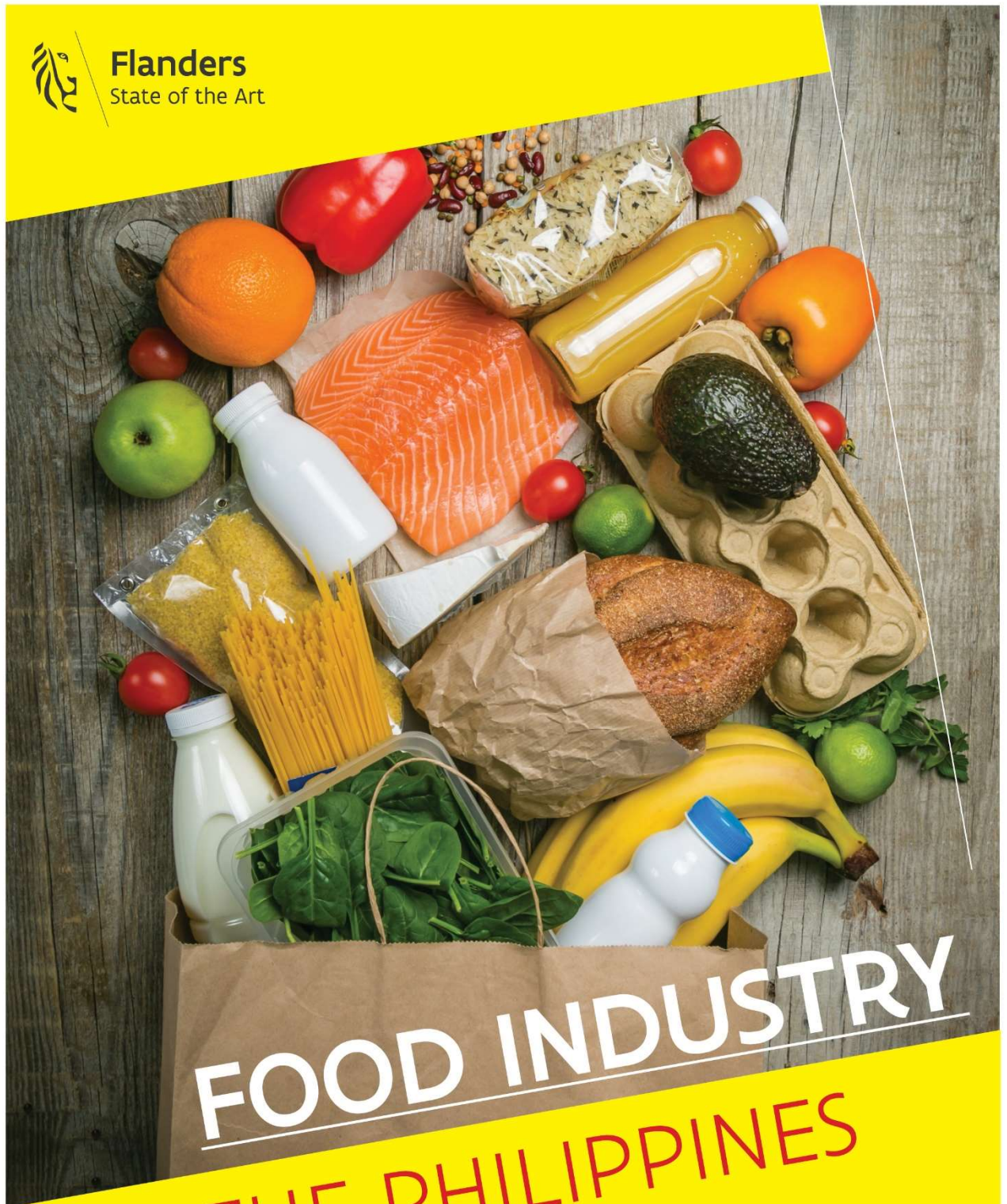




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FOOD INDUSTRY IN THE PHILIPPINES

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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PHILIPPINES FOOD INDUSTRY

2018-2019

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SUMMARY

1.	Introduction.....	4
1.1	Fast Facts	4
2.	Food Industry sub-sectors.....	5
2.1	Philippine food retail sector - overview	5
2.1.1	Major Food Retailers in the Philippines	5
2.1.2	Convenience Stