ ASEAN region : Market Diversification and growth potential due to the demand of high quality of beef and pork
- ▶ PH : Biggest US beef and pork market in ASEAN region in 2022
- ▶ Mixed supply chain : Wet market to modern retail/high end restaurant
- ▶ US Beef : modern retail & mid-high end FS
- ▶ US Pork : wet market & restaurant, further processing
- ▶ USMEF Strategy step up from trade to engaging with end users
- ▶ Systematic and integrated retail and foodservice program

US Beef Total Export Value(USD'000)



US Pork Total Export Value(USD'000)



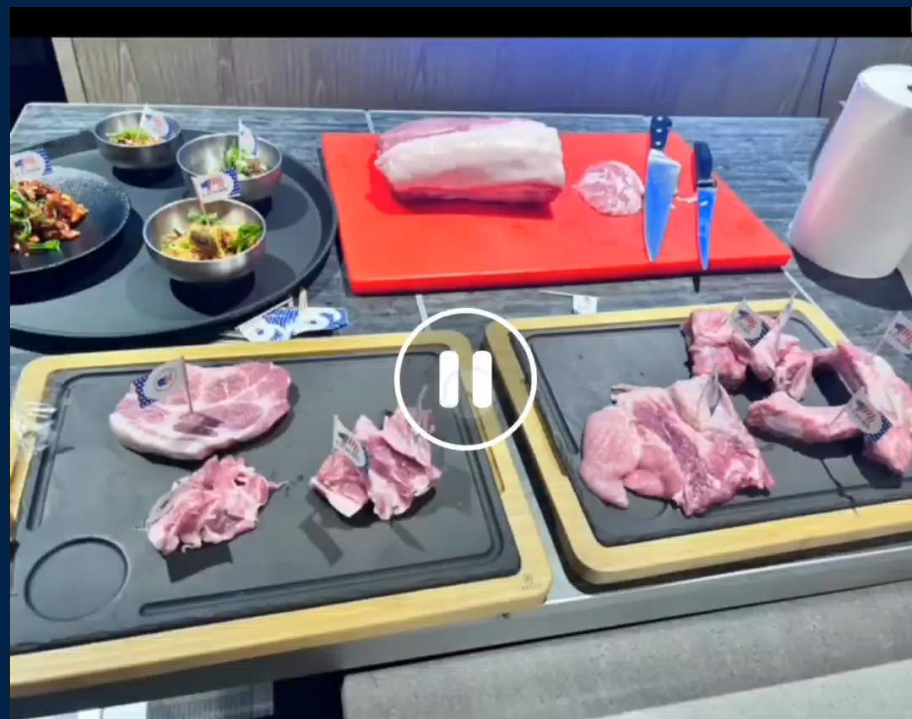
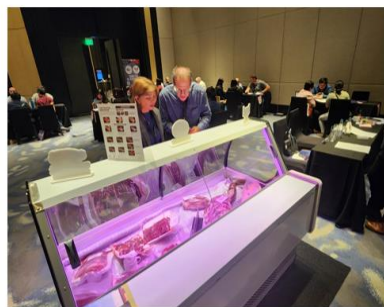
USMEF ON THE GROUND

2023	Local Trade	Exporters
Business Matching	52 (importers & processors)	17
Educational Approach	103	
Trade shows	61,972	13



Business Matching

U.S. Meat Product Showcase and Conference



USMEF ON THE GROUND

2023	Local Trade
Marketing & Promotional Activities	15 promo events on Beef & Pork
Digital Marketing Approach	15K followers

Terryaki BY U.S. PORK

KATSU FOR TWO

MADE W/ U.S. PREMIUM MEAT STARTS AT P738

FREE CALIFORNIA ROLL

DTI Fair Trade Permit No. FTB-171299 Series of 2023

U.S. Meats Philippines 3 d · 🌐

Celebrate the Holiday Season with quality U.S. Beef that will elevate your Christmas spread. Look for the U.S. Beef stic... See more

You, Sharon Publico and 8 others 3 shares

Chefmom Rosebud Benitez 23 Nov · 🌐

Happy thanksgiving, mga Ka-Cheffies!!! ❤️❤️❤️... See more

You and 663 others 21 comments · 4 shares

FENDER BOOBS 23RD ANNIVERSARY **U.S. BEEF**

PROMO

FREE UMBRELLA

For a minimum single receipt purchase of P1,500 inclusive of U.S. Steak meals

U.S. Ribeye Steak | U.S. Roast Beef Belly | U.S. Beef Pot Roast

Promo duration: Aug 8-10, 2023

Visit www.meatplusgroup.com/promos for terms & conditions.



