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Prepared By: Florence Mojica-Sevilla

Approved By: Michael Ward

Report Highlights:

FAS Manila forecasts MY 2024/25 soybean meal imports to reach 3.2 million metric tons (MMT), an increase of 4 percent attributed to the growing feed demand for livestock, poultry, and aquaculture. The projected 3 percent growth in soybean meal equivalent (SME) consumption coincides with the forecasted 3 percent increase in livestock production during the same period. Copra crushing will decline by 15 percent, which will also result in a 15 percent reduction in coconut oil supply, lowering exports to 900,000 MT. The decrease in coconut oil production will continue to be offset by palm oil imports, which is forecast to increase by 5 percent to 940,000 MT in MY 2024/25. Soybean meal will also cover the 16 percent decline in copra meal production with the anticipated low coconut supply due to El Niño.

Executive Summary

The Philippines is a net importer of soybean meal for animal feed. FAS Manila forecasts MY 2024/25 soybean meal imports to reach 3.2 million metric tons (MMT), an increase of 4 percent attributed to the growing feed demand for livestock, poultry, and aquaculture. The United States is the preferred source with an 85 percent market share. About 15-40 percent of the feed ration of animal and aquaculture feeds is soybean meal. Soybean meal will also cover the forecast 16 percent decline in copra meal production attributed to lower coconut production due to El Niño and corresponding lower copra crush.

The El Niño weather disturbance will affect coconut production in MY 2024/25. Copra crushing will decline by 15 percent, which will also result in a 15 percent reduction in coconut oil supply, lowering projected exports to 900,000 MT in MY 2024/25. The reduction in coconut oil supply will be augmented by palm oil importation, which is foreseen to increase by 5 percent in MY 2024/25.

There is a projected increase of 3 percent in soybean meal equivalent (SME) consumption for MY 2024/25, which coincides with the forecast 3 percent increase in livestock production during the same period.

Soybean Meal Equivalent (SME) Consumption				
In '000 MT				
Commodity	SME Factor	2022/23	2023/2024	2024/25
Soybean	80%	40	40	40
Soybean Meal	100%	2775	3000	3150
Copra Meal	45%	234	268	226
TOTAL		3049	3308	3416

Philippine Peso per United States Dollar Exchange Rate, Monthly Average				
Month	2021	2022	2023	2024
January	48.1	51.2	55.0	56.0
February	48.2	51.3	54.8	56.1
March	48.6	52.1	54.8	55.8
April	48.5	52.0	55.3	
May	48.0	52.4	55.7	
June	48.1	53.6	55.9	
July	49.9	55.9	54.9	
August	50.2	55.8	56.2	
September	50.1	57.4	56.8	
October	50.7	58.8	56.8	
November	50.4	57.7	55.8	
December	50.2	55.7	55.6	

Source: [Bangko Sentral ng Pilipinas](#)

OILSEEDS SECTION

SOYBEAN

The Philippines relies heavily on imported soybeans to meet domestic demand for food and animal feed as local soybean production is marginal.

Table 1. Soybean: Production, Supply, and Distribution

Soybean	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jan 2022		Jan 2023		Jan 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)						
Area Harvested (1000 HA)	1	1	1	1		1
Beginning Stocks (1000 MT)	32	32	18	38		29
Production (1000 MT)	1	1	1	1		1
MY Imports (1000 MT)	160	167	190	140		143
Total Supply (1000 MT)	193	200	209	119		125
MY Exports (1000 MT)	0	0	0	0		0
Crush (1000 MT)	100	28	115	28		28
Food Use Dom. Cons. (1000 MT)	25	84	25	72		81
Feed Waste Dom. Cons. (1000 MT)	50	50	50	50		50
Total Domestic Cons. (1000 MT)	175	162	190	150		159
Ending Stocks (1000 MT)	18	38	19	29		14
Total Distribution (1000 MT)	193	200	209	179		173

Area Harvested

There is limited area devoted to soybean production located mostly in the Caraga Region in Mindanao and the Ilocos Region in Luzon. Post forecasts harvested area to remain at about 1,000 hectares. The Department of Agriculture (DA), however, started demonstration farms to encourage farmers to go into soybean production and expand total area.

Production

Soybean production is marginal at 1,000 metric tons (MT) with limited potential for expansion as farmers prefer to plant alternative crops like corn and banana.

Consumption

Crush:

Post forecasts MY 2024/25 crushing demand to remain flat. There is only one crushing facility processing imported soybeans for oil and meal. The increase in soybean import is being driven by the demand for soy milk and other soybean-based food products.

Post adjusted imports down coinciding with the reported numbers in Trade Data Monitor, LLC (TDM). This resulted in a lower supply in the country. FAS Manila adjusted the crushing number in MY 2022/23 from 115,000 MT down to 28,000 MT. The lone crushing facility has a capacity of 10 tons per hour (TPH) and operates at 28,000 MT annually.

Food Use Consumption:

Soybeans are processed into oil, soy milk, soy sauce, bean curd or tofu, and fermented soybean or miso. Post forecasts food use to increase by 12 percent in MY 2024/25 due to the increasing demand for soy products, particularly soy milk. Soybeans used in beverage and processed food production show increasing market acceptance with more visibility of different soymilk brands and soy sauces in supermarket shelves. There are currently three companies engaged in soymilk production: AB Nutribev (Vitamilk), Universal Robina Corporation (Vitasoy), and Miracle Soybean (Miracle). Other imported brands are also available on supermarket shelves. Soy milk is becoming popular among health-conscious consumers following the general trend toward healthy drinks.

Table 2. Soybean for Food Use	
Processor	Soybean Product
<u>AB Nutribev</u>	Soy milk
<u>First PGMC/NutriAsia</u>	Soy sauce
<u>Miracle Soybean</u>	Tofu, soy milk, taho
<u>SLORD Development</u>	Canned black soybeans in brine
<u>New Bombay Foods</u>	Food service products

Source: FAS Manila research and interviews.

Feed, Seed, Waste Consumption:

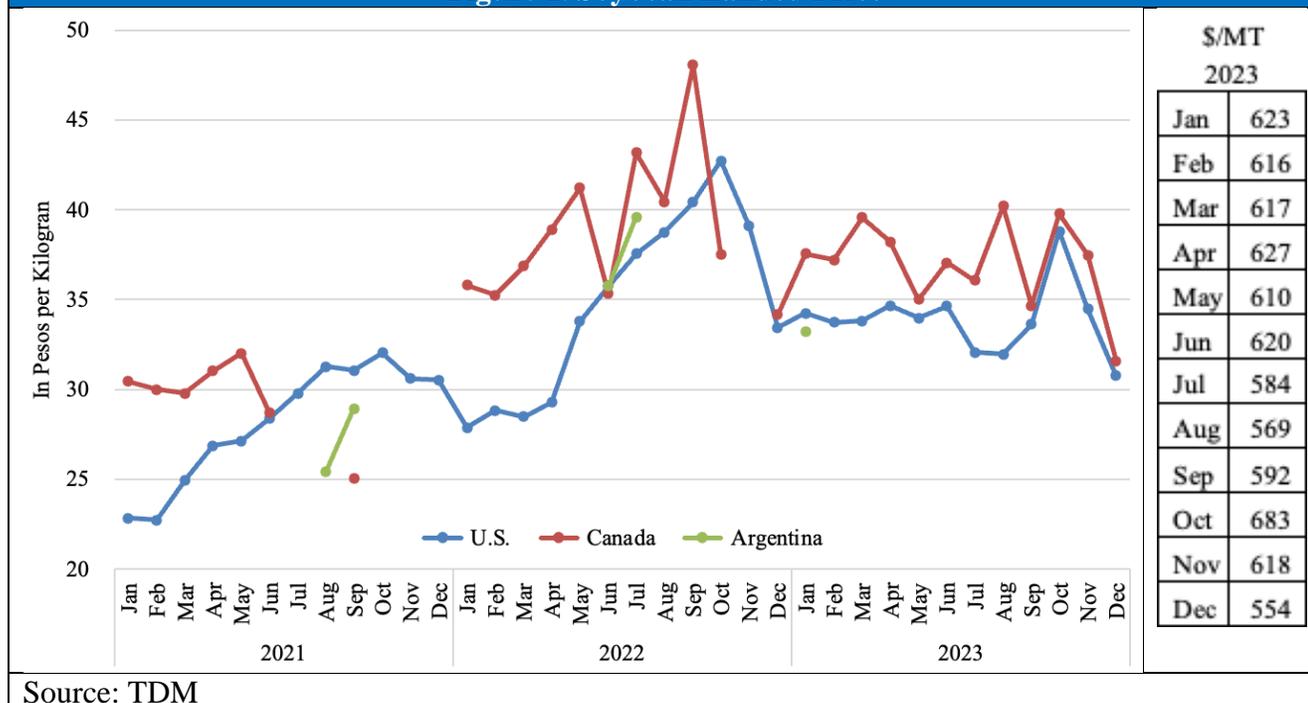
Feed consumption will remain flat in MY 2024/25. Some feed mills import soybeans to produce full fat soya used in feed rations for young animals, particularly piglets. Soybean imports will increase if the combined costs of soybean meal and oil ingredients become more expensive.

Trade

FAS Manila forecasts soybean imports to increase 2 percent for MY 2024/25 to cater to the demand of food and beverage processors, particularly for soy milk and tofu. Post adjusted total imports in MY 2023/24 to reflect Philippine imports reported in TDM.

The United States remains as the largest supplier with an 87 percent market share. Other sources are Argentina and Canada.

Figure 1. Soybean Landed Price



Source: TDM

Stocks

FAS Manila forecasts lower ending stocks for MY 2024/25 compared to the previous year. The declining trend in prices discouraged traders and processors from increasing inventories in anticipation of getting a much lower price in the next shipment. When the price is going down, traders place orders only when needed and will not keep much stocks. Soybean inventories are largely held by processors.

Policy

The DA has some initiatives to expand production through the issuance of [DA Memorandum Circular No. 30](#) on soybean trial farms. The DA also included soybean in the National Corn Program ([MC No. 15](#)), which issued the guidelines on quality soybean seeds distribution ([MC No. 29](#)) to increase local soybean production.

Soybean (HS Code 12.01) duties remain at 1 percent.

COCONUT: COPRA

About 80 percent of the coconuts produced are processed into copra – the feedstock for coconut oil mills.

Table 3. Copra: Production, Supply, and Distribution

Copra	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct 2022		Oct 2023		Oct 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0		0
Area Harvested (1000 HA)	3500	3500	3600	3600		3600
Trees (1000 TREES)	0	0	0	0		0
Beginning Stocks (1000 MT)	6	6	6	6		1
Production (1000 MT)	2600	2572	2700	2900		2450
MY Imports (1000 MT)	32	60	45	32		50
Total Supply (1000 MT)	2638	2638	2751	2938		2501
MY Exports (1000 MT)	0	0	0	0		0
Crush (1000 MT)	2632	2632	2750	2937		2500
Food Use Dom. Cons. (1000 MT)	0	0	0	0		0
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0		0
Total Domestic Cons. (1000 MT)	2632	2632	2750	2937		2500
Ending Stocks (1000 MT)	6	6	1	1		1
Total Distribution (1000 MT)	2638	2638	2751	2938		2501

Area Harvested

Post forecasts area harvested to remain flat at 3.6 million hectares in MY 2024/25. In recent years, planted area has increased but harvested area has not because it takes four to five years from planting to the first harvest. The Philippine Coconut Authority (PCA) reported that about 2.1 million coconut seedlings were planted and 8.5 million are to be planted under the PCA's massive coconut planting and replanting project. The Philippines is bullish in its coconut replanting program with a replanting target of 100 million coconut trees by 2028.

Production

Post forecasts a decline of 15 percent in copra production in MY 2024/25, due to the decrease in matured coconut production brought about by the El Niño weather disturbance. This year's El Niño will affect the growth of coconut flower. Since coconut production takes one year, the impact of El Niño will be reflected in the MY 2024/25 harvest.

Coconut farms are mostly smallholder with non-intensive farm management. There is minimal fertilization, so productivity is not as high compared to other countries.

According to PCA, as of March 2024, there has been no significant impact of El Niño seen in coconut production as its effect will show 13 months after the conclusion of the drought. The effect of El Niño on total copra supply for milling will be mostly felt in MY 2024/25 in areas that will be affected by dry spell or drought this MY 2023/24.

Coconut areas affected by dry conditions, dry spell, and drought will result in low coconut production, which will affect coconut supply to oil mills located in these areas.

Table 4. Areas affected by El Niño (as of end February 2024) and Oil Mill Location.

Particular	Climate Outlook	Affected Regions with Oil Mills	Milling Capacity (MT)
Luzon	Dry Condition (Bulacan) Dry Spell (Batangas, Laguna, Masbate, Mindoro) Drought (Abra, Apayao, Aurora, Bataan, Benguet, Cagayan, Cavite, Ifugao, Ilocos Norte, Ilocos Sur, Isabela, Kalinga, La Union, Metro Manila, Mountain Province, Nueva Ecija, Nueva Vizcaya, Occidental)	Southern Tagalog Bicol	593,900 222,000
Visayas	Dry condition (Bohol, Siquijor, Southern Leyte) Dry Spell (Antique, Biliran, Capiz, Cebu, Eastern Samar, Guimaras, Iloilo, Leyte, Negros Oriental, Samar) Drought (Negros Occidental)	Western Visayas Central Visayas Eastern Visayas	15,840 81,000 333,600
Mindanao	Dry Condition (Camiguin, Misamis Occidental, Misamis Oriental, Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay) Dry Spell (Lanao del Norte, Sulu, Tawi-Tawi)	Western Mindanao Northern Mindanao Southern Mindanao Central Mindanao Caraga	522,300 577,844 705,600 444,000 8,640
TOTAL (62 oil mills)			3,685,724 MT

Source: PCA and UCAP

Consumption

Crush:

FAS Manila forecasts copra crushing to decline about 15 percent in MY 2024/25 due to the anticipated decrease in coconut production. The El Niño weather disturbance is foreseen to affect coconut productivity and that will reduce copra supply for crushing.

The United Coconut Association of the Philippines (UCAP) estimates that about 80 percent of copra produced is crushed for coconut oil production. There are 62 copra mills in the country with total annual capacity of 3 MMT of crude and refined oil and 35,000 MT of virgin coconut oil for the domestic and export market. Mills operate below 70 percent capacity due to low copra supply in some areas. Thirteen

mills are engaged in value-added processing, i.e. oleochemicals and coco methyl ester (CME) processing.

Food Use Consumption:

Some farmers produce coconuts for non-copra products such as young coconut for drinking, and coconut milk for households. About 20 percent of the coconut production is used for desiccated coconut (DCN), virgin coconut oil (VCO), coconut milk and other food and feed purposes. There are 21 DCN processors, 42 VCO processing plants, and 14 coconut water processing facilities in the country.

Feed, Seed, Waste Consumption:

The consumption of copra for feed, seed, and waste is negligible. There is no official data reported for this use.

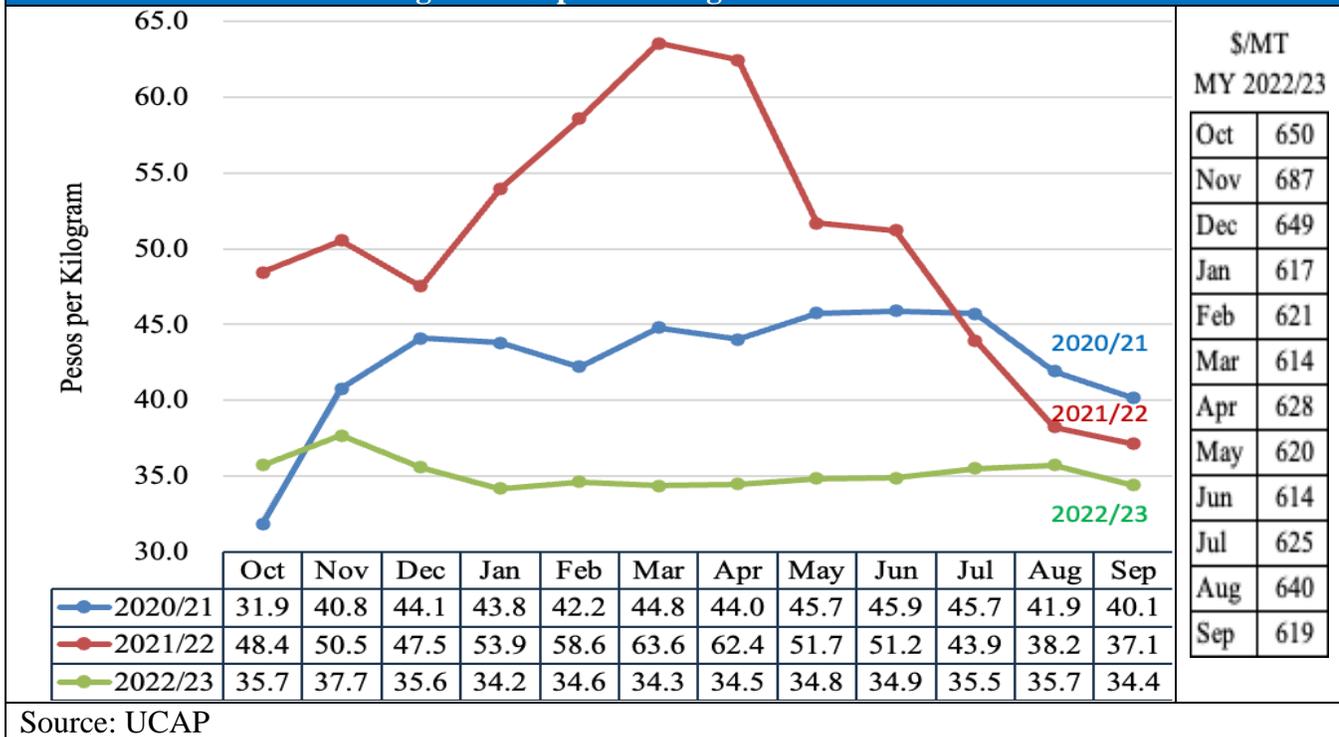
Trade

FAS Manila forecasts copra imports to reach 50,000 MT in MY 2024/25 attributed to lower domestic coconut production and in anticipation of increasing demand for copra crushing to produce crude coconut oil (CNO) for biodiesel demand. The country imports copra from Indonesia and Malaysia to fill in the demand for copra crushing.

Post adjusted imports in MY 2023/24 downward due to an increase in local supply.

Domestic copra prices are expected to increase in MY 2024/25 due to increased demand attributed to the raising of the biodiesel blend rate from B2 to B3. Prices were more stable in MY 2022/23 compared to prices the previous year when there was much speculation about the implementation of higher biodiesel blend rates. This also led to high importation of palm oil (a substitute for coconut oil) during the period.

Figure 2. Copra: Average Domestic Prices



Stocks

Stocks will remain flat in MY 2024/25 in anticipation of increasing demand for copra crushing and lower copra supply. Lower supply can result in higher import prices and stocking will not be advisable.

Policy

The PCA is currently implementing the Coconut Farmers Industry Development Plan (CFIDP) following the signed [Executive Order No. 172, Series of 2022](#) which took effect on June 8, 2022. CFIDP is expected to increase coconut production by at least 9 percent in 2025. The funds were mostly allocated to a coconut replanting program, which is currently underway in the targeted regions. The effect of new plantings will be felt after four to five years.

MEALS SECTION

SOYBEAN MEAL (SBM)

SBM is mainly used for animal and aquaculture feeds with a small portion being used for curd production.

Table 5. Soybean Meal: Production, Supply, and Distribution

Soybean Meal	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jan 2022		Jan 2023		Jan 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	100	28	115	28		28
Extr. Rate, 999.9999 (PERCENT)	0.78	0.78	0.78	0.78		0.78
Beginning Stocks (1000 MT)	242	242	145	89		136
Production (1000 MT)	78	22	90	22		22
MY Imports (1000 MT)	2600	2600	3025	3025		3150
Total Supply (1000 MT)	2920	2864	3260	3136		3308
MY Exports (1000 MT)	0	0	0	0		0
Crush (1000 MT)	0	0	0	0		0
Food Use Dom. Cons.(1000 MT)	0	0	0	0		0
Feed Waste Dom. Cons. (1000 MT)	2775	2775	3000	3000		3150
Total Domestic Cons. (1000 MT)	2775	2775	3000	3000		3150
Ending Stocks (1000 MT)	145	89	260	136		158
Total Distribution (1000 MT)	2920	2864	3260	3136		3308

Production

Post forecasts production to remain flat in MY 2024/25. The lone crushing facility operates at an 8-hour shift can produce only 22,000 MT of soybean meal from 28,000 MT feedstock. The soybean meal is for the crusher's livestock and poultry operations.

Feed Consumption

Post forecasts an increase of 5 percent in SBM consumption in anticipation of growing feed demand for livestock, poultry, and aquaculture in MY 2024/25.

**Table 6. Volume of Production
In '000 MT**

	2021	2022	2023
Livestock			
Hog	1,696	1,737	1,794
Cattle	236	237	234
Carabao	129	130	130
Goat	73	70	70
Dairy	26	30	29
Poultry			
Chicken	1,745	1,867	1,947
Duck	29	26	27
Chicken Eggs	661	708	731
Duck Eggs	50	56	55
Aquaculture			
Milkfish	446	390	355
Tilapia	340	304	308
Tiger Prawn	42	34	27

Source: PSA

The livestock sector continues to grow despite high feed prices and the unresolved ASF issue with hogs and Avian Flu with poultry. Post forecasts the volume of hog production to increase by 3 percent in MY 2023/24. The hog repopulation program will continue to drive growth, but growth will be moderated by continued susceptibility to ASF.

In MY 2023/24, chicken production grew by 4 percent. Tilapia production went up slightly by 1 percent.

SBM is the major protein source in all livestock and aqua feeds formulations, ranging from 15 to 40 percent share in total raw material components.

Food Use

Food use has been limited to less than 2 percent share among food processors. There were no separate data to represent the food use as these were reported together with soybean flour.

Trade

FAS Manila forecasts SBM imports to increase 4 percent in MY 2024/25 with the anticipated growth in feed demand. Expansion in broiler and aquaculture operations and the continuous repopulation effort in the hog sector will be the major growth drivers. Data from the Bureau of Customs (BOC) indicated a drop of 24 percent in the volume of imports from January to November compared to the same period last year. Imports were sourced mainly from the United States with 82 percent share. SBM and alternative feed ingredients like distillers dried grains with solubles (DDGS), corn, and feed wheat are substitutable to a certain degree depending on the digestibility, which varies by livestock species.

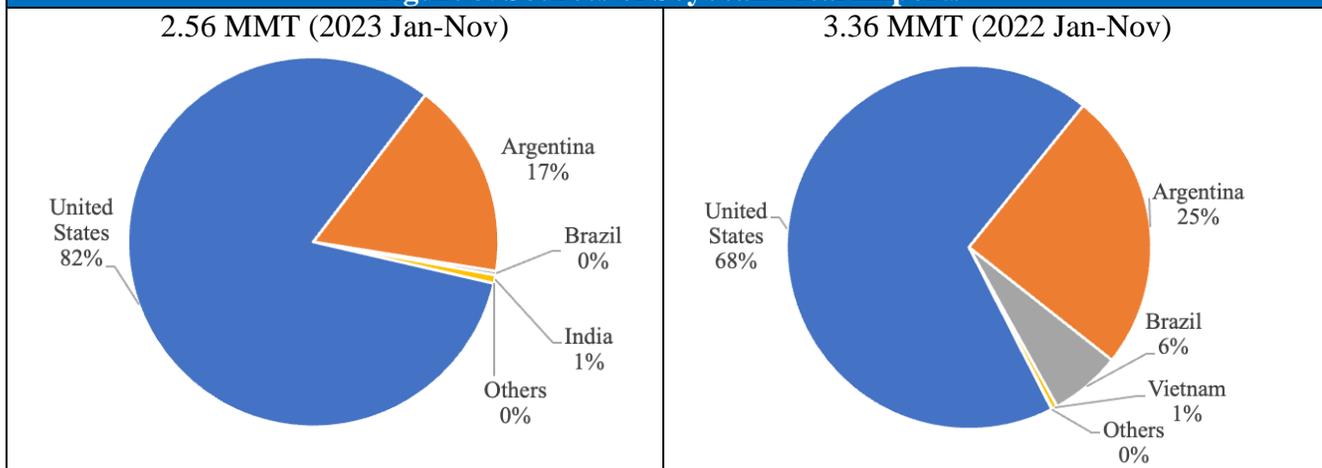
Table 8. Imports of Major Feed Ingredients In Metric Tons		
Feed Ingredients	2022	2023
Soybean meal	3,356,427	2,561,855
Soybean	150,076	122,429
DDGS	115,682	166,812
Feed wheat	2,901,300	2,203,290
Yellow corn	714,790	691,675

Note: January-November only for both years.
Source: Bureau of Customs

Table 7. Feed Tonnage, 2022		
Type/ Specie	Volume (MMT)	% SBM content
Broiler	4.06	25-35
Pig	4.02	15-25
Layer	3.35	20-25
Aqua	1.60	20-40
Pet	0.07	15-20
Dairy	0.05	10-15
Beef	0.03	5-10

Source: FAS Manila interviews and U.S. Soybean Export Council.

