



"Benchmarking the Philippines' Livestock, Poultry, and Dairy Industries"

Danilo V. Fausto

President, Philippine Chamber of Agriculture and Food, Inc.

Chairman, Dairy Confederation of the Philippines

President, DVF Dairy Farm, Inc.

December 15, 2022

Table 1a. Value of Production in Agriculture at Constant 2018 Prices
 First Quarter 2019 to Fourth Quarter 2021
 (in Million PHP)

Subsector	2019				2020				2021				January to December		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	2021
Crops	245,801	226,028	210,053	286,230	239,871	237,367	220,011	285,303	247,736	244,674	219,632	292,764	968,111	982,552	1,004,805
Livestock	78,208	83,588	79,228	87,083	78,082	76,486	73,229	75,880	59,786	61,743	62,047	68,531	328,107	303,676	252,108
Poultry	60,474	60,403	60,813	63,591	60,574	57,535	58,523	60,078	56,053	58,987	59,260	61,697	245,281	236,710	235,997
Fisheries	59,120	70,292	64,739	75,263	57,329	70,982	65,964	71,549	57,463	70,224	65,973	72,553	269,415	265,824	266,212
AGRICULTURE	443,602	440,311	414,834	512,168	435,856	442,369	417,727	492,810	421,038	435,628	406,911	495,545	1,810,914	1,788,762	1,759,122

27.75%

Note: Details may not add up to totals due to rounding

Source: Philippine Statistics Authority

Table 1c. Value of Livestock and Poultry Production at Constant 2018 Prices
 First Quarter 2019 to Fourth Quarter 2021
 (in Million PhP)

Subsector/ Commodity	2019				2020				2021				January to December		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	2021
Livestock	78,208	83,588	79,228	87,083	78,082	76,486	73,229	75,880	59,786	61,743	62,047	68,531	328,107	303,676	252,108
Hog	66,125	70,408	66,851	71,419	66,271	66,756	61,675	61,563	49,154	49,284	50,667	53,814	274,803	256,265	202,919
Cattle	6,502	7,016	6,524	8,312	6,429	4,950	5,874	7,679	5,647	6,563	5,721	7,763	28,355	24,932	25,694
Carabao	2,829	3,506	2,898	4,180	2,774	2,575	2,675	3,458	2,541	3,251	2,881	3,659	13,413	11,482	12,332
Goat	2,518	2,415	2,713	2,927	2,362	1,950	2,723	2,905	2,192	2,407	2,507	3,016	10,572	9,939	10,122
Dairy	234	243	243	245	245	255	282	276	252	238	272	280	964	1,058	1,042
Poultry	60,474	60,403	60,813	63,591	60,574	57,535	58,523	60,078	56,053	58,987	59,260	61,697	245,281	236,710	235,997
Chicken	43,606	44,864	44,571	46,170	43,099	41,374	41,372	42,507	38,259	40,726	40,809	42,390	179,210	168,352	162,184
Duck	931	548	776	797	874	505	794	826	773	699	777	716	3,052	2,999	2,964
Chicken Eggs	14,859	13,676	14,411	15,342	15,503	14,353	15,278	15,405	15,909	16,237	16,518	17,367	58,288	60,540	66,031
Duck Eggs	1,078	1,315	1,055	1,283	1,098	1,303	1,079	1,339	1,112	1,326	1,155	1,224	4,731	4,819	4,817

