

A Snapshot of the Philippine Food Processing Industry:

Opportunities and Threats for Western Visayas

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Philippine Food Industry

EXPORT MARKETING BUREAU



Industry Snapshot

World Demand in US\$ Billion

Year	Value
2010	845.09
2011	926.6
2012	1019.26
2013 (Estimate)	1121.18

Av. Gr. 2010-2013=10%

RP Exports in US\$ Billion (Priority)

Year	Value	% Share to World
2010	2.11	0.26
2011	3.06	0.33
2012	3.09	0.30
2013	3.92	0.35

Av. Gr. 2010 – 2013=

World Demand: By sub-sector

2013 (Estimate)

Year	Value
Processed Food	642.10
Fresh Food	289.32
Marine Products	131.11

RP Exports : By sub-sector

2013 (Priority)

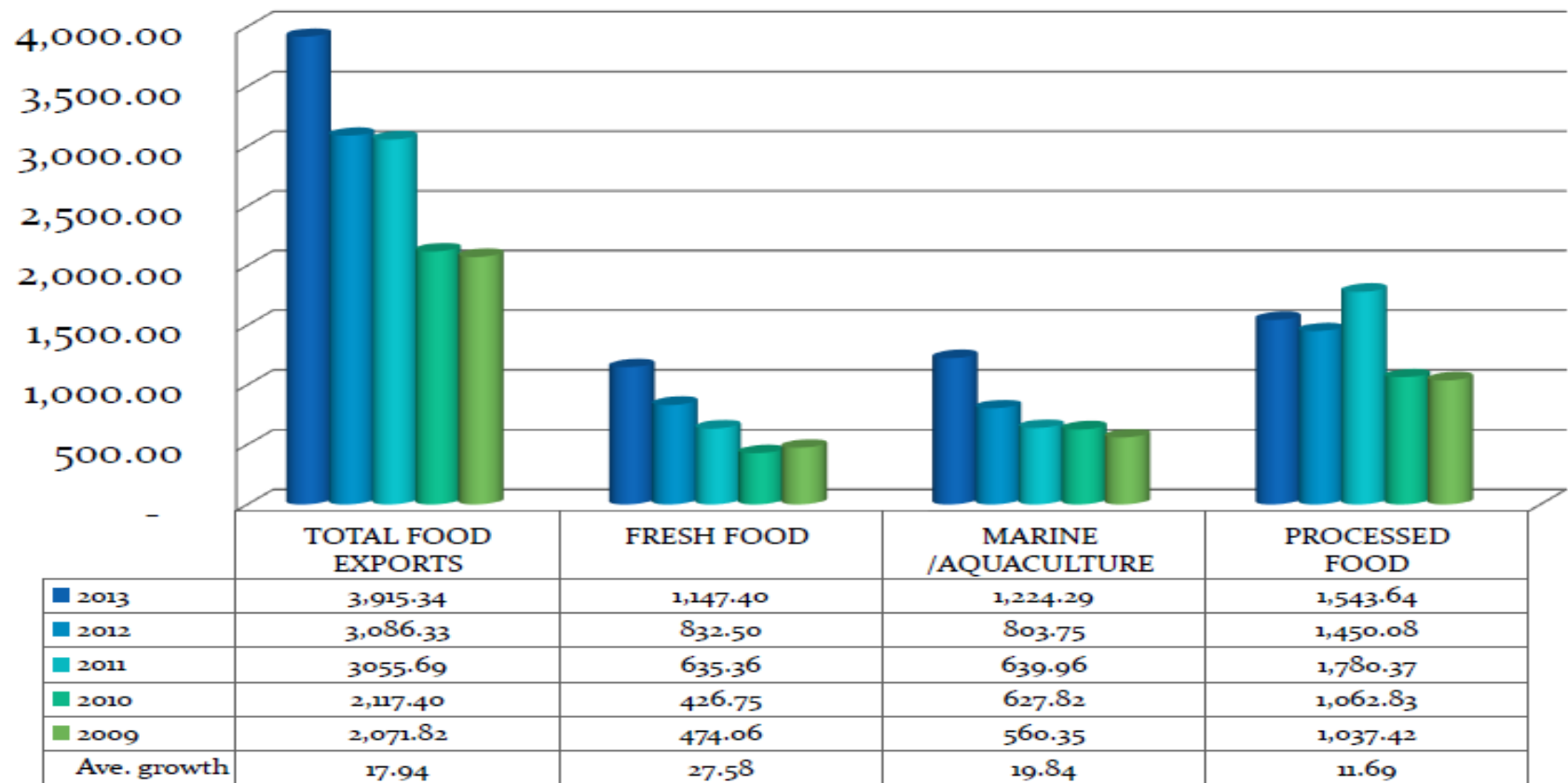
Year	Value	% share to World
Processed Food	1.54	2.40
Fresh Food	1.14	0.40
Marine Products	1.22	0.93