Figure 3. Sources of Soybean Meal Imports

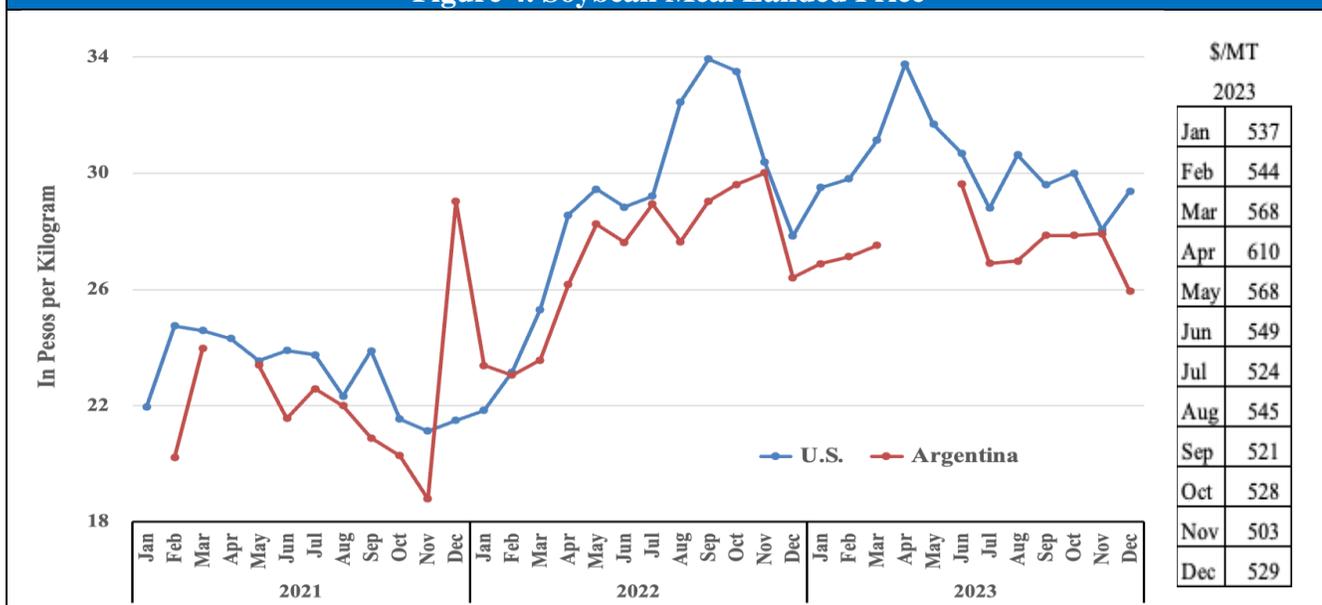


Source: Bureau of Customs

Stocks

Post forecasts stocks to increase slightly at less than 2 percent at the end of MY 2024/25. Traders and processors are monitoring the trends in prices more closely as prices had been erratic the past months. The anticipated decline in soybean meal prices prevents traders to increase inventories. Feed millers and traders will likely buildup inventories if there is a foreseen increase in soybean meal prices towards the beginning of MY 2025/26.

Figure 4. Soybean Meal Landed Price



Source: Trade Data Monitor, LLC

Policy

Soybean meal (HS Code 2304, 230250,120810) are levied with 3 percent tariff under MFN.

COPRA MEAL

Copra meal is the by-product produced from crushing copra into coconut oil. Copra meal is used for animal feed.

Table 9. Copra Meal: Production, Supply, and Distribution						
Copra Meal	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct 2022		Oct 2023		Oct 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2632	3471	2750	2937		2500
Extr. Rate, 999.9999 (PERCENT)	0.3286	0.3286	0.3265	0.3235		0.3200
Beginning Stocks (1000 MT)	22	22	18	18		20
Production (1000 MT)	865	865	898	950		800
MY Imports (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	887	887	916	968		820
MY Exports (1000 MT)	262	350	355	355		300
Industrial Dom. Cons. (1000 MT)	0	0	0	0		0
Food Use Dom. Cons.(1000 MT)	0	0	0	0		0
Feed Waste Dom. Cons. (1000 MT)	607	519	545	593		500
Total Domestic Cons. (1000 MT)	607	519	545	593		500
Ending Stocks (1000 MT)	18	18	16	20		20
Total Distribution (1000 MT)	887	887	916	968		820

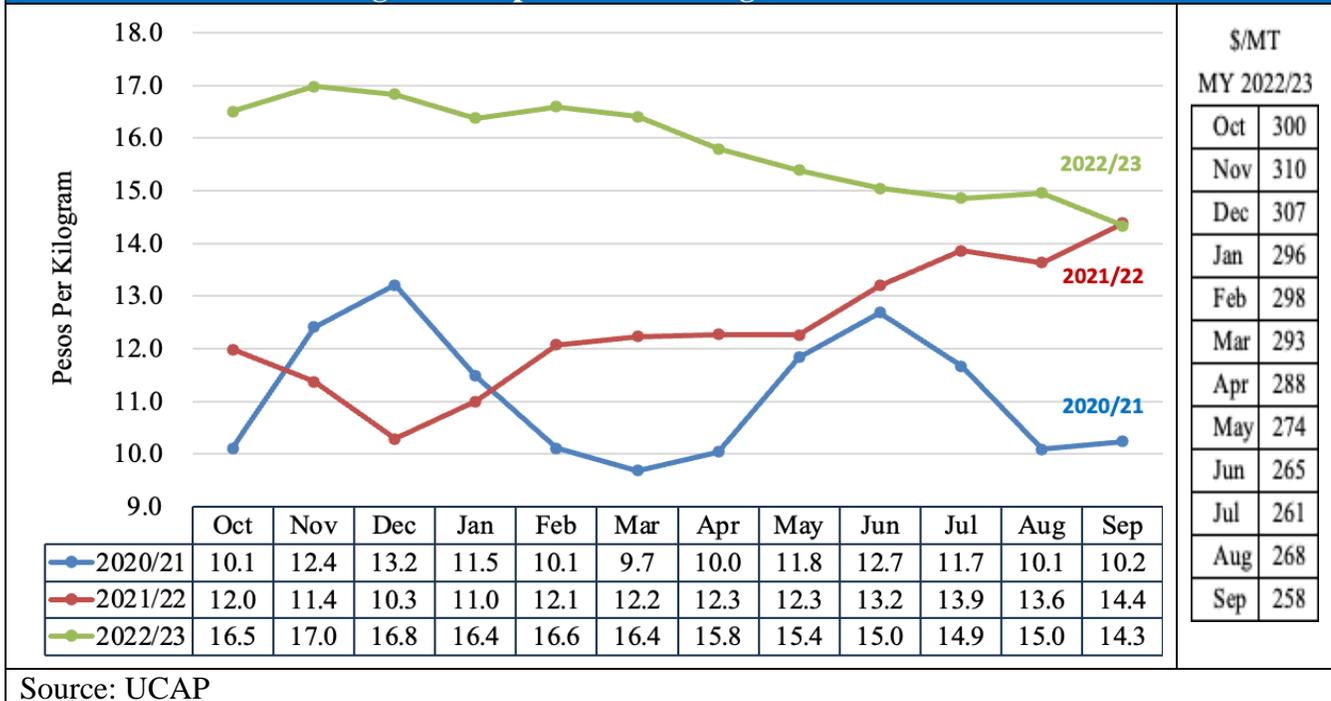
Production

FAS Manila forecasts copra meal production to decrease by 16 percent in MY 2024/25 because of the low coconut supply available for crushing. Copra meal or copra cake is an important by-product of the coconut oil extraction process. Post adjusted production in MY 2023/24 to reflect the increase in crushing, which reached 2.9 MMT.