=80.5%

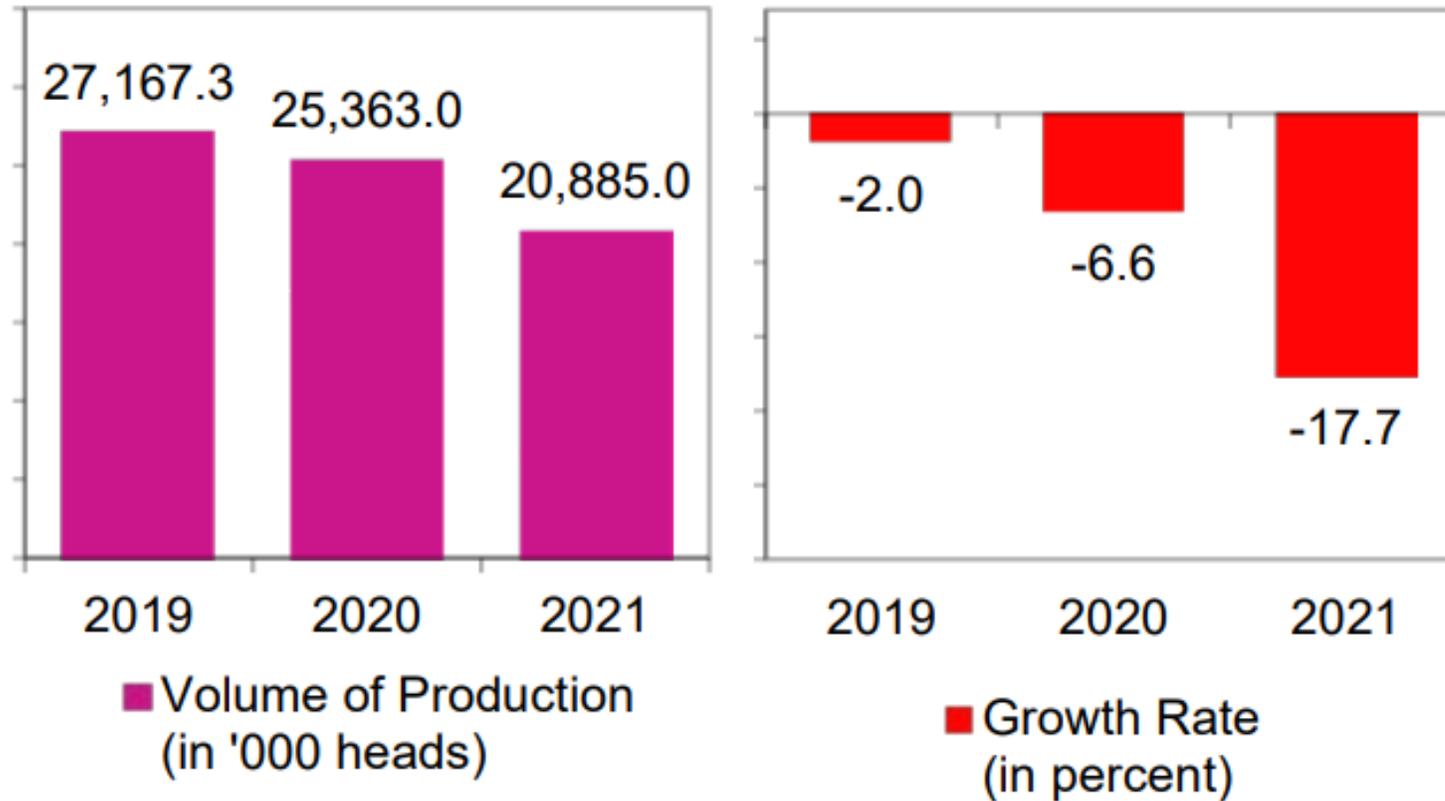
=68.7%

=28.0%

Note: Details may not add up to totals due to rounding

Source: Philippine Statistics Authority

Figure 2. Volume of Hog Production (in '000 heads)
and Annual Growth Rate, Philippines
January-December 2019-2021^P