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Total Philippine Food Exports , 2009 to 2013

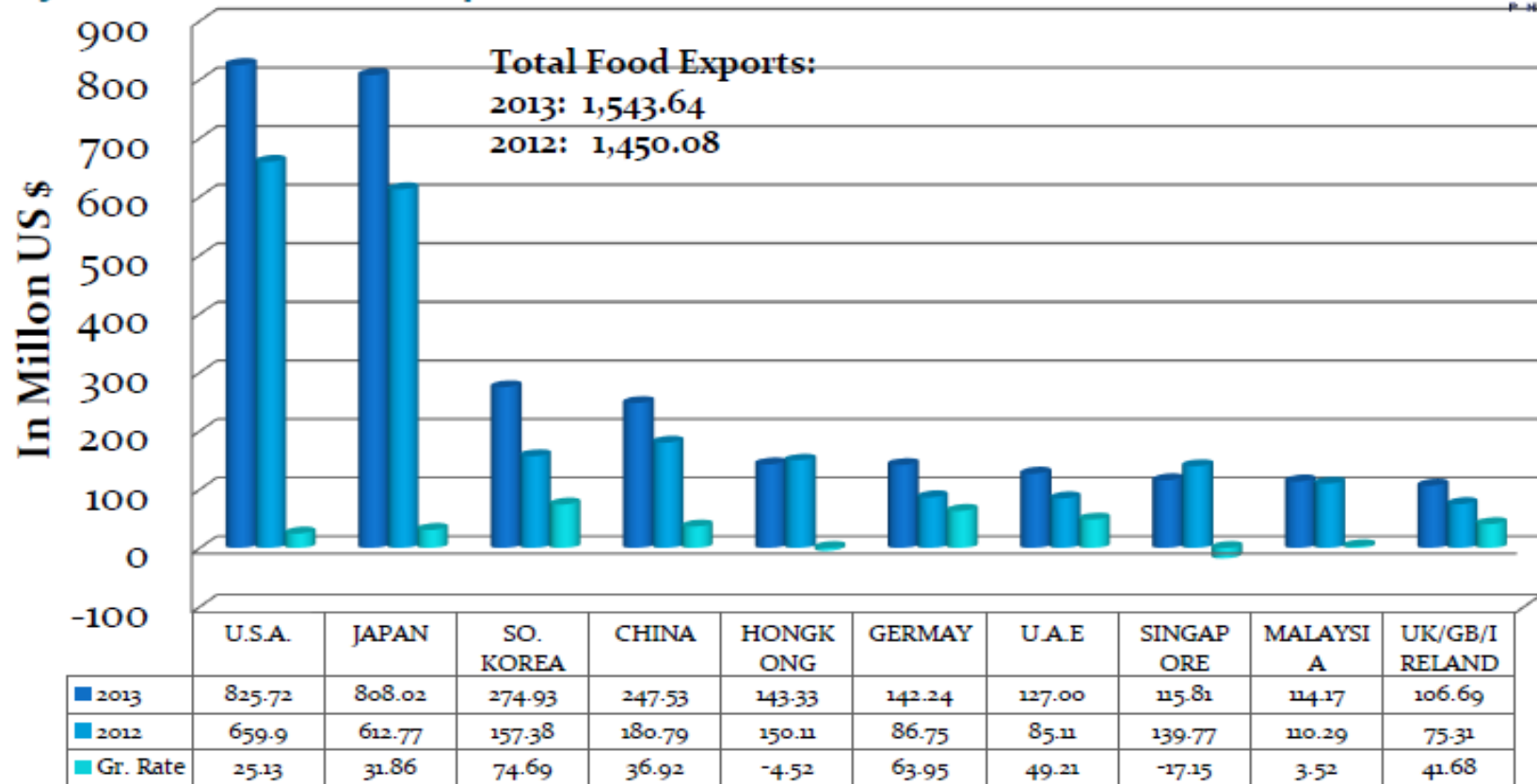


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Major Markets of Ph Exports of Food Products. 2012



