

The background of the slide is a blurred image of the Philippine flag, showing the white upper triangle, the blue lower triangle, and the yellow sun in the center. The text is overlaid on this background.

Oils & Fats Scenario In The Philippines

Luzon

8 Regions
48,520,774

Visayas

3 Regions
17,815,374

Mindanao

6 Regions
25,375,527

Total population - 91,711,675



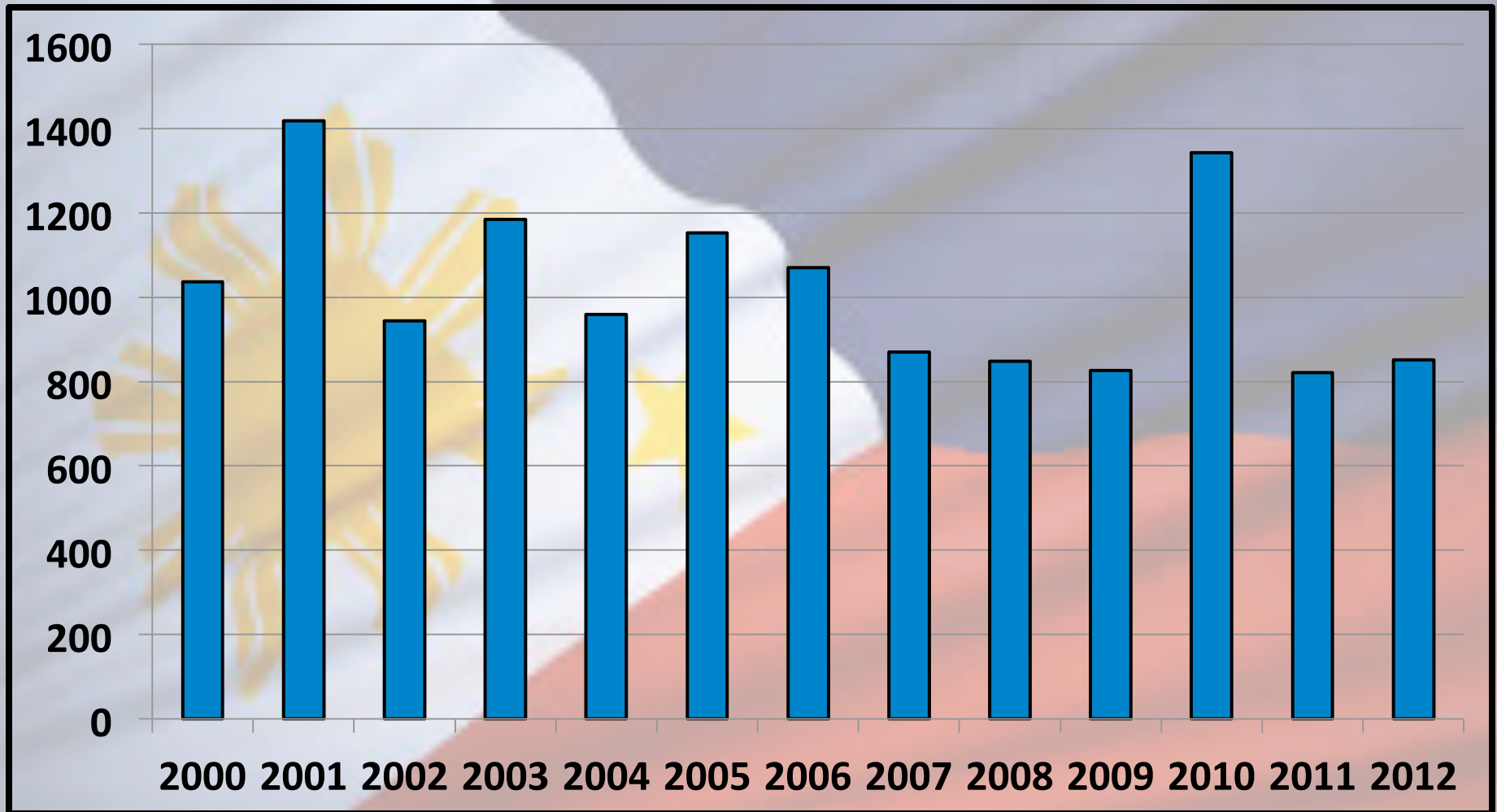
Oils & fats in the Philippines

- **Total coconut oil production as of 2012 is the of 1.52 million MT , a increase of 390,000 MT from the 1.13 million MT recorded in 2011**
- **65% was exported due high prices leading to a shortage of domestic supply**
- **Consumption of coconut oil increase from 314,000 MT in 2011 to 403,000 MT in 2012, a increase of 28%**
- **Palm oil consumption is 478,000 MT in 2012**