^P – preliminary

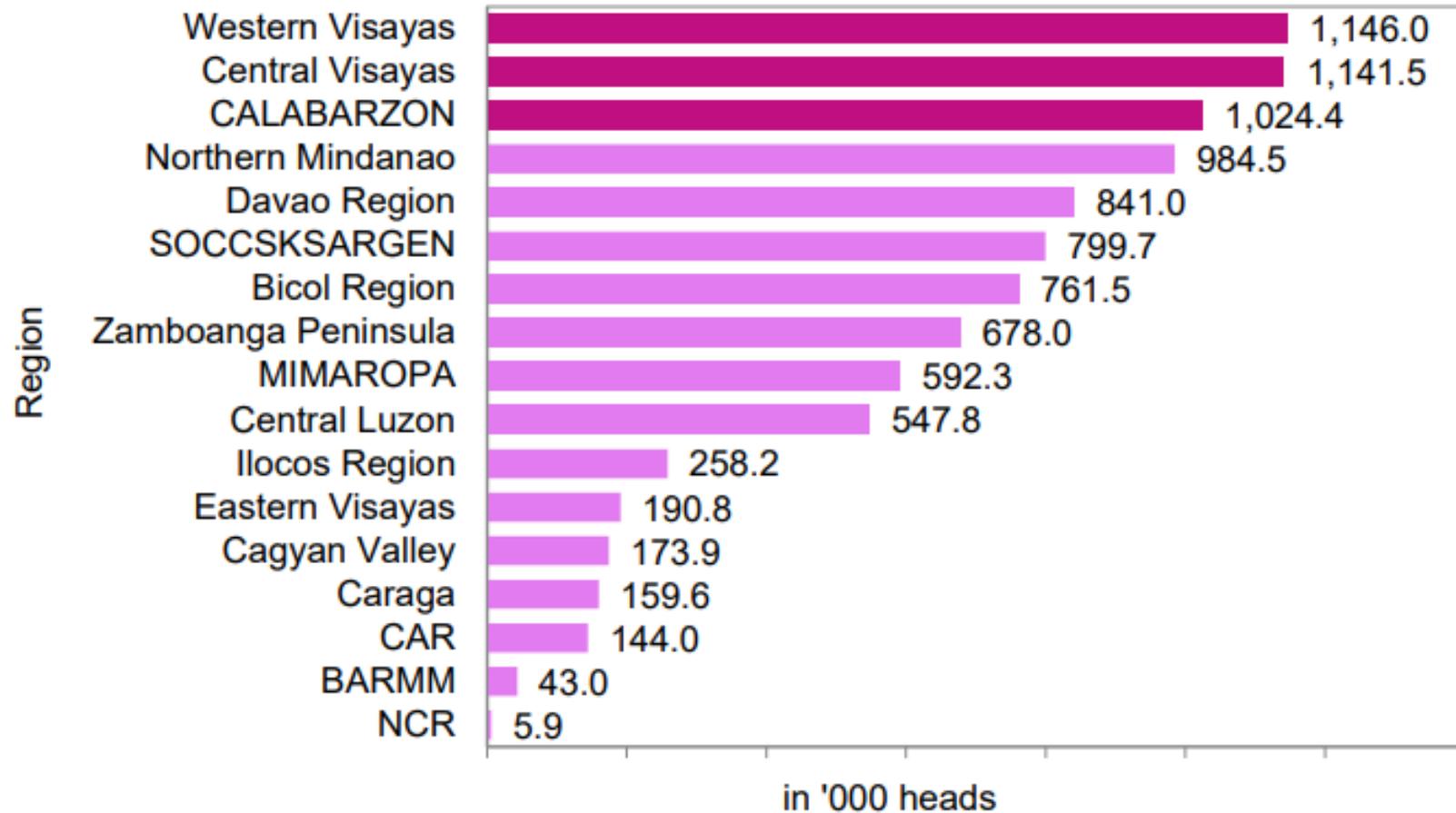
Source: Philippine Statistics Authority

Table 2. Swine Inventory by Farm Type and Region, Philippines
As of 01 January 2020-2022^P