Philippine Food Industry

EXPORT MARKETING BUREAU



Top Ten of Ph Exports of Food Products, 2013

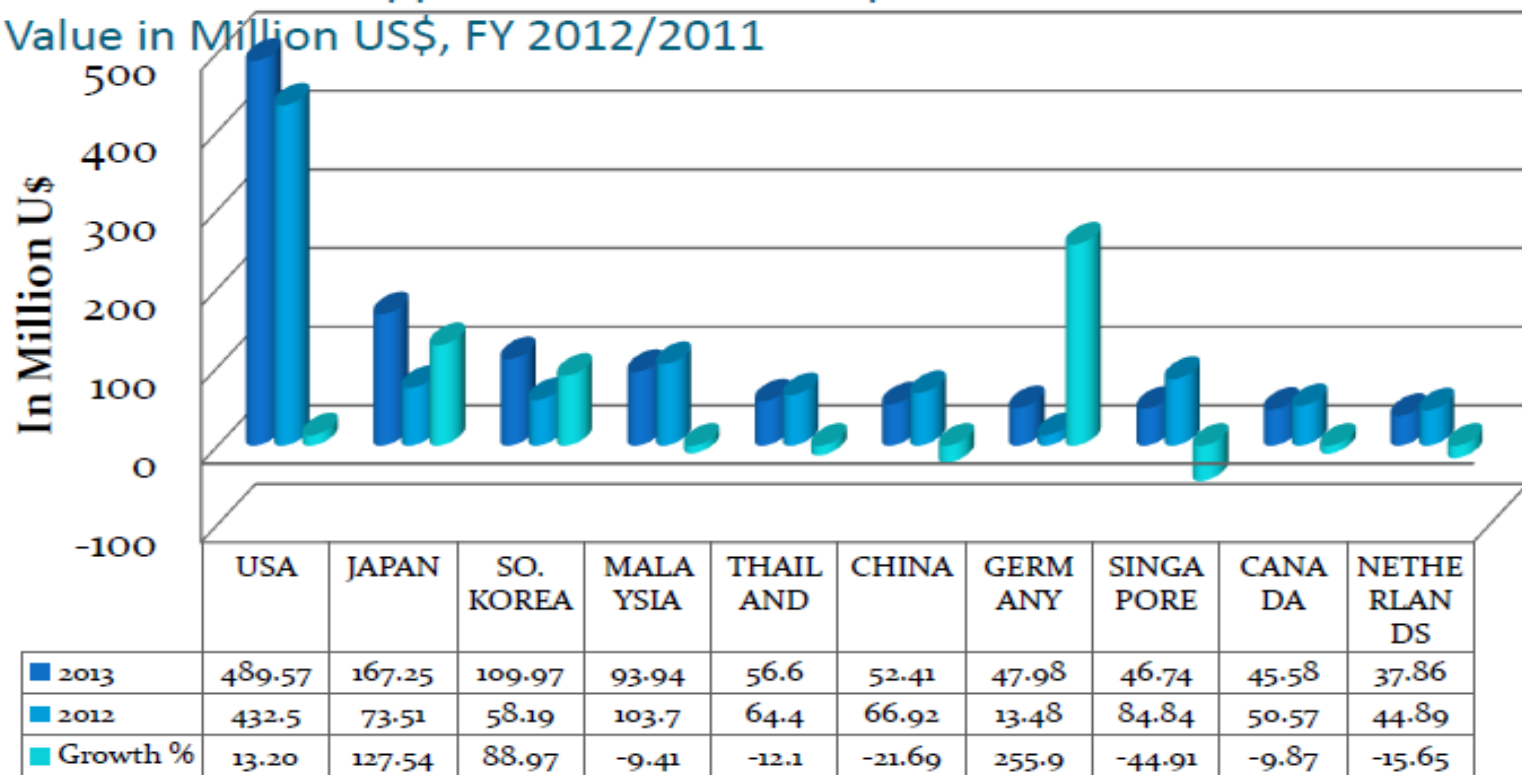
	2013	2012	Growth Rate
Total Food Exports	3,915.34	3,086.43	26.86
Top 10	2,473.32	1,753.91	41.02
Others	1,442.02	1,332.52	8.22
Fresh Bananas	911.75	646.66	40.99
Pineapples, prepared/preserved	176.03	219.78	(19.91)
Other Fish, prepared/preserved	308.8	165.82	86.23
Centrifugal Sugar	246.12	108.8	126.21
Tuna, prepared /preserved	245.42	93.53	162.40
Desiccated Coconut	181.3	197	(7.97)
Fresh Pineapples	144.92	99.67	45.40
Shrimps & Prawns	136.71	91.37	49.62
Tilapia, frozen fillet	62.95	73.43	(14.27)
Fruit, nuts & other edible parts of plants, prepared/preserved	59.34	57.87	2.54

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EXPORT MARKETING BUREAU



Major Markets of Philippine Merchandise Exports of Processed Food
FOB Value in Million US\$, FY 2012/2011

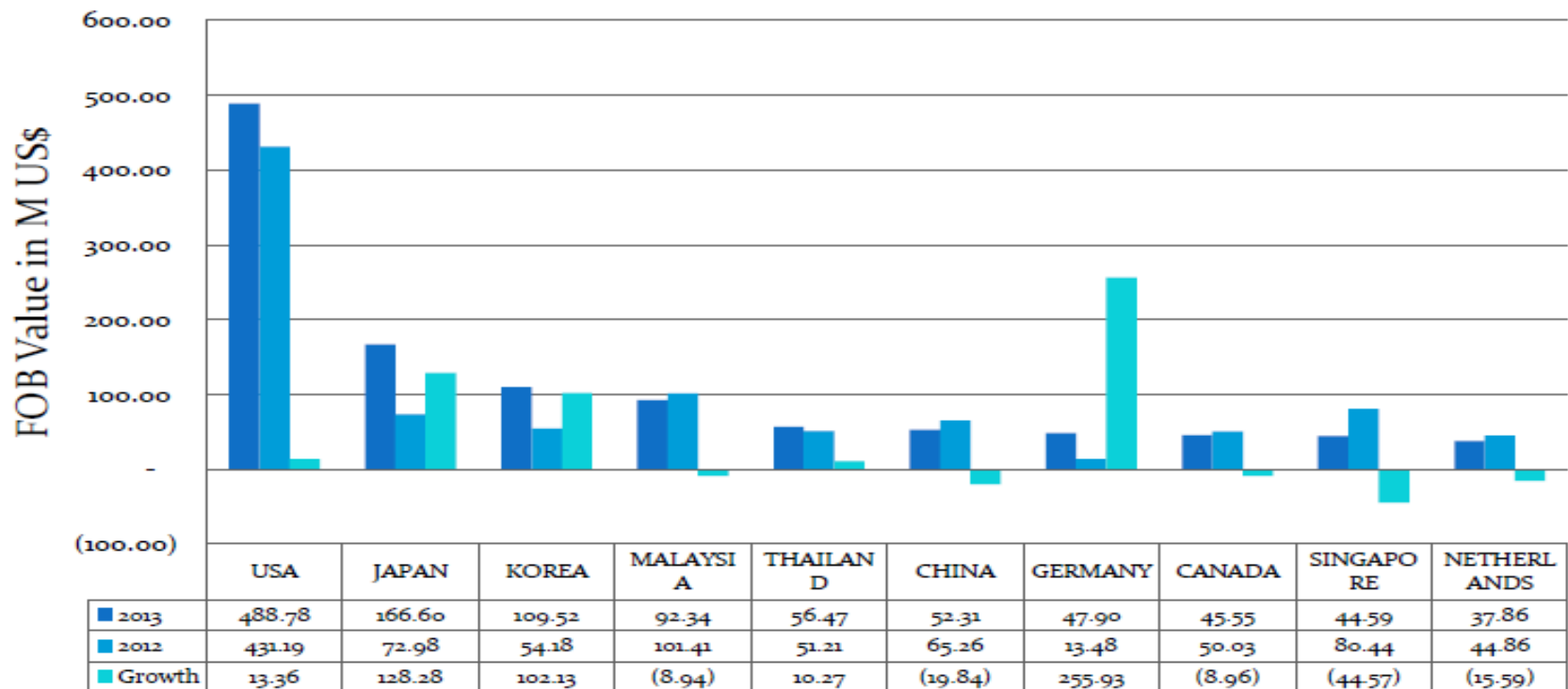


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EXPORT MARKETING BUREAU



Major Markets of Ph Exports of Fresh Food, 2013

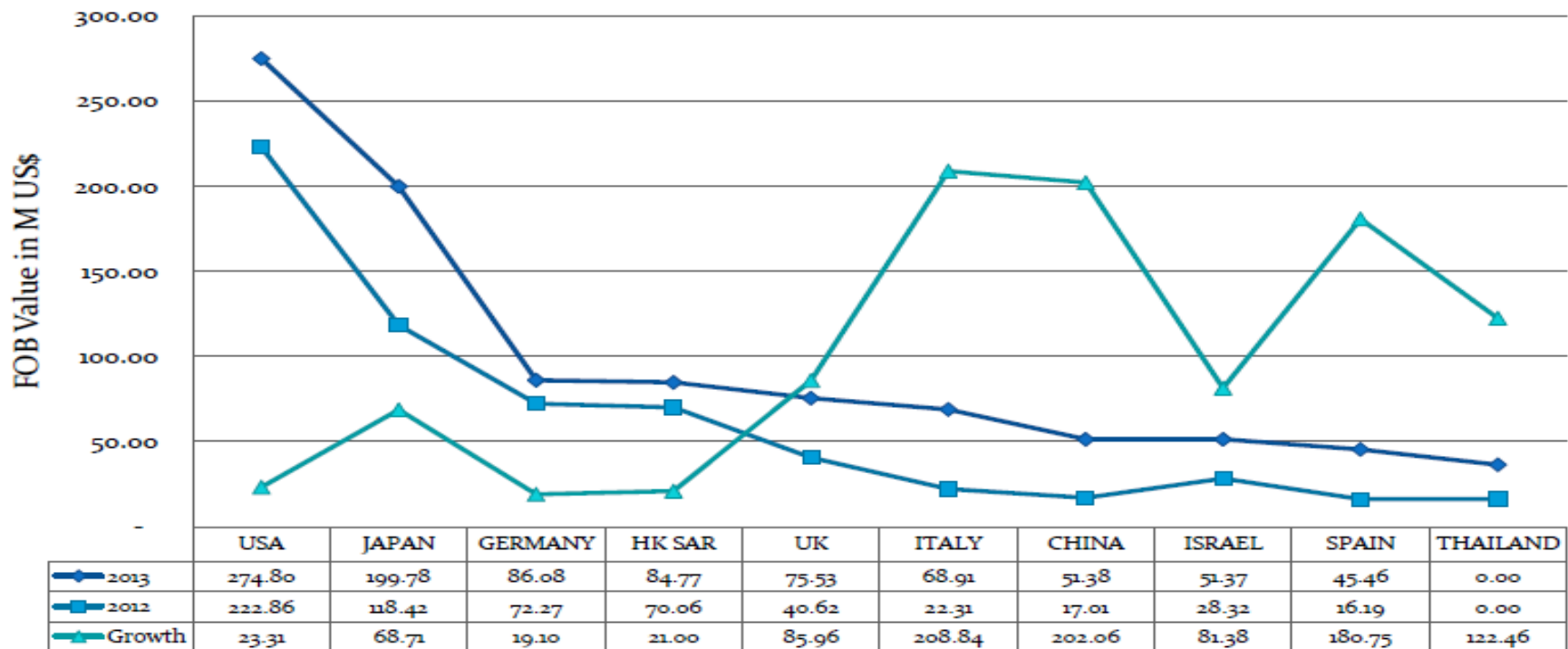


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EXPORT MARKETING BUREAU



Major Markets of Ph Exports of Marine/Aquaculture, 2013



Philippine Food Industry

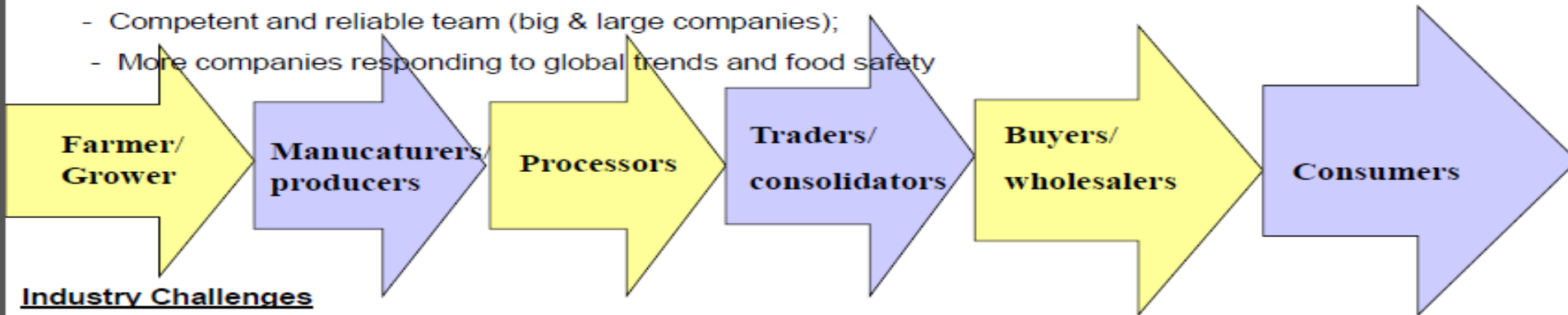
Industry Situation

BUREAU OF EXPORT TRADE PROMOTION



Advantages:

- Good agricultural environment and available land for cultivation;
- Proximity to markets;
- Global fusion;
- Industry backing from academe and other NGOs, etc.;
- Competent and reliable team (big & large companies);
- More companies responding to global trends and food safety



Industry Challenges

- INSUFFICIENT raw material for fresh export and processing.
- HIGH COST of production inputs, etc.
- FOOD SAFETY: Compliance to food and nutrition safety *(for fresh and processed)*
- PRODUCT INNOVATION & IMPROVEMENT:- R & D on product development and improvement and packaging development and improvement
- MARKETING & PROMOTION

Philippine Food Industry

BUREAU OF EXPORT TRADE PROMOTION



Food Processor Challenges related to Food Safety

- Lack of awareness on GAP, GMP, SOP, HACCP
- Insufficient infrastructure and knowledge
- Lack of resources and implementation capability
- Lack of internationally recognized quality infrastructure
- The impression that food safety compliance is **COSTLY**

Philippine Food Industry

BUREAU OF EXPORT TRADE PROMOTION



Areas for improvements and Collaboration...

- **Technology: Processing, Packaging**
- **Research and Development**
- **Capability Building**
- **Technical Assistance / Organization of Technical Conferences**
- **Marketing and Promotion**

Developments Affecting the Food Industry

ASEAN Economic Integration



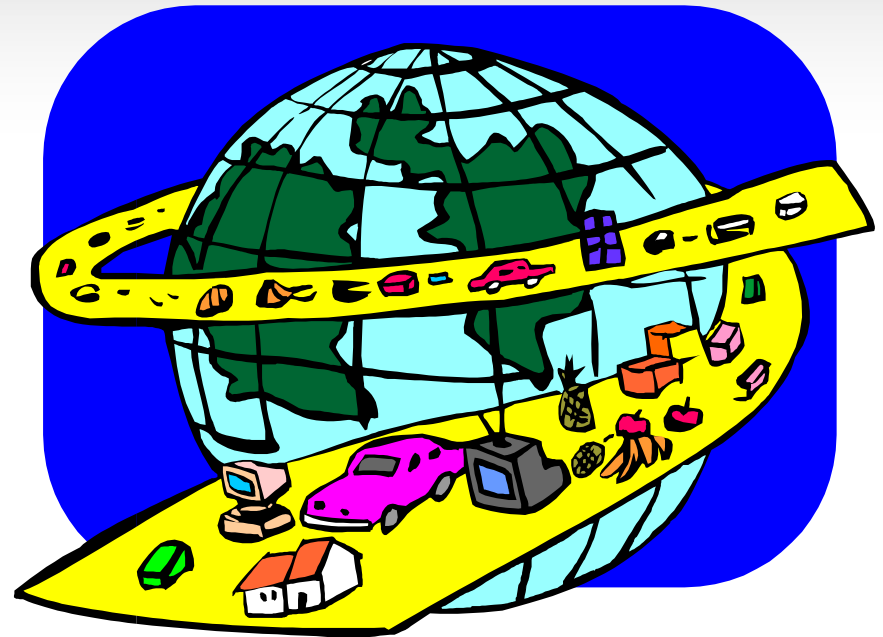
ASEAN Economic Integration



ASEAN Economic Integration

Single Market and Production Base

- free flow of goods;
- free flow of services;
- free flow of investment;
- freer flow of capital; and
- free flow of skilled labour



ASEAN Economic Integration

Free flow of goods:

- zero tariffs
- removal of non-tariff barriers
- integrating customs procedures
- harmonising standards and conformance procedures.



ASEAN Economic Integration



ASEAN Economic Integration

**8th
LARGEST
ECONOMY**



Source: GET READY FOR THE AEC | by the Philippine ABAC

ASEAN Economic Integration

\$ 2.356 Trillion

GROSS DOMESTIC PRODUCT (GDP)

ASEAN Economic Integration

ANC
anc.yahoo.com

**ENTREPRENEURS SHOULD
HAVE AN EYE TO EXPAND OUT
OF THE PHILIPPINES**

**ON THE
MONEY**

**ARE PH COMPANIES READY FOR
ASEAN INTEGRATION?**

ASEAN Economic Integration



**FILIPINO COMPANIES SHOULD
LEARN HOW TO OPERATE
IN DIFFERENT GEOGRAPHIES,
UNDER DIFFERENT JURISDICTIONS,
MEETING DIFFERENT CHALLENGES**

A map of Southeast Asia and the Philippines is visible in the bottom right quadrant of the slide. The landmasses are colored in a light tan or yellowish hue, while the surrounding water is a deep blue. The map shows the outlines of the Malay Peninsula, Sumatra, and the Philippine archipelago.

**ON THE
MONEY**

ASEAN Economic Integration



BUSINESS TIPS:

- HAVE A CULTURE OF EXCELLENCE
- DISCIPLINED WORKFORCE
- STANDARD OPERATING PROCEDURE
- EFFICIENCY

If the culture of excellence is very important even with the local economy, it will become double or triple or quadruple more important when you have economic integration because you have more competition, but you also have more opportunities...

- Ysmael Baysa, CFO, Jollibee Foods Corporation

ON THE
MONEY

Food Safety Act of 2013

Republic Act No. 10611

Strengthening the Philippine Food Safety Regulatory System

Aims to:

- protect the public from food-borne and water-borne illnesses and unsanitary, unwholesome, misbranded or adulterated foods
- enhance industry and consumer confidence in the food regulatory system
- Achieve economic growth and development by promoting fair trade practices and sound regulatory foundation for domestic and international trade

Food Safety Act of 2013

Principal Responsibility of Food Business Operators.(FBOs)

– Food business operators shall ensure that food satisfies the requirements of food law and that control systems are in place to prevent, eliminate or reduce risks to consumers.

- FBOs shall be primarily responsible for ensuring safety of their food products and compliance of their production and distribution/trading systems to the requirements of the Act.
- FBOs shall ensure that foods they produce are prepared according to standards, codes of practice and other control measures as prescribed by the FSRAs that prevent or minimize food safety hazards or reduce the hazards to acceptable levels.
- Farmers and fisherfolks as well as FBOs in small and micro industries shall be assisted by the DA and DOH in coordination with the local government units (LGUs) to implement the standards and codes of practice.

Food Safety Act of 2013

- FBOs in the primary production and postharvest stages, processed and prepackaged sector of the food supply chain shall be encouraged to implement a HACCP-based approach or an equivalent food safety control program in their operations.
- When required by markets, FBOs shall implement a HACCP-based system or an equivalent food safety control program in their operations.
- FBOs operating within the jurisdiction of the BOQ of the DOH shall ensure that their food products comply with Good Manufacturing Practices (GMP)/HACCP provisions and that their food handlers and stewards have valid BOQ health certificates.

PTRACE

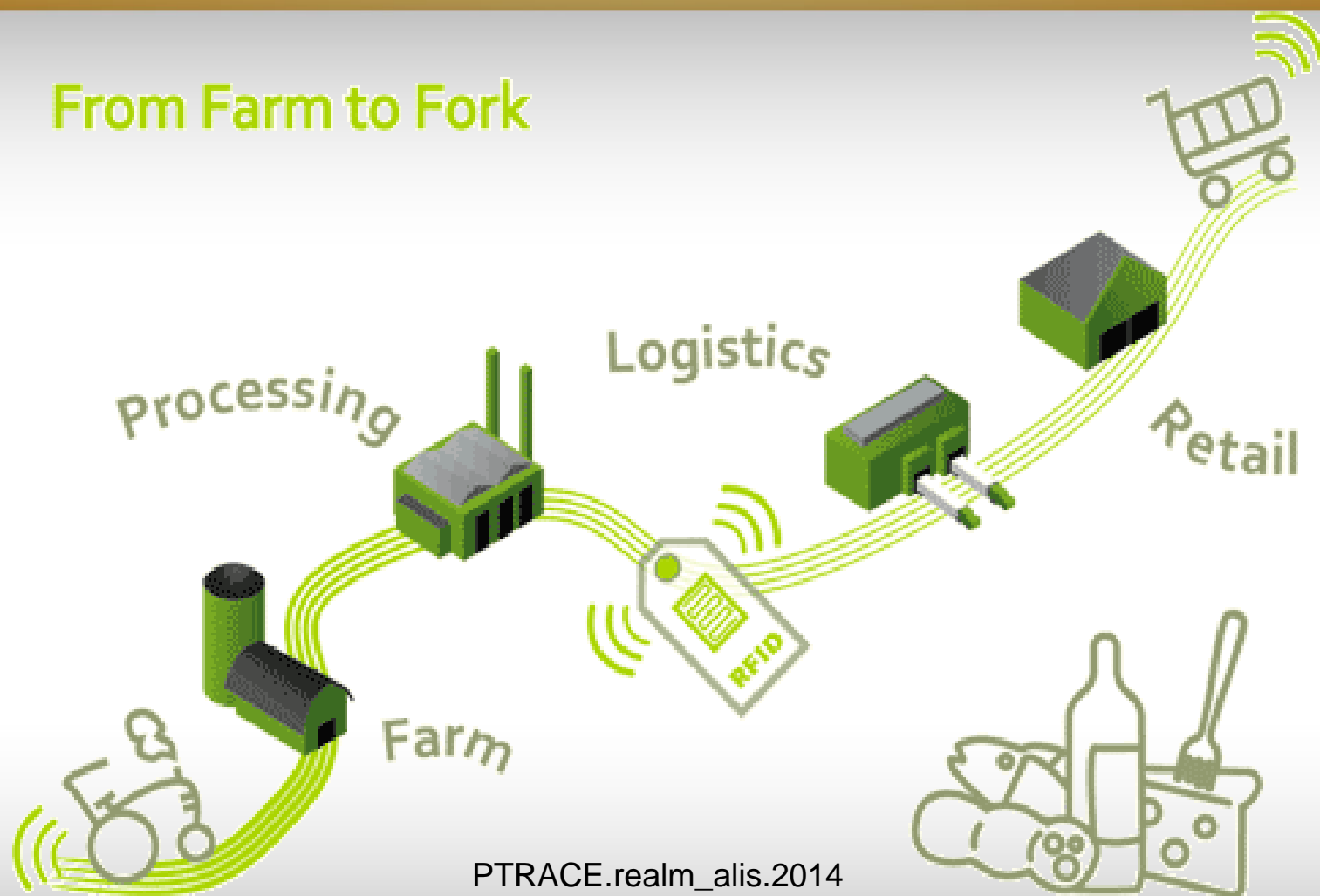
Program for Philippine Traceability for Revitalized Agricultural Competitiveness Enhancement

- A product traceability system
- Aims to help farmers and food producers meet international food quality, safety, and traceability standards in order to sustain access of our food products in the export market.
- Tracks and traces the movement of food products to document distribution and production inputs and processes.
- Helps identify the cause of any food safety concern or quality problem to make it easier to take prompt corrective measures

PTRACE

Program for Philippine Traceability for Revitalized
Agricultural Competitiveness Enhancement

From Farm to Fork



PTRACE.realm_alis.2014

PTRACE

Program for Philippine Traceability for Revitalized Agricultural Competitiveness Enhancement

- Implementing Agency: United Nations Industrial Development Organization (UNIDO)
- Funding Source: Debt-for-development swap between the Governments of Italy and the Philippines
- Legal Basis: Food Safety Act of 2013
 - Article VIII, Section 27 – **Traceability** shall be established for foods at relevant stages of production, postharvest handling, processing or distribution, when needed to ensure compliance with food safety requirements

PTRACE

Program for Philippine Traceability for Revitalized
Agricultural Competitiveness Enhancement

- More and more consumers all over the world, not only demand to know about:



- the origin of their food
- its ingredients
- where it was produced
- ways of production
- use of pesticides

They also demand for reassurance that the food they buy is really what it claims to be

PTRACE

Program for Philippine Traceability for Revitalized Agricultural Competitiveness Enhancement

A tracking system provides the food supply chain unprecedented opportunities for competitive advantage in conjunction with its distribution partners to ensure safe food, protect brand reputation, build consumer confidence and reduce the cost of supply chain.

*Source: Viable and Effective Tracking System for the Food Industry
By Carlos García*

Consumer Trends

- The global health and wellness market will continue to be driven by demand for natural products, with consumers becoming increasingly sophisticated in their expectations.



Not only do they want less of the "bad" stuff, they also want more of the good, such as protein, veggie and functional properties.

<http://blog.euromonitor.com/2014/04/top-10-global-consumer-health-and-wellness-trends-for-2014.html>

Growing Local Market

- Strong consumer base
- While overall per capita income is \$2,792, the 10 million population in and around the capital of Manila has a per capita income of \$8,300 or 3 times the national average
- Roughly 90 percent of the Philippine food and beverage processing industry's output is consumed locally.
- Consumption growth in the coming years is underscored by the country's robust economy and fast-growing highly urbanized population with increasing sophisticated tastes and ever-growing access to supermarkets

Philippine Market Profile

Population:

- 105 Million (2013 est.), annual growth rate of 1.84%
- 40% below 20 years old
- 52% living in urban areas

Source: CIA World Fact Book

Source: USDA Foreign Agricultural Service

THANK YOU