US PORK-WET MARKET PROJECT

U.S. Pork Merchandising Contest

U.S. Pork Activation



U.S. Pork Carinderia Contest



WET MARKET PROJECT –PHASE 3



From Greater Manila,
we are increasing
awareness in Luzon
and explore Visayas &
Mindanao

Total of



Milling Wheat Trends in the Philippines

Joe Bippert

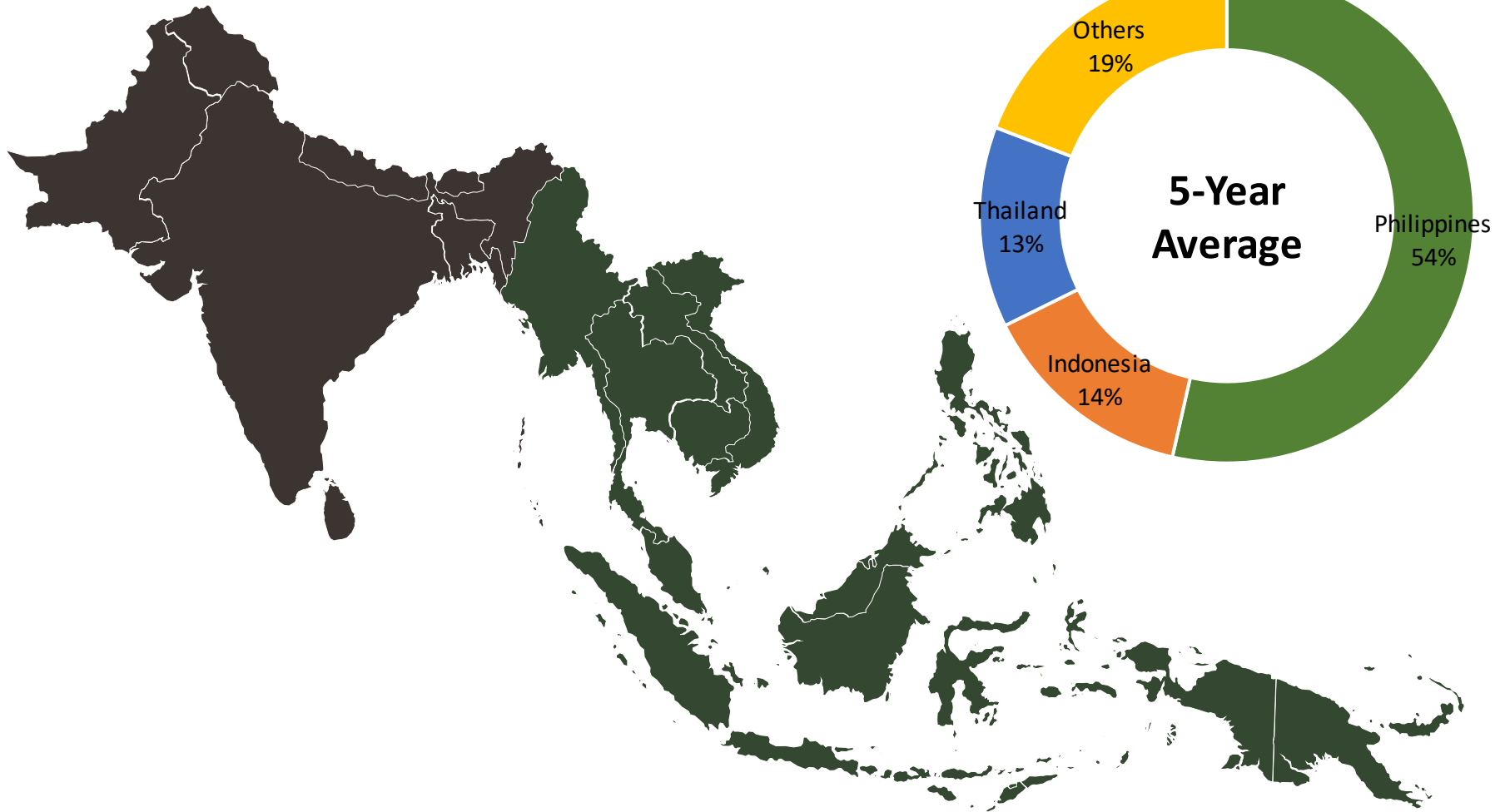
Assistant Regional Director, South and Southeast Asia



**U.S. WHEAT
ASSOCIATES**

Dependable People. Reliable Wheat.

USW South and Southeast Asia Region



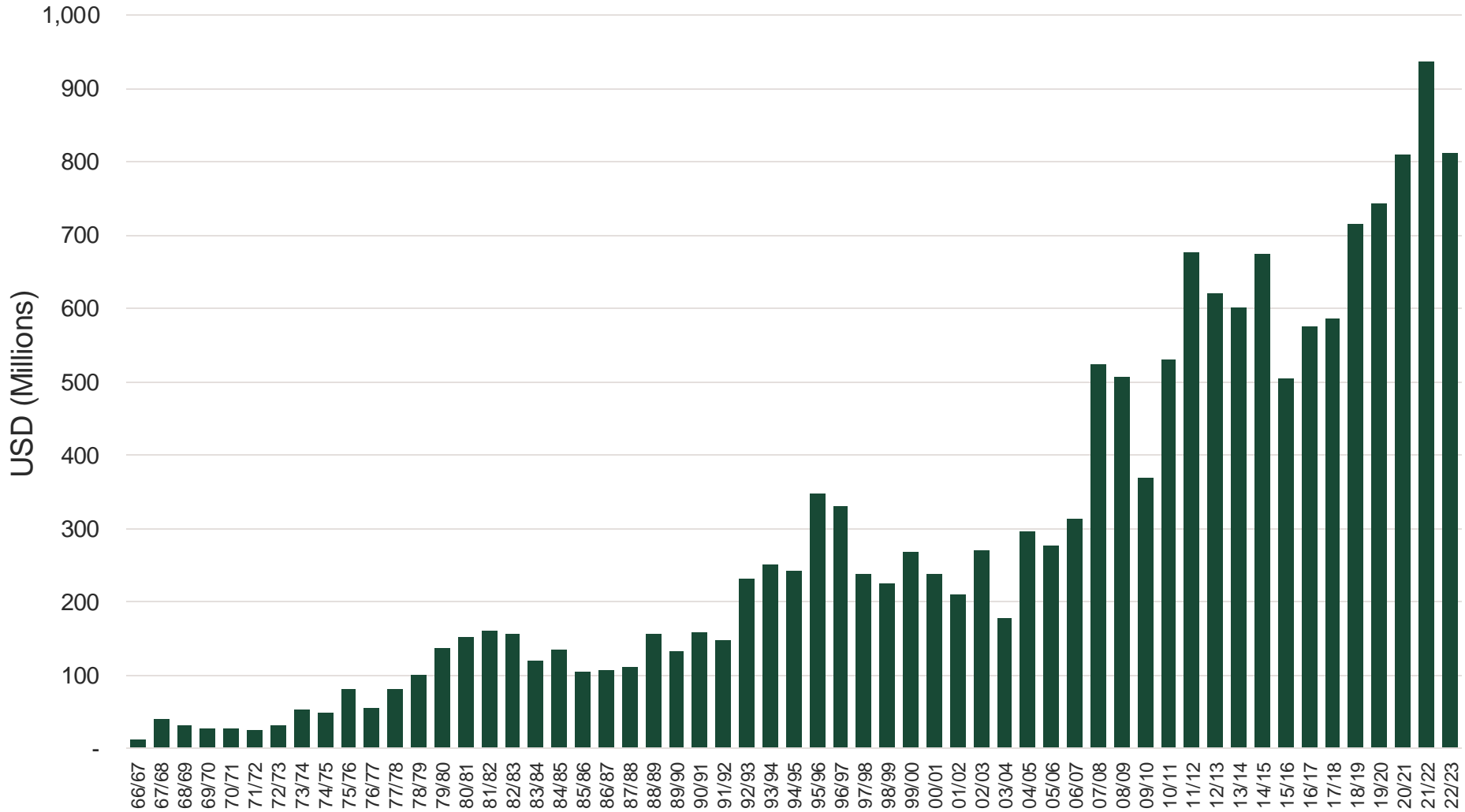
Philippine Milling Wheat Industry Snapshot



- **22 Flour Mills**
 - **2 Milling Associations (PAFMIL & CHAMPFLOUR)**
- **40% increase in milling capacity since 2012**
 - **Newest mill scheduled to open in July 2024**