Farm Type	Inventory (in number of heads)			Annual Growth Rate (in percent)		Percent Share
	2020	2021 ^r	2022 ^P	2021 ^r	2022 ^P	2022 ^P
Total						
Philippines	12,795,721	9,943,119	9,492,230	-22.3	-4.5	100.0
NCR	-	-	5,930			0.1
CAR	270,933	223,403	144,010	-17.5	-35.5	1.5
I - Ilocos Region	663,086	366,229	258,210	-44.8	-29.5	2.7
II - Cagayan Valley	421,076	262,875	173,921	-37.6	-33.8	1.8
III - Central Luzon	2,164,853	552,010	547,774	-74.5	-0.8	5.8
IVA - CALABARZON	1,575,711	1,077,408	1,024,414	-31.6	-4.9	10.8
MIMAROPA Region	523,516	505,244	592,272	-3.5	17.2	6.2
V - Bicol Region	891,457	763,640	761,514	-14.3	-0.3	8.0
VI - Western Visayas	1,219,234	1,211,118	1,146,009	-0.7	-5.4	12.1
VII - Central Visayas	1,107,889	1,178,046	1,141,474	6.3	-3.1	12.0
VIII - Eastern Visayas	266,320	254,706	190,831	-4.4	-25.1	2.0
IX - Zamboanga Peninsula	608,532	632,448	678,031	3.9	7.2	7.1
X - Northern Mindanao	1,059,320	990,765	984,533	-6.5	-0.6	10.4
XI - Davao Region	941,256	871,721	841,030	-7.4	-3.5	8.9
XII - SOCCSKSARGEN	800,434	780,515	799,720	-2.5	2.5	8.4
XIII - Caraga	231,685	223,325	159,550	-3.6	-28.6	1.7
BARMM	50,419	49,666	43,007	-1.5	-13.4	0.5
Backyard						
Philippines	7,971,400	7,205,749	6,702,626	-9.6	-7.0	100.0
NCR	-	-	5,930	-	-	0.1
CAR	266,841	219,827	142,253	-17.6	-35.3	2.1
I - Ilocos Region	506,130	275,792	184,804	-45.5	-33.0	2.8
II - Cagayan Valley	379,115	235,600	150,445	-37.9	-36.1	2.2
III - Central Luzon	432,619	293,804	181,537	-32.1	-38.2	2.7
IVA - CALABARZON	386,424	332,549	303,542	-13.9	-8.7	4.5
MIMAROPA Region	394,278	380,863	467,157	-3.4	22.7	7.0
V - Bicol Region	760,699	697,911	682,254	-8.3	-2.2	10.2
VI - Western Visayas	1,075,359	1,072,407	1,017,311	-0.3	-5.1	15.2
VII - Central Visayas	845,435	853,730	805,234	1.0	-5.7	12.0
VIII - Eastern Visayas	250,954	239,725	176,936	-4.5	-26.2	2.6
IX - Zamboanga Peninsula	591,216	616,607	664,620	4.3	7.8	9.9
X - Northern Mindanao	604,132	559,699	569,736	-7.4	1.8	8.5
XI - Davao Region	758,536	741,670	718,590	-2.2	-3.1	10.7
XII - SOCCSKSARGEN	453,060	426,662	443,720	-5.8	4.0	6.6
XIII - Caraga	216,183	209,237	145,550	-3.2	-30.4	2.2
BARMM	50,419	49,666	43,007	-1.5	-13.4	0.6

Region/ Farm Type	Inventory (in number of heads)			Annual Growth Rate (in percent)		Percent Share
	2020	2021 ^r	2022 ^p	2021 ^r	2022 ^p	2022 ^p
Commercial						
Philippines	4,824,321	2,737,370	2,789,604	-43.3	1.9	100.0
NCR	-	-	-	-	-	-
CAR	4,092	3,576	1,757	-12.6	-50.9	0.1
I - Ilocos Region	156,956	90,437	73,406	-42.4	-18.8	2.6
II - Cagayan Valley	41,961	27,275	23,476	-35.0	-13.9	0.8
III - Central Luzon	1,732,234	258,206	366,237	-85.1	41.8	13.1
IVA - CALABARZON	1,189,287	744,859	720,872	-37.4	-3.2	25.8
MIMAROPA Region	129,238	124,381	125,115	-3.8	0.6	4.5
V - Bicol Region	130,758	65,729	79,260	-49.7	20.6	2.8
VI - Western Visayas	143,875	138,711	128,698	-3.6	-7.2	4.6
VII - Central Visayas	262,454	324,316	336,240	23.6	3.7	12.1
VIII - Eastern Visayas	15,366	14,981	13,895	-2.5	-7.2	0.5
IX - Zamboanga Peninsula	17,316	15,841	13,411	-8.5	-15.3	0.5
X - Northern Mindanao	455,188	431,066	414,797	-5.3	-3.8	14.9
XI - Davao Region	182,720	130,051	122,440	-28.8	-5.9	4.4
XII - SOCCSKSARGEN	347,374	353,853	356,000	1.9	0.6	12.8
XIII - Caraga	15,502	14,088	14,000	-9.1	-0.6	0.5
BARMM	-	-	-	-	-	-

Figure 3. Distribution of Swine Inventory by Region, Philippines
As of 01 January 2022^P



^P – preliminary

Source: Philippine Statistics Authority

PHILIPPINE DAIRY UPDATE

Particulars	2015	2016	2017	2018	2019	2020
1. Supply Situation						
(Quantity - in LME - '000 MT)						
Local Production	20.39	21.16	22.76	23.69	24.38	26.71
Imports	1,793.29	2,772.57	2,486.29	2,939.60	2,969.83	2,936.14
Gross Supply	1,813.68	2,793.73	2,509.05	2,963.29	2,994.21	2,962.85
Exports	168.32	211.58	52.34	61.27	65.85	35.81
Net Supply	1,645.36	2,582.15	2,456.71	2,902.02	2,928.36	2,927.04
2. Value of Imports - CIF						
(US \$, mil.)	694.51	807.72	903.10	987.88	1,129.32	1,082.15
(Pesos, mil)	31,600.21	38,358.62	45,516.24	52,021.76	58,498.78	53,696.28
3. Value of Exports - FOB						
(US\$, mil.)	85.79	91.98	25.16	27.30	33.18	25.33
(Pesos, mil)	3,903.45	4,368.13	1,268.06	1,437.62	1,718.47	1,257.01
4. Value of Production						
(Pesos,mil.)	653.30	715.28	809.33	937.00	1,023.00	1,207.00