Feed Consumption

Post forecasts copra meal consumption to decline by 19 percent in MY 2024/25. Copra meal is used as an ingredient for livestock and aquaculture feeds. Commercial feed mills can use up to 30 percent of copra meal in the ration. Copra meal can partially substitute for soybean meal depending on the ration. The declining trend in soybean meal prices and reduced copra meal supply will result in more soybean meal consumption than copra meal in MY2024/25. Feed millers prefer to use soybean meal over copra because of higher protein content.

Figure 5. Copra Meal: Average Domestic Prices



Source: UCAP

Trade

The anticipated decrease in coconut production due to El Niño will result in 15 percent decrease in export in MY 2024/25. Copra meal exports reached 355 MT in MY 2023/24, slightly up from the previous year. During the last two marketing years, Vietnam was the largest export destination.

Stocks

FAS Manila forecasts ending stocks to remain flat in MY 2024/25. Copra meal stocks are held by private traders, oil millers, and feed millers.

Policy

The Philippines Department of Agriculture issued the guidelines on the implementation of the Protein-Enriched Copra Meal (PECM) commercialization project on September 28, 2022. The project has not been fully implemented due to lack of funding. Though envisioned as a replacement for soybean meal, industry contacts believe the commercialization of PECM is still doubtful. The Philippines Department of Agriculture issued [Memorandum Circular No. 37, Series of 2022](#) “Guidelines on the Implementation of PECM Commercialization Project of the Department of Agriculture – National Livestock Program” on September 28, 2022. It seeks to provide funding to farmers’ cooperatives and associations that are willing to do trials of the project. Per the guidelines, PECM can be 30 percent cheaper than soybean meal while utilizing the indigenous copra meal.

Copra meal (HS code: 230650) is levied a 10 percent tariff under MFN.

OILS SECTION

SOYBEAN OIL

Table 10. Soybean Oil: Production, Supply, and Distribution						
Soybean Oil	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jan 2022		Jan 2023		Jan 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	100	28	115	28		28
Extr. Rate, 999.9999 (PERCENT)	0.1800	0.1900	0.1826	0.1786		0.1786
Beginning Stocks (1000 MT)	3	3	2	2		9
Production (1000 MT)	18	5	21	5		5
MY Imports (1000 MT)	60	60	60	52		52
Total Supply (1000 MT)	81	68	83	59		66
MY Exports (1000 MT)	0	0	0	0		0
Industrial Dom. Cons (1000 MT)	4	4	4	4		4
Food Use Dom. Cons. (1000 MT)	75	62	70	46		53
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0		0
Total Domestic Cons. (1000 MT)	79	66	74	50		61
Ending Stocks (1000 MT)	2	2	9	9		9
Total Distribution (1000 MT)	81	68	83	59		66

Production

Given limited domestic crushing, soybean oil production will remain flat for MY 2024/25.

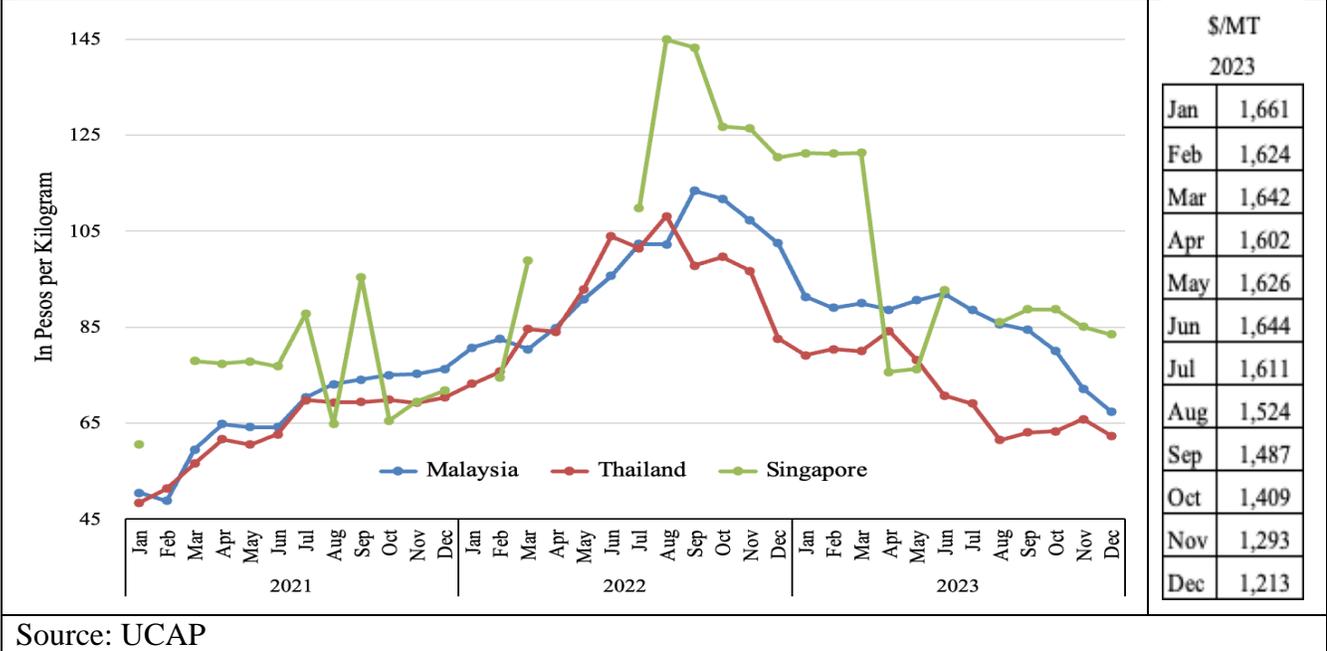
Food Consumption

FAS Manila forecasts food use consumption to increase slightly by 1 percent in MY 2024/25 to cater to the demand of food manufacturing such as snack foods, biscuits, and confectioneries.

Industrial Consumption

There is no official data on the industrial consumption of soybean oil. The Philippines is a coconut oil producer and traditionally will choose coconut oil for industrial use over soybean oil.

Figure 6. Soybean Oil Landed Price

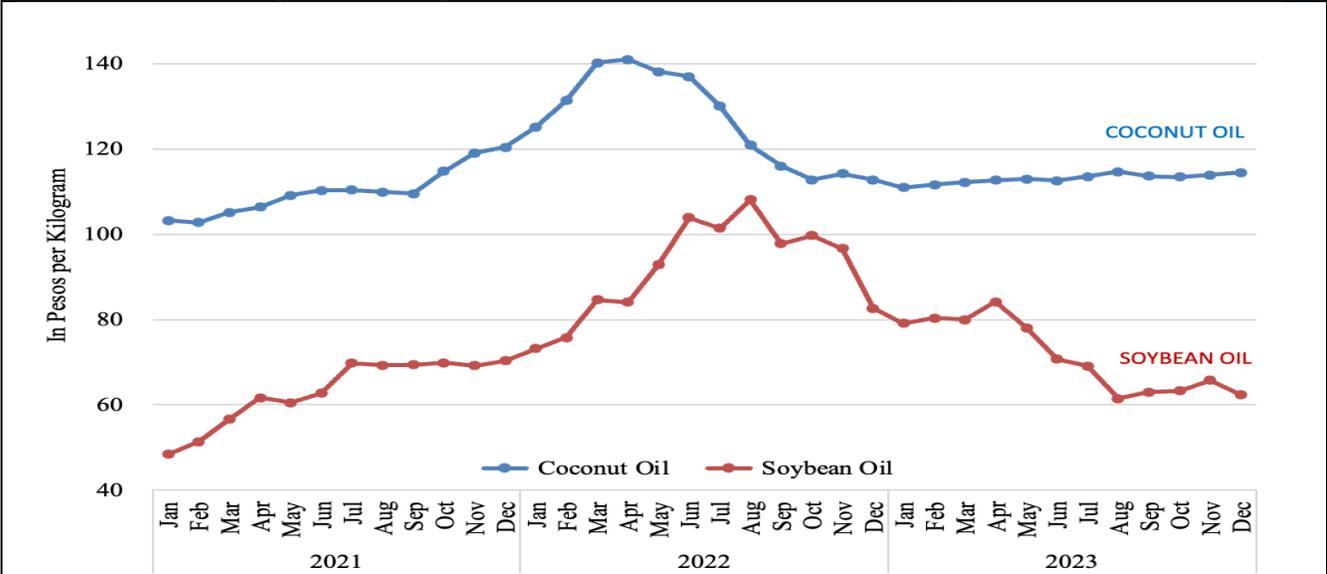


Source: UCAP

Trade

FAS Manila forecasts soybean oil imports to remain flat in MY 2024/25 because of minimal increase in demand. The more expensive coconut oil is still preferred over soybean oil among consumers. While soybean oil is less expensive, there is limited supply available in the market compared to coconut oil, which is widely available.