Product	% of use
Bakery	50%
Noodles	20%
Biscuits	20%
others	10%

Annual FOB Value of the Philippines



Source: GATS

Long Term Strategy

Technical Support

- Products and processes where US wheat has advantage
 - Sponge and dough baking – HRW, HRS
 - Frozen dough – HRW, HRS
 - Cookies/cakes/crackers – SW, SRW
 - Extended shelf life – HRW, HRS, SW

Mechanized operations



Long Term Strategy

Technical Support

- Products and processes where US wheat has advantage
 - Sponge and dough baking – HRW, HRS
 - Frozen dough – HRW, HRS
 - Cookies/cakes/crackers – SW, SRW
 - Extended shelf life – HRW, HRS, SW



Purchasing Support

- Succession planning and turnover
- Fair trade



Long Term Strategy

Technical Support

- **Products and processes where US wheat has advantage**
 - **Sponge and dough baking – HRW, HRS**
 - **Frozen dough – HRW, HRS**
 - **Cookies/cakes/crackers – SW, SRW**
 - **Extended shelf life – HRW, HRS, SW**

Purchasing Support

- **Succession planning and turnover**
- **Fair trade**

Consumer Awareness

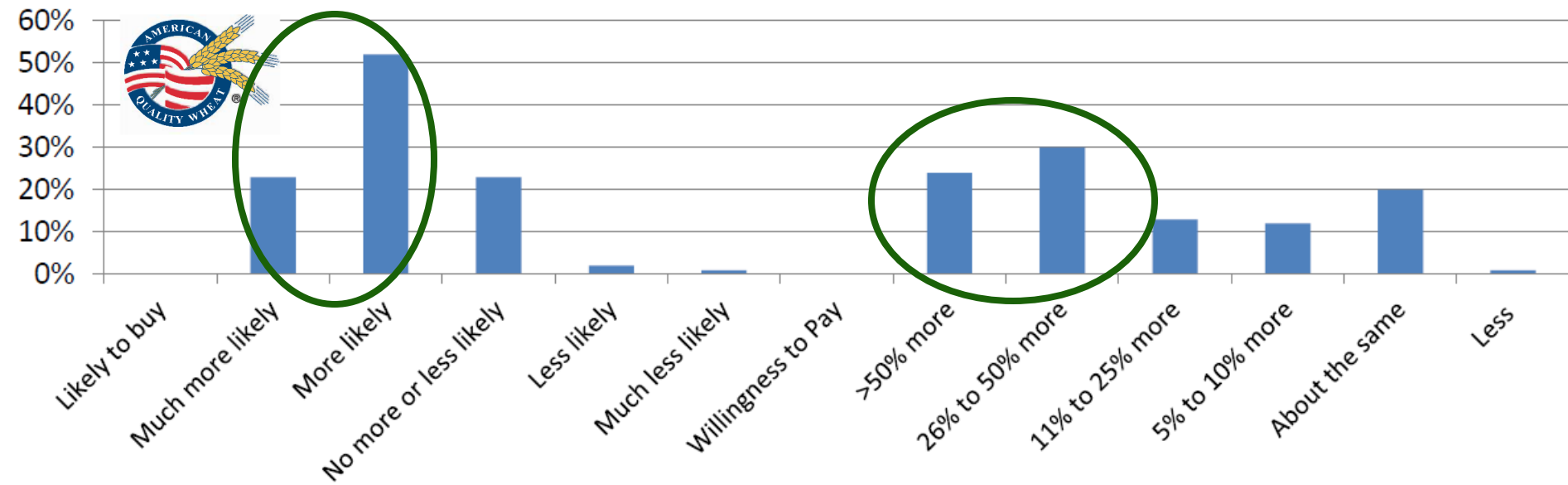
- **Social media influence**
- **U.S. Quality Wheat**
- **Trends in pop culture**