Imports	Local Production
The major country suppliers and value share for 2020 were:	Estimated share in domestic production for 2020*
United States of America, 31%	Cow's milk, 64%
New Zealand, 30%	Carabao's milk, 31%
Australia, 5.15%	Goat's milk, 5%
Netherlands, 5.13%	
Powdered milk accounts for 79% of the imports	
Production comes from an estimated dairy animals of 26,142*	
2020 major industry players are:	Dams/Does
More than tenwty (20) commercial processors/importers *	Cattle 10,557
More than one hundred (100) importers/traders *	Carabao 5,228
More than nine hundred (900) NDA-assisted/monitored dairy producers*	Goat 10,357

Supply volume (Imports/Exports/Prodn)-computed in milk equivalent using TMS factor/method

* - preliminary

Basic Source: Phil. Statistics Authority
 Gathered and processed by NDA-PMSED
 NDA-PMSD3/30/2021

Table 3.3 Livestock and Poultry: Inventory by Type, Philippines,
as of January 1, 2016-2021

Item	2016	2017	2018	2019	2020	2021
Livestock ('000 heads)						
Carabao	2,877	2,882	2,883	2,874	2,866	2,849
<i>Dairy</i>	18	19	19	19	19	19
Cattle	2,554	2,548	2,554	2,535	2,542	2,605
<i>Dairy</i>	25	26	26	26	26	27
Swine	12,479	12,428	12,604	12,709	12,796	9,943
Goat	3,663	3,710	3,725	3,756	3,813	3,868
<i>Dairy</i>	2.1	2.4	2.6	2.6	2.7	2.8
Poultry ('000 birds)						
Chicken	178,793	175,317	175,772	186,370	178,265	176,820
<i>Broiler</i>	65,713	62,444	59,903	64,217	56,387	53,887
<i>Layer</i>	32,227	34,474	35,569	38,811	41,202	42,888
<i>Native/Improved</i>	80,853	78,399	80,300	83,342	80,676	80,045
Duck	10,519	10,842	11,220	11,577	11,794	12,512

Source: PSA

Supply and Demand Analysis

Livestock, Poultry and Dairy

ITEM	PER CAPITA Consumption (Kls)	EST DEMAND ('000 MT) (112 Million Pax)	PRODUCTION ('000 MT) (2021)	SURPLUS/DEFICIT ('000 MT)	IMPORTS ('000 MT) (2021)
Pork	15.00	1,680.0	1,696.1	16.10	488.22
Chicken	14.32	1,603.84	1,744.80	140.96	404.71
Beef & Veal (cattle & carabao)	3.15	352.00	365.45	13.45	225.00
Dairy	22.00	2,464.00	26.71	(2,437.29)	2,983.95 (Net Import)

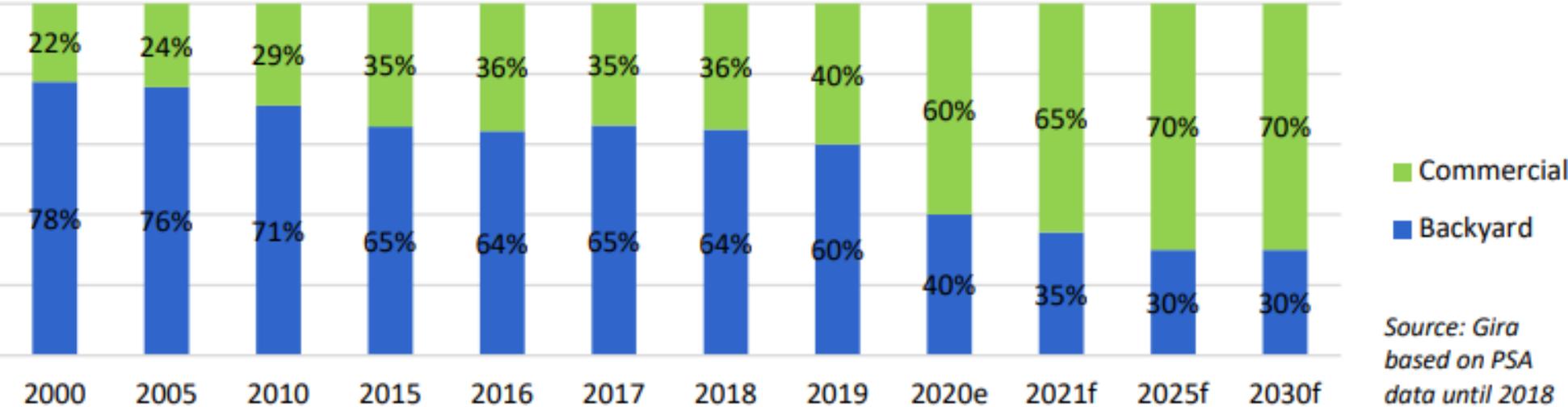
Meat Processing Industry

- Only about 15% of total raw material requirements of the local meat processing industry is supplied domestically because of the following issues:
 - - A technical mismatch: processors require “industrial grade meat” while local livestock and poultry raisers are selling their production to wet markets as “table meat”;
 - - Costs consideration: mechanically-separated or deboned meat (used for hotdogs and sausages) and Indian buffalo meat (for corned beef) is cheaper than local meat;
 - - Support facilities gap: refrigeration requirement of processors are not met by local producers.
 - - Consistency: local production of manufacturing meat is not consistent in quality, and fat content.

Outlook: Pork Production

- ASF is expected to remain in the PH until a vaccine is found, and despite the low cost for backyard farmers to start again, backyard production will drop, leaving a void for commercial farms to develop into – leading to reversed market shares.
- Many small commercial farms will be closed, with some acquired by larger farms to scale up leading to further market concentration.
- Successful farms will have better biosecurity, which will reduce the impact of ASF.
- Pork production will be concentrated around Metro Manila, Regions III and IV-A– where demand is the highest.
- Pig productivity will recover, driven by the higher share of large commercial farms as well as their knowledge and financial capabilities compared to backyard farmers.
- Pork imports will increase to meet the domestic demand, facilitated by a relaxing of the current government position on imports to control retail prices.

Figure 5.4: Annual Backyard & Commercial farms Repartition, by year



Source: Gira based on PSA data until 2018

Outlook: Pork production

- The majority of pork production will come from large commercial farms, either contracted to or owned by slaughter groups.
- Commercial farms will integrate upstream with the feed production as well as downstream with slaughtering and meat cutting; some will even integrate to retail and foodservice.
- Domestic production efficiency will be improved: research and development in better feeds, breeding and rearing techniques, automation, and the adoption of existing technology from other more advanced markets.
- Average carcass weight will increase, driven by uptake of modern genetics, and large farms.

Outlook: Pork production

- Cold chain will improved, due to private investments, to manage both imported frozen meat and increased slaughtering in AAA plants.
- Pork branding will become the norm, as it is for chicken.
- Imports will remain high due to lower prices, improved cold chain and consumers' new habit to manage/store/eat frozen meat.
- The backyard will not recover, although small parts will remain due to the geographic challenges of the Philippines.

On chicken

- While ASF outbreak and a pork shortage was anticipated, massive imports of chicken have been made to ensure the availability of affordable protein for the population.
- The low price of chicken combined with the high price of pork will increase consumption of chicken over pork. The market share of chicken will increase in the short term and will subside in the mid-term as pork production recovers, and prices fall, but in the long term chicken will remain to have a higher market share (~33% to pork's 25%) at the expense of pork.

On chicken

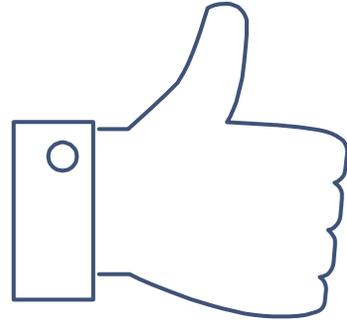
- The price of whole chicken reached P190 to P200 per kilo as consumers eating more chicken as a source of protein vs pork. Before pork prices spiked, the chicken industry faced problems with oversupply, as demand went down due to hotels and restaurant closures. After the oversupply in 2020, the industry held back supply, causing the rise in prices.
- Some broiler producers shifted to layers to produce eggs instead of chicken meat...eggs cannot be imported and is easy to cook, no need for “recado”, further reducing the supply of chicken meat.

