

## Market Overview

The Philippines is made up by more than 7,000 islands which are divided into three major groups: Luzon, Visayas, and Mindanao with a population of roughly 107.6 million inhabitants. This nation relies on its industrial sector followed closely by the service and agriculture industry. The U.S. and the Philippines have a strong relationship; both countries share a profound commitment to democracy, broad economic ties and a treaty defense alliance. Additionally, around 1.8 million Filipino-Americans constitute a major immigrant group in the United States, while more than 250,000 U.S. citizens reside in the Philippines.

The U.S. remains the Philippines' number one supplier of agricultural products, and the Philippines is its 9th largest market in the world. In 2014, export sales increased 9% to a record \$2.73 billion USD. Similarly in 2014, U.S. consumer-oriented food exports to the Philippines reached a record \$1.1 billion USD, up 11.5% from the previous year. The appreciation of the dollar as well as a drop in the price of commodities account for a 23% drop in sales of U.S. consumer-oriented food products in the Philippines in 2015. Despite the drop in sales, a rebound is expected. Some of the top consumer-oriented food products in the Philippines are: dairy, pork, and prepared food items.

## Opportunities and Advantages

- There are plenty of opportunities for exporters due to the robust Philippine economy, steady growth in the country's retail, foodservice and food processing sectors, and consumer familiarity with American brands.
- The Philippines continues to be the largest U.S. food & beverage export market in Southeast Asia and one of the fastest growing markets in the world. Export sales of U.S. food & beverage products to the Philippines reached a record \$1.1 billion in 2014, up 11.5 percent from the previous year.
- Growing demand for "healthy", organic, gourmet, and convenience foods.

## Market Challenges

- Only a few retail supermarkets have the capacity to import directly.
- There are no distribution hubs. It is key to identify importers that can distribute to the three major cities (Manila, Cebu and Davao). Most importers distribute on their own while some appoint distributors.
- Due to insufficient cold chain infrastructure in the Philippines, products should be packed to withstand extreme heat and humidity.

- Philippines Annual Exporter Guide (2015) –FAS GAIN Report  
<[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporters%20Guide\\_Manila\\_Philippines\\_12-3-2015.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporters%20Guide_Manila_Philippines_12-3-2015.pdf)>

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