Go Wheat! Facebook Page



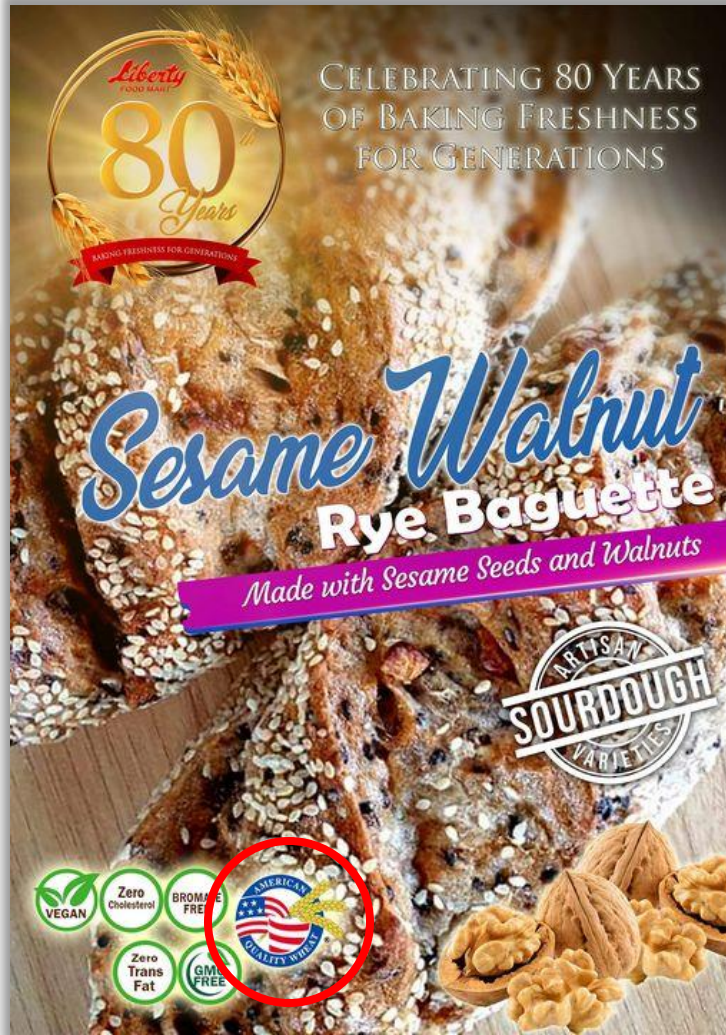
American Quality Wheat Seal

Impact on Likelihood of Purchases and Price



Source: Market Solutions, LLC

Use of the American Quality Wheat Seal



K-Wave Influence on Food



USW South and Southeast Asia Region

FAMOUS Korean Snacks
October 15, 2021 15:00-12NN

Presented by
SHIN HAK "DAVID" OH
Food/Bakery Technologist, USW Seoul

Then watch as our expert David Oh tackles some famous Korean snacks such as manju, vanilla kipferl, and yakgwa in his baking demonstration.

In cooperation with:



TRENDY Korean BREADS
Live Stream Demo
February 4, 2021
1:00-3:00pm

Presented by
Shin Hak "David" Oh
Food/Bakery Technologist,
U.S. Wheat Associates Seoul

In cooperation with:





U.S. WHEAT
ASSOCIATES

Salamat!

Market Constraints

Trade Issues

- ▶ SPS Import Clearances (SPSIC)
- ▶ Minimum Access Volumes (corn, pork, chicken and potatoes)
- ▶ Philippine FDA Certificate of Product Registration
- ▶ Labelling (expiry v.s. best before date; trans-fat declaration)
- ▶ Customs clearance

Challenges

- ▶ Archipelagic in nature – composed of many islands
- ▶ Market is heavily dependent on Port of Manila - limited number of port calls to non-Manila ports
- ▶ Relies on transportation networks (i.e., Hong Kong & Singapore) that require transshipment
- ▶ Limited transportation system - inadequate road and railway networks, ferries and barges are the primary modes of inter-island transportation
- ▶ Limited cold chain capacity

Fiscal Year 2024 Initiatives

- ▶ WOFEX Manila trade show, Jul 31–Aug 3 (U.S. pavilion sold out)
- ▶ FAS-Manila - led buyer delegations to regional trade shows
 - FOODEX Japan, Mar 5–8
 - THAIFEX – Anuga Asia, May 28–Jun 1
- ▶ Launch of USDA-Manila brand logo
- ▶ Workshop series with culinary schools (tentative)



Contact Us



AgManila@usda.gov



www.fas.usda.gov/regions/philippines



GAIN Reports – Exporter Guide, FAIRS, Sector Reports, and Market Briefs

2021

- Fresh Fruits
- Plant-based Food Products
- Shelf-Stable and Frozen Ready Meals
- Wood Products

2022

- Brewing Ingredients and Beer
- Distilled Spirits
- Seafood Products
- Wine
- Non-Alcoholic Beverages
- Deli Shops

2023

- Baking Ingredients
- B2C Cross-border E-commerce
- Pet Food
- Processed Vegetables
- Pulses
- Distribution: Connecting Port to Plate
- Halal Products