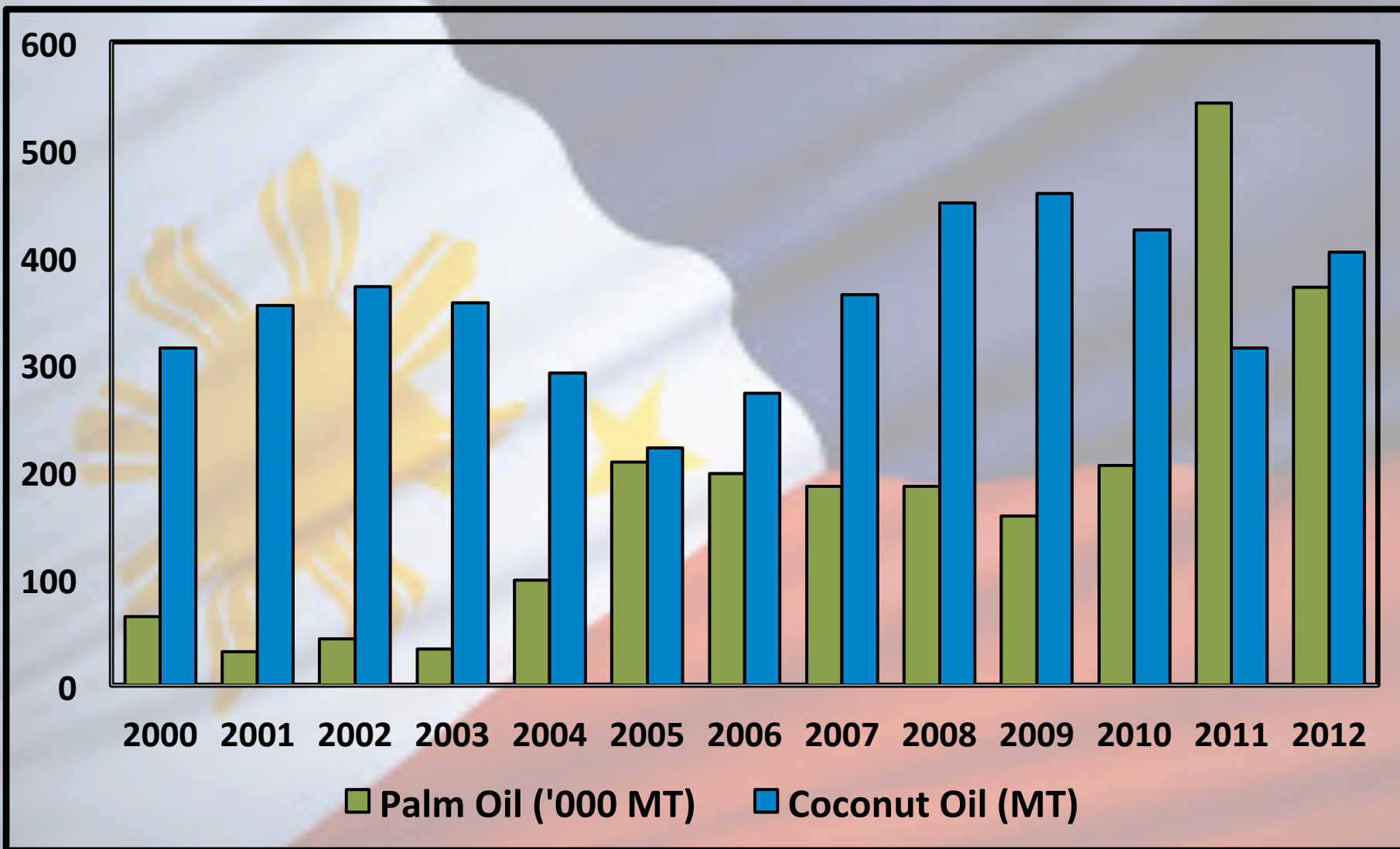
Oils & fats in the Philippines

- The World Health Organization (WHO) recommends that 30 percent of the energy (calorie) of an individual should be obtained from oil and fats. This works out to a per capita consumption of about 25/kg of oil and fats/year.
- Average per capita consumption of oil and fats is only 9.5 kg per person/year.
- The volume needed by the country cannot be served by coconut oil due to its high demand in export.(oleochemicals)
- Coconut oil in the world market is priced higher than palm oil, thus coconut farmers and traders earn more income through exports rather than selling the same at a lower price in the domestic market as vegetable oil similar to palm oil