Figure 7. Comparative Prices of Coconut Oil and Soybean Oil



Note: Coconut Oil - using average domestic prices for RBD.
 Soybean Oil – using landed price from Thailand. Distribution cost not yet included.

Source: UCAP and TDM

Stocks

FAS Manila forecasts ending stocks of soybean oil to be flat in MY 2024/25. Stocks are mostly held by processors and big retail outlets.

Policy

Soybean oil (HS code: 150790) is levied a 7 percent tariff under MFN.

COCONUT OIL

The Philippines is the top producer and exporter of coconut oil, a key ingredient in food, cosmetics, cleaning, and medical products. Coconut oil production is export-oriented with only about 25 percent retained for domestic consumption. Copra is processed into crude coconut oil (CNO) and refined coconut oil (RBD – refined, bleached, and deodorized).

Table 11. Coconut Oil: Production, Supply, and Distribution						
Coconut Oil	2022/2023		2023/2024		2024/2025	
Market Begin Year	Oct 2022		Oct 2023		Oct 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2632	2632	2750	2937		2500
Extr. Rate, 999.9999 (PERCENT)	0.63	0.63	0.63	0.63		0.63
Beginning Stocks (1000 MT)	67	67	45	45		80
Production (1000 MT)	1668	1668	1730	1850		1570
MY Imports (1000 MT)	0	1	4	0		0
Total Supply (1000 MT)	1735	1736	1779	1895		1650
MY Exports (1000 MT)	1140	1257	1030	1140		900
Industrial Dom. Cons (1000 MT)	350	210	460	220		300
Food Use Dom. Cons. (1000 MT)	190	204	200	435		400
Feed Waste Dom. Cons. (1000 MT)	10	20	10	20		10
Total Domestic Cons. (1000 MT)	550	434	670	675		710
Ending Stocks (1000 MT)	45	45	79	80		40
Total Distribution (1000 MT)	1735	1736	1779	1895		1650

Production

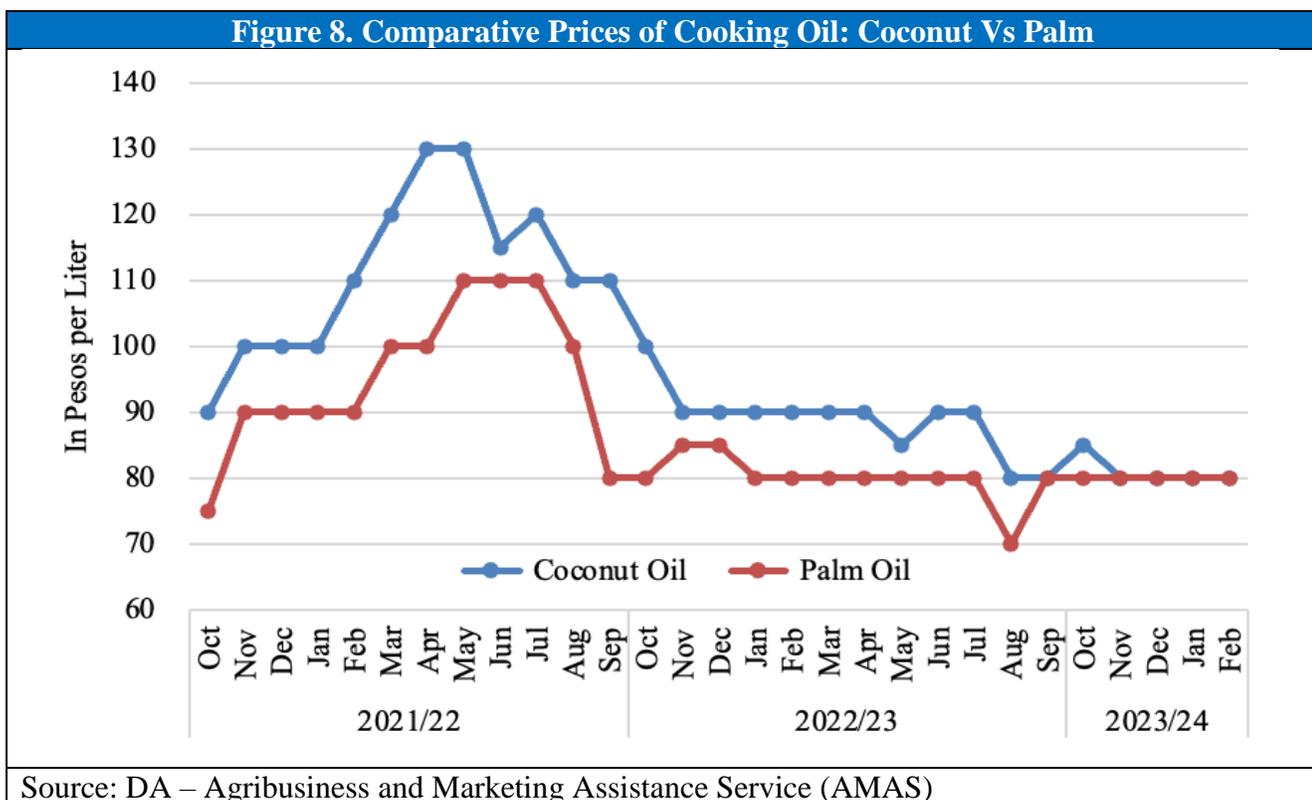
FAS Manila forecasts coconut oil production to decline by 15 percent in MY 2024/25 because of the reduction in coconut supply. According to UCAP coconut oil production went down from 2.9 MMT to 2.7 MMT in calendar year (CY) 2023, in copra terms equivalent.

Post adjusted coconut oil production in MY 2023/24 from an increase in total crushing volume during the period. According to UCAP, 80 percent of the 15 billion nut production is used for the manufacture of CNO.

Food Consumption

Post forecasts consumption to decline by 8 percent in MY 2024/25. The anticipated low coconut production will result in lower domestic supply and a shift to imported less expensive palm oil is expected. Historically, coconut oil is priced higher than palm oil. Price monitoring of the Department of Agriculture – Agribusiness and Marketing Assistance Service (DA-AMAS) showed that for the past four months (November 2023 to February 2024), the price of coconut oil went down and is now at par with the price of palm oil. Price sensitive household consumers can easily shift to palm oil or to coconut oil for cooking.

On the average, local consumption of coconut oil is about 25 percent of coconut oil supply. Per capita consumption is about 55 kilograms in the Philippines.

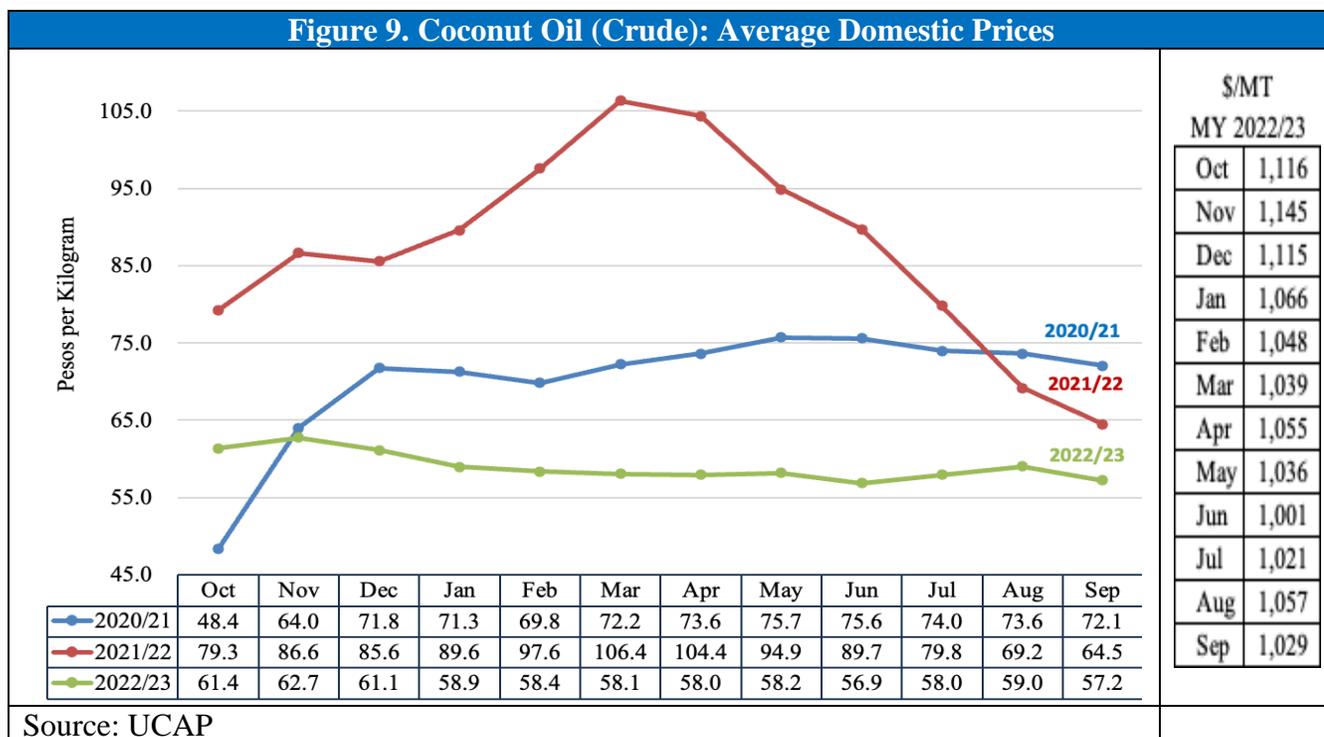


Industrial Consumption

Demand for coconut oil for industrial uses is expected to increase 37 percent in MY 2024/25. The growth driver is the increasing demand of CNO for biodiesel production following the increase in diesel demand which is currently mandated to be blended with two percent biodiesel (B2). Crude coconut oil is processed into coco methyl ester for biodiesel. However, while coconut production is abundant in the Philippines, the bulk of coconut oil is traditionally exported, reducing available supply for biodiesel producers.

A potential major development to watch is the anticipated expansion of the biodiesel mandate to 3 percent (B3) from the present 2 percent (B2) in October 2024.

Prices were seen as stable in MY 2022/23, compared to spiking the previous year.

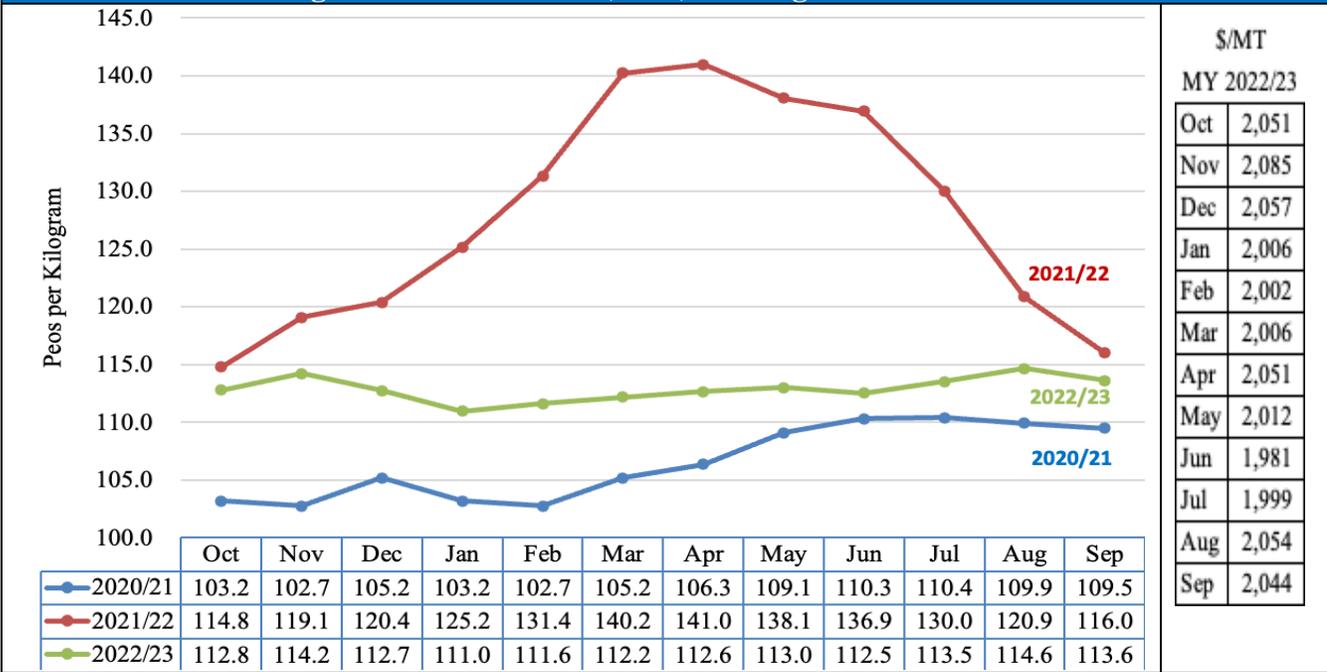


Trade

FAS Manila forecasts coconut oil exports to decrease by 21 percent in MY 2024/25 due to anticipated low coconut production and increasing demand for biodiesel. Moreover, the European Union (EU) is pushing local coconut oil millers to adopt lower mineral oil saturated hydrocarbons (MOSH) and mineral aromatic hydrocarbons (MOAH) in coconut oil for food safety. This is a stringent requirement on the quality of crude coconut oil that will be exported to the EU. The present practice of drying copra still involves smoking, which increases the MOSH/MOAH contamination in coconut oil. Coconut oil exports to Europe will decline as oil millers initially struggle to meet the requirements.

Prices of RBD followed the same trend as in CNO for both MY 2021/22 and MY 2022/23. On average, prices declined by 13 percent from PhP128/kg to PhP113/kg (\$2,029/MT).

Figure 10. Coconut Oil (RBD): Average Domestic Prices



\$/MT	
MY 2022/23	
Oct	2,051
Nov	2,085
Dec	2,057
Jan	2,006
Feb	2,002
Mar	2,006
Apr	2,051
May	2,012
Jun	1,981
Jul	1,999
Aug	2,054
Sep	2,044

Source: UCAP

Stocks

FAS Manila forecasts ending stocks for MY 2024/25 to be down because of the decline in production. Stocks are held by private companies such as oil millers and industrial users.

PALM OIL

Palm oil is the most consumed oil in the country. Oil palms produce fresh fruit bunches, which when processed can yield 18-25 percent crude palm oil (CPO).

Table 12. Palm Oil: Production, Supply, and Distribution

Oil, Palm	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jan 2022		Jan 2023		Jan 2024	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	65	66	66	66		66
Trees	0	0	0	0		0
Beginning Stocks (1000 MT)	122	122	61	131		131
Production (1000 MT)	104	104	100	100		100
MY Imports (1000 MT)	892	1014	1175	895		940
Total Supply (1000 MT)	1118	1240	1336	1126		1171
MY Exports (1000 MT)	37	19	20	55		55
Industrial Dom. Cons. (1000 MT)	120	130	160	140		140
Food Use Dom. Cons. (1000 MT)	900	960	1030	800		836
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0		0
Total Dom. Cons. (1000 MT)	1020	1090	1190	940		976
Ending Stocks (1000 MT)	61	131	126	131		140
Total Distribution (1000 MT)	1118	1240	1336	1126		1171

Production

FAS Manila forecasts production to remain flat in MY 2024/25. While there are expansion areas, harvesting takes place four to five years from planting. Oil palm plantations are located in Palawan, Bohol, and Mindanao (Agusan del Sur, Bukidnon, Cotabato, and Sultan Kudarat).

In 2023, the total area planted for oil palm was around 65,000 hectares. The average yield was estimated at 8.4 MT of fresh fruit bunch (FFB) per hectare. The Philippines has 10 mills with total rated capacity of 276 MT FFB per hour. There are only two existing palm oil refineries with a total capacity of 15 MT per hour. While there is huge domestic demand, the two refineries can only cover around 5 percent of needed supply.

Table 13. Palm Oil Mills Location and Capacities

Location	Capacity MT FFB/Hour
Palawan	30
Bohol	30
Bukidnon	10
	50
Sultan Kudarat and North Cotabato	30
	30
Agusan del Sur	36
ARMM	30
TOTAL	276

Source: Philippine Palm Oil Development Council (PPDC)

Food Consumption

The majority of palm oil produced is used for food processing, mainly for cooking oil, margarine, shortening, and non-dairy creamer. Palm oil is preferred over other vegetable oils as it is cheaper, more durable, more resistant to pressure and high temperature, and relatively stable. Post forecasts food consumption to increase by 4 percent in MY 2024/25. The expected recovery of the food service and tourism sectors will increase food demand, which translates to an increase in demand for palm oil consumption among these sectors. Palm oil is widely used as cooking oil in the foodservice sector, particularly fast-food restaurants. The expansion of shopping malls and hypermarket chains supports the continued growth of fast-food restaurants, which spur the demand for palm oil.

The expected decline in coconut oil production will also result to a shift in palm oil use. Palm oil is a direct substitute for coconut oil among household consumers. Palm oil replaced coconut oil in domestic consumption due to wide price discounts of palm oil versus coconut oil. In recent months, however, palm oil prices were sold at the same level as coconut oil at the retail markets. Filipino consumers still prefer coconut oil as long as prices remain stable. Price is the deciding factor among consumers.

Industrial Consumption

Palm oil is used for consumer products like soap, cosmetics, and medical products. Post forecasts industrial consumption to increase by 4 percent to address the increasing demand from these industries.

Trade

Post forecasts imports to increase by 5 percent in MY 2024/25, attributed to the food service and tourism sectors rebounding and due to palm oil making up for the anticipated decrease in the coconut oil supply. Post adjusted total import as there was a substantial reduction in palm oil importation in MY 2023/24 coming from the large importation of 1.1 MMT the previous year.

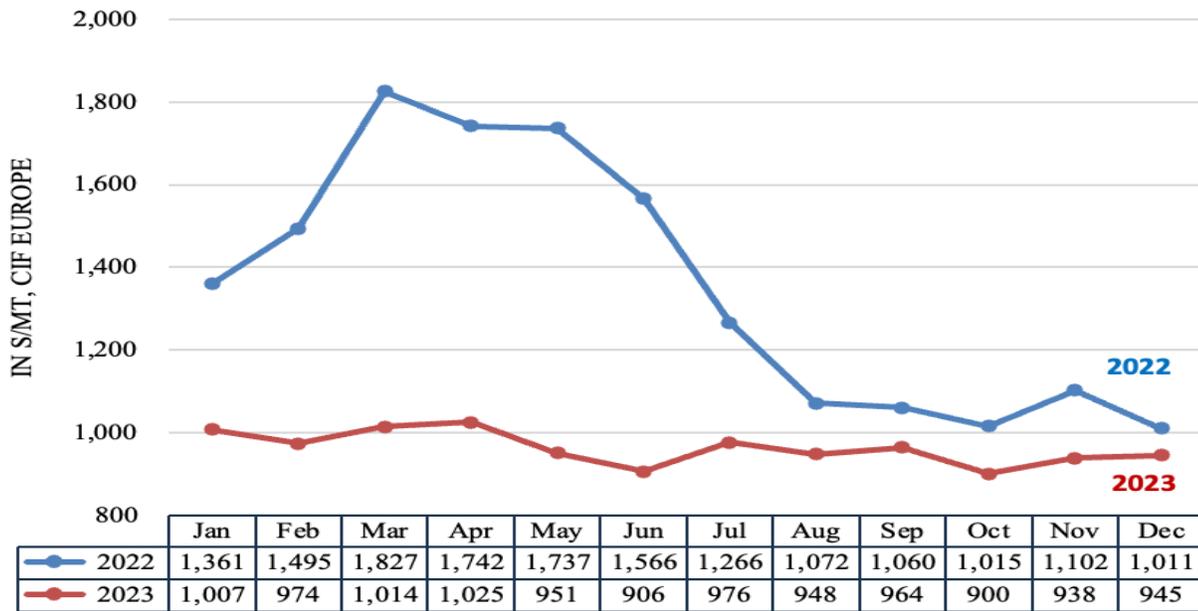
The Philippines is a net importer of refined palm oil and a net exporter of crude palm oil. Imports were mostly from Malaysia and Indonesia while exports destinations are India, Malaysia, Portugal, Singapore, and China.

Export prices declined from a high of \$1,800/MT to a low of \$900/MT (CIF Europe).

Table 14. Palm Oil Trade Performance					
Particular	2019	2020	2021	2022	2023
Volume ('000 MT)					
Export					
Crude	35.2	32.2	24.4	44.4	54.4
Refined	0.6	1.9	1.2	1.5	0.9
Import					
Crude	0.1	7.2	3.5	0.6	-
Refined	87.9	101.9	580.1	1,052.0	893.6
Value (Million USD)					
Export					
Crude	16.4	18.3	24.9	49.4	52.0
Refined	0.2	1.0	1.1	1.6	0.7
Import					
Crude	0.1	5.7	4.0	0.1	-
Refined	62.0	75.2	621.6	1,323.7	811.9

Source: Tradeline Philippines, Department of Trade and Industry.

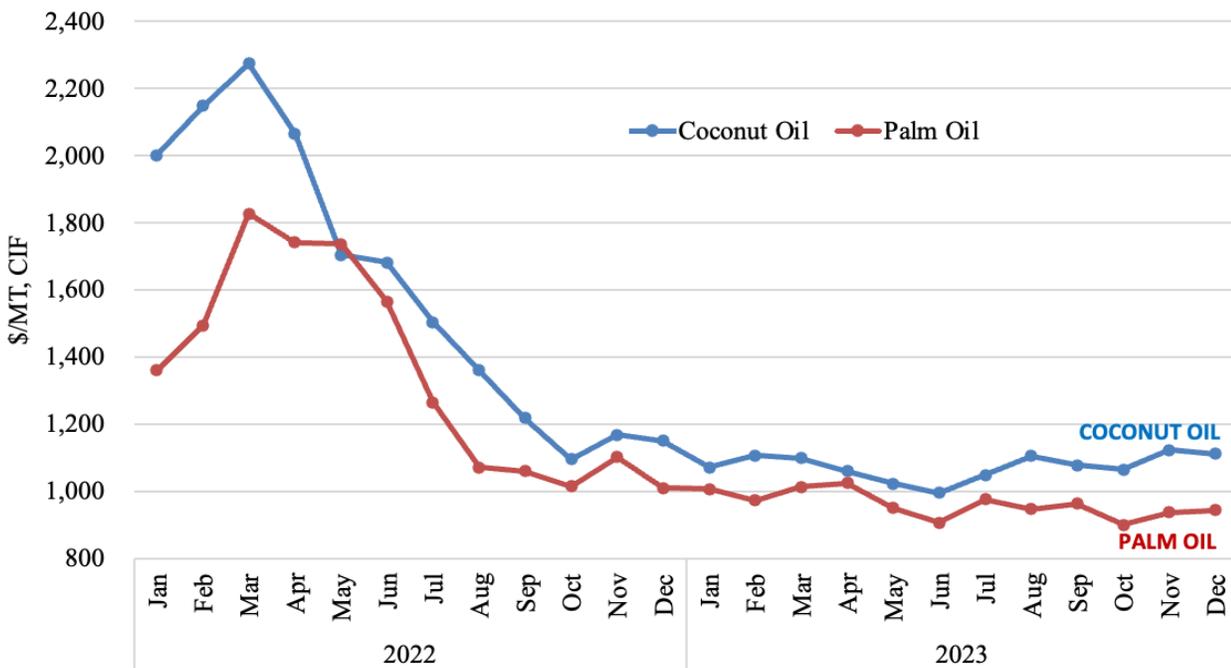
Figure 11. Palm Oil Export Price, CIF Europe



Source: UCAP

Palm oil is priced lower than coconut oil. Export prices remain lower which follows the same trend of coconut oil prices. Palm oil prices continue to indicate a relatively flat pattern since August of MY 2022/23 to December of MY2023/24.

Figure 12. Comparative Prices of Coconut Oil and Palm Oil



Source: UCAP

Stocks

FAS Manila forecasts ending stocks to decline for MY 2024/25 to fill the gap in oil demand in anticipation of higher consumption of palm oil due to the decrease in coconut oil supply. Stocks are held by private companies such as oil millers and traders.

Policy

PCA is also tasked with the development of the Philippine palm oil industry. Current program is focus on area expansion and seedling distribution. The tariff rate for palm oil (HS code: 151190) is 0 percent whether crude or refined.

Attachments:

No Attachments