Towards developing the Livestock Industry

- For Hogs, repopulation and solving the problem of ASF and other livestock and poultry diseases
- For chicken (and also livestock)....develop the corn industry through the provision of post harvest facilities (drier & warehousing)
- For Dairy, undertake herd build-up and technical intervention for greater productivity
- Sustain the milk feeding program to develop the dairy industry
- Establish real time information network system as provided for in the AFMA Law including the revival of the price and volume watch task force composed of inter-agencies involve in trade and stakeholders to determine current and projected demand and supply conditions.

Towards developing the Livestock Industry

- Biosecurity for livestock and poultry. Establishing first boarder quarantine facilities and acquire/discover ASF and avian (bird) flu vaccines
- Providing incentives to investments and easy access to credit
- Improve cold chain and logistics...the whole supply chain
- Farm consolidation of small and backyard farms and mechanization, and integrate upstream with feed production as well as downstream with slaughtering and meat cutting including retail and foodservice.



THANKS!

Philippine Guarantee Corporation

OPERATIONAL HIGHLIGHTS

Performance Indicators	2021		Variance
	Actual	Target	
1. Outstanding guarantees (In million pesos)			
a. Guarantee groups			
• PSGG	2,381	4,000	(1,619)
• Housing Guarantee Group	178,900	146,290	32,610
b. Funds under trust and/or administration			
• AGFP	4,730	3,120	1,610
• AKPF	5,420.033	3,744.379	1,675.654
2. Number of borrowers covered			
a. Guarantee groups			
• PSGG	16,159	8,000	8,159
• Housing Guarantee Group	30,239	10,302	19,937
b. Funds under trust and/or administration			
• AGFP	45,051	40,950	4,101
• AKPF	12,057	9,226	2,831

Source: COA 2021 Audit Report

Philippine Guarantee Corporation

Trust Liabilities

Non-current

AGFP	10,661,612,310	7,313,149,370
AKPF	2,949,685,542	3,309,842,989
Trust funds from NGAs	1,073,114,163	1,103,496,998
EC-PCG Program	1,025,219,482	0
Trust funds under the USHLGF	20,213,315	18,610,477
CRGF	0	324,316,071
	15,729,844,812	12,069,415,905

₱32B

Significant increase in the AGFP balance was due to the receipt by the Fund Pool during the year of P3.306 billion share in agri-agra penalties from the BSP pursuant to Section 10 of RA No. 10000. Section 10 thereof mandates that 90 per cent of the penalties collected from banks for non- or under-compliance with the credit allocation requirements prescribed under said law shall be allocated between the AGFP and the Philippine Crop Insurance Corporation, and the remaining 10 per cent shall be given to the BSP to cover administrative expenses.

Source: COA 2021 Audit Report



CHALLENGES FOR BIG BANKS CONTINUE IN Q4 2020 AS TOTAL LOANS DECLINE, SOURED LOANS GROW

Aggregate loans from the country's big banks declined by 3.96% year on year to P9.582 trillion in the fourth quarter, the biggest decline since the 4.17% contraction recorded in the fourth quarter of 2007. Meanwhile, the nonperforming loans ratio, or the ratio of bad loans to total gross loans, was recorded at 3.68% in the fourth quarter. This was the highest since the Bangko Sentral ng Pilipinas introduced a new reporting standard that took effect in the first quarter of 2013.



NOTES:

- Five U/KBs were excluded in the first quarter of 2020 due to unavailability of data at the time of collection. In the third quarter of 2020, one bank was not included.
- The current method distinguishes bad loans without deductions (gross nonperforming loans) and bad loans minus specific allowance for credit losses (net nonperforming loans). Previously, banks presented bad loan numbers that already excluded loans that were fully provisioned as of the last BSP examination.

SOURCES: BUSINESSWORLD'S QUARTERLY BANKING REPORTS; BUSINESSWORLD RESEARCH: MARISSA MAE M. RAMOS; BUSINESSWORLD GRAPHICS: BONG R. FORTIN

₱713.6B in agri- agra loans 10% compliance End-2020

Potential lending window = ₱1,618.9 B