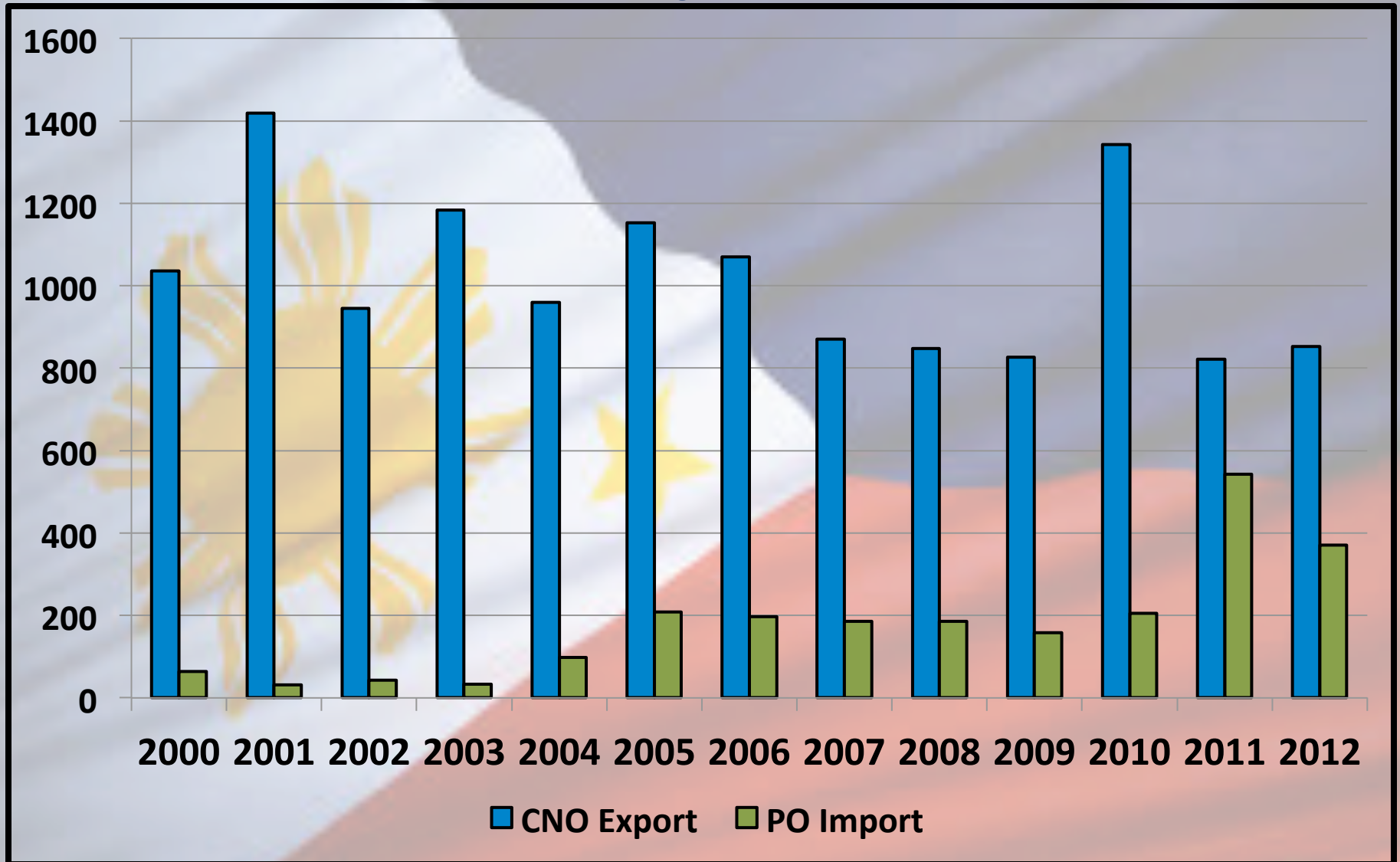
Philippines Coconut Oil Export 2000 - 2012



Philippines Coconut Oil vs Palm Oil Consumption 2000 - 2012



Philippines Coconut Oil Export vs Palm Oil Import 2000 - 2012



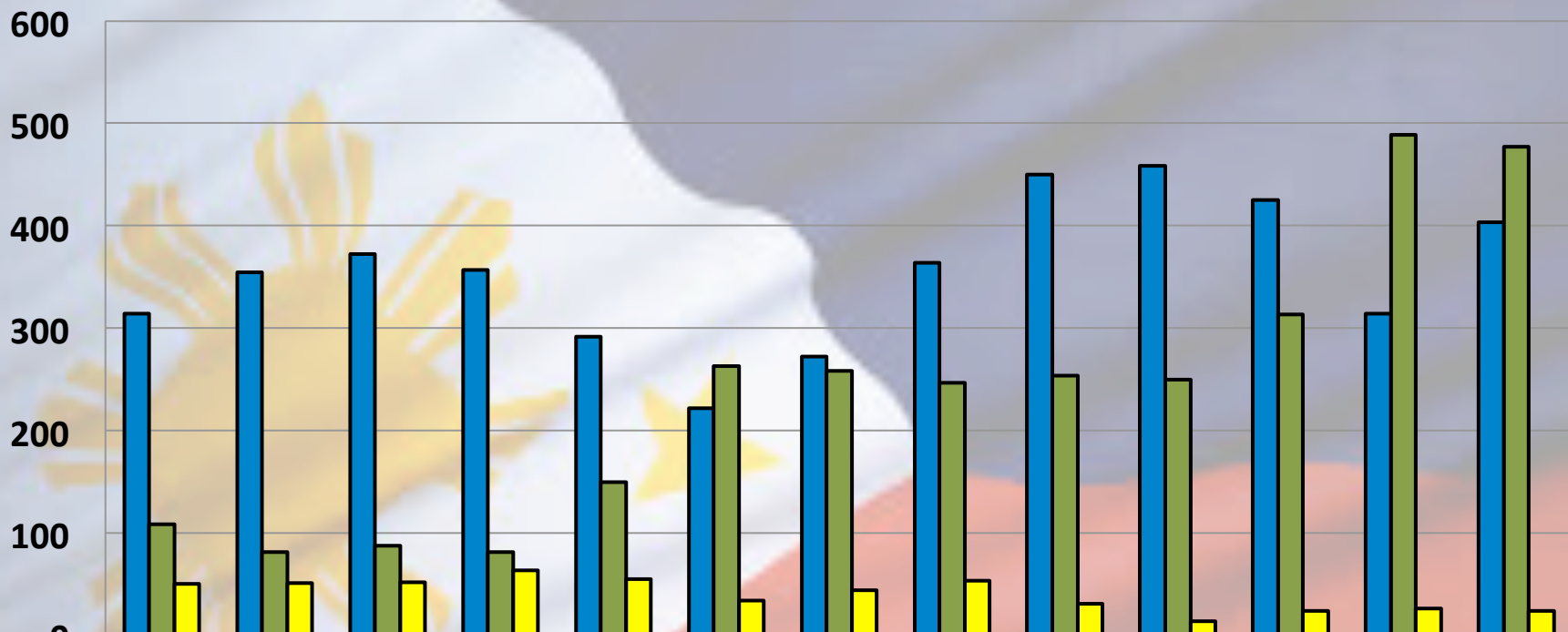
Philippines Rice & Vegetable Oil Import 2009 – 2017 (F)

YEAR	PHILIPPINE IMPORT (1000 MT)	
	RICE	VEGETABLE OIL
2009	>1300	119
2010	1300	205
2011	850	543
2012	500	597
2013	0	657
2014	0	723
2015	0	795
2016	0	875
2017	0	962

Past, current and projected shortages of rice and vegetable oil of the Philippines.

*Source – Dept. of Agriculture, Philippines

Consumption of Major Vegetable Oils in Philippines 2000-2012 ('000 MT)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
■ CNO	314.2	354.2	372	356.9	291.3	221.5	272.1	364	449.6	458.4	424.7	314.2	403.6
■ PO	107.9	81.2	87.3	80.7	149.7	263	258.4	246.3	253.3	249.5	313.6	488.3	476.7
■ SBO	49.9	50.7	51.4	63.2	54.8	34.1	43.5	53.4	30.3	13.3	23.3	26	23.7

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Domestic Demand

**Factors that influence
domestic demand of oils
and fats in the Philippines**

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- **Food Consumption**
 - **Increase in the number of working class**
 - **Imported food distribution in country**

Food Consumption in the Philippines

- Higher Per Capita GDP (PPP) and lower unemployment rate. The Per Capita GDP (PPP) forecast for 2012 is US\$2,600.
- Philippines will be one of the fastest-growing economies over the next four decades, with its GDP predicted to be the 16th largest in the world by 2050. This has led to:-
 - More people eating outside ordering takeaways (boosting the domestic fast food and catering industry)
 - Demand for quality and healthy food

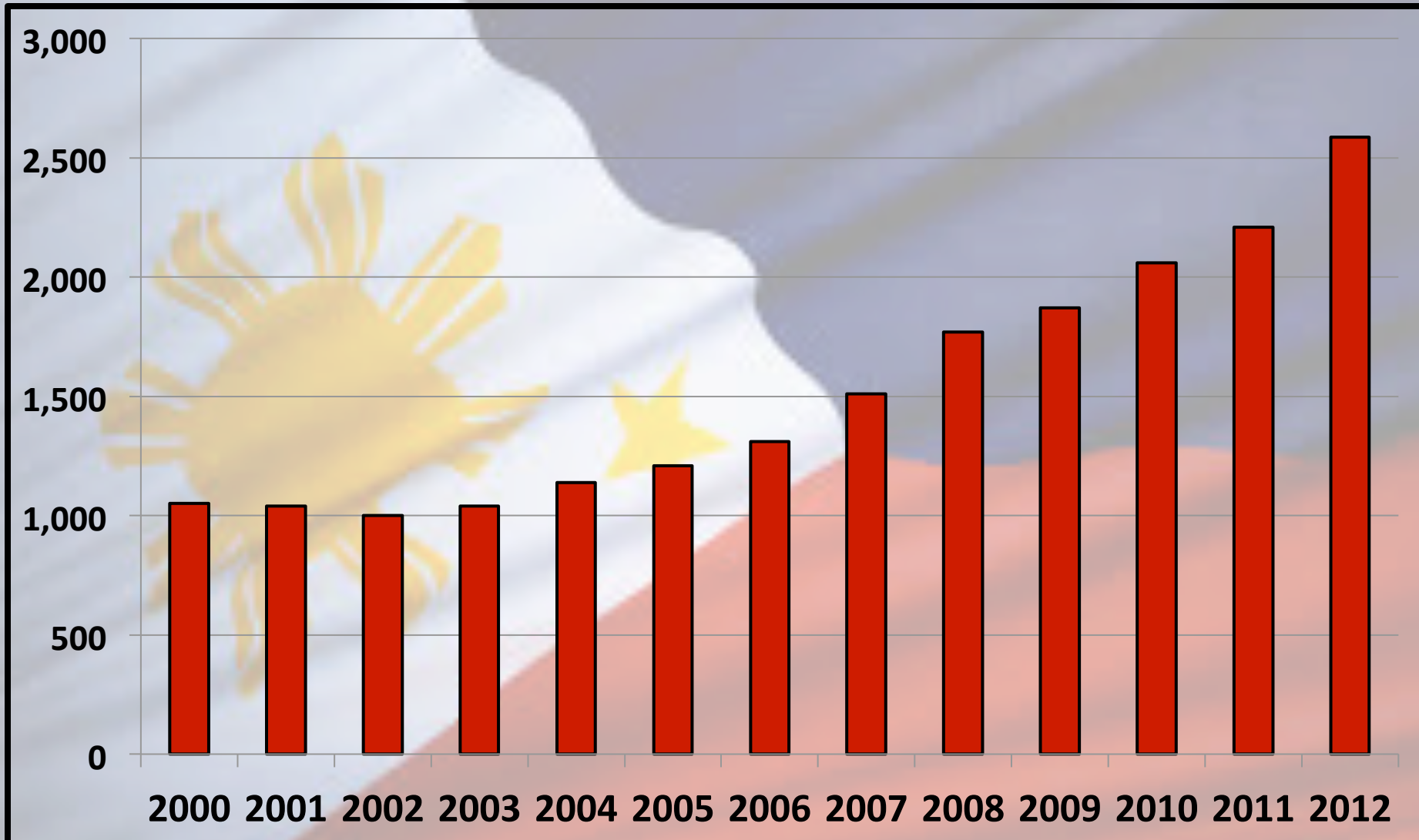
Food Consumption in the Philippines

- **The Philippines is one of the world's fastest young population, with 65% of its 92 million people under 30 years of age.**
- **The disparity between the rich and poor is large with 70% of Filipinos living below the poverty level (surviving on, or less than, \$US 1 per day).**

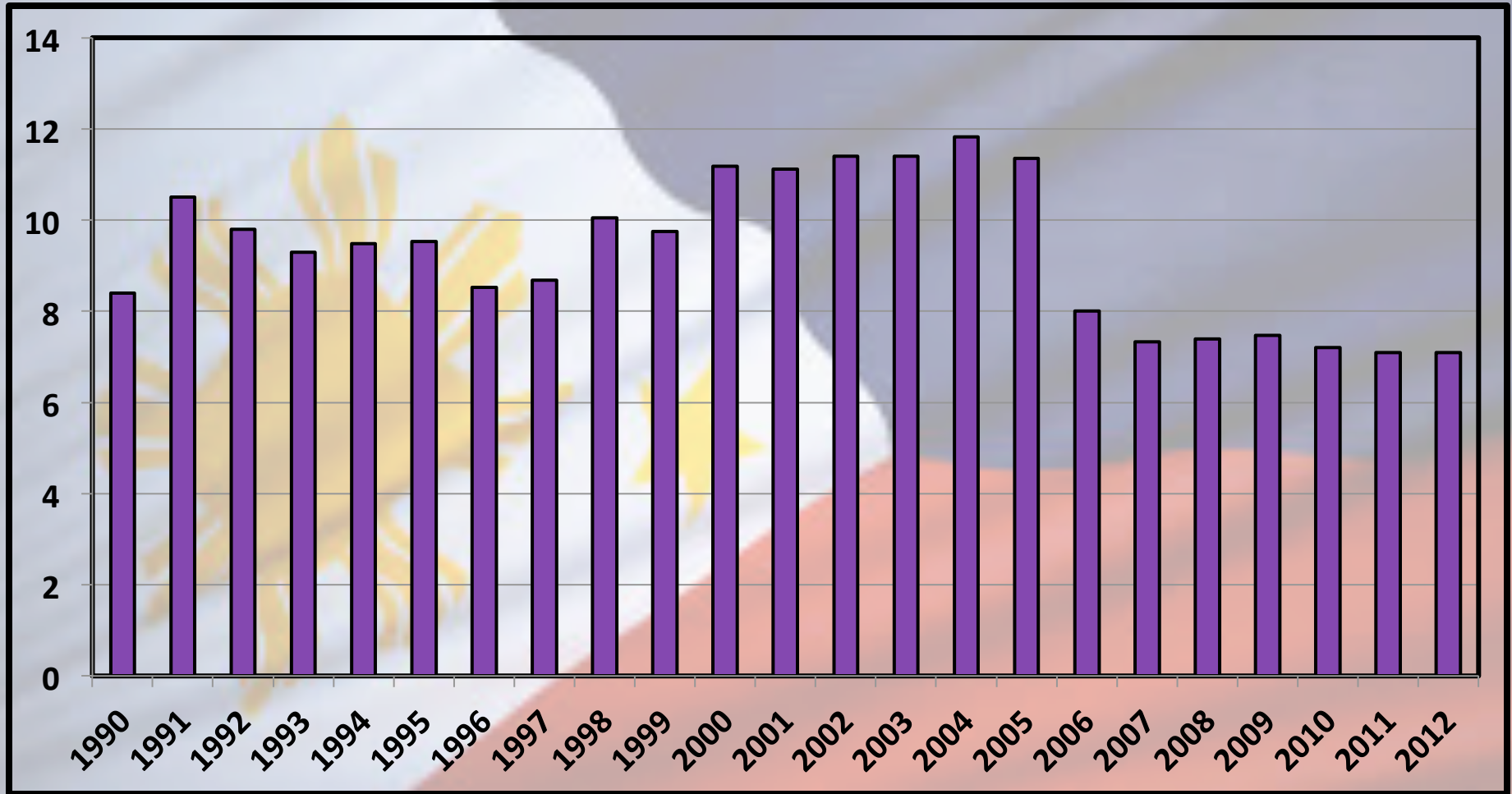
Food Consumption in The Philippines

- **The Philippines is regarded as one of Asia's most attractive retail growth markets as continued economic growth combined with a deregulated and highly fragmented market**
- **With more demand on modern lifestyle it accelerates growth and opportunities in this sector to satisfy the growing consumer demand for retail ready food products in the medium-long term.**

Philippines GDP Per Capita (PPP) 2000 – 2012 (US\$)



Philippines Unemployment Rate 1990 -2012



Increase in number of working class

- Filipino's spend approximately 12% of total income eating out and the sector is valued at \$US3 billion, with growth of 10%-15% in the last decade
- Traditional food service formats still enjoy a majority market share in the Philippines, but the modern food service market, driven by convenience and price and dominated by fast food restaurants/chains such as Jollibee, McDonalds and ChowKing, is increasing its presence with speed.

Increase in number of working class

- High end restaurants and hotels are found in metropolitan Manila and service wealthy local and expatriate consumers. Both of these segments are heavily reliant upon imported foods.
- Many fast foods, food processors and vegetable oil outlets in the country have recently shifted from other vegetable oils – from coconut, soybean, canola, etc. to palm oil as it is the cheapest and in many ways more nutritious, healthful and convenient to use than other vegetable oils.

Imported Food Distribution in the Philippines

- **The food sector in the Philippines is extremely fragmented due to the excessive numbers of food retail and service outlets;**
- **Due to archipelagic nature of the country it leads to an inefficient and costly distribution.**

Imported Food Distribution in the Philippines

- **In general, imported food enters the Philippines by Air and Sea ports.**
- **Airports (Manila, Clark, Cebu & Davao, Cagayan de Oro, and Zamboanga)**
- **Seaports (Manila, Subic, Cebu, Davao and Cagayan de Oro)**

Imported Food Distribution in the Philippines

- **The Philippines' Department of Agriculture and Bureau of Agriculture and Fisheries (animal and horticultural products) and the Department of Health and Bureau of Food and Drugs (processed foods) are the main agencies tasked with developing, regulating and enforcing food safety standards for all imported foods. Food products must be registered with the relevant agency, which can only be done by a Filipino entity and typically takes three months**

Philippine Food Import Supply Chain



Typical Filipino Food Distribution Channels for Imported

Source: DPI, 2009

Great Potential for Palm Oil in Philippines

- **Palm is readily available and reasonably priced**
- **Palm oil has been proven to be a healthy oil which is odourless and tasteless, perfect for consumers and manufacturers alike who are looking for a healthy oil for cooking and baking needs**
- **Palm oil has been proven to be a versatile oil which can be used in food and non-food applications**

Great Potential for Palm Oil in Philippines

- Major food manufacturers such as San Miguel, Dunkin Donuts, Chowking, Super Bowl and Mix plant have switched to palm oil, they have been doing so on a stage by stage basis to avoid an abrupt change in their food products
- The Philippine public has also acquired the taste for palm oil in their prepared foods
- The very competitive cost of palm oil makes it the ideal choice for industrial food manufacturers as well as households

Great Potential for Palm Oil in Philippines

- Higher domestic income has resulted in more Filipinos to go on domestic tourism
- Increased in tourism has prompted hotels (international franchises and independent) to grow to cater the need
- Hotel mainly uses palm oil for catering in food preparation
- Increase in hotels, reflected in increased of palm oil imports

Factors Which Will Influence Increased Uptake of Palm Oil

- **Food service sectors: Hotel cafes & bars, full service restaurants, fast food chains, street stalls / kiosks**
- **Increase demand because of lifestyle and also tourism**
- **Many hotels and restaurants have started using palm oil but there is great potential for higher uptake in view of the more competitive price**
- **There will invariably be an increase in fast food outlets which will fuel the demand for palm oil**

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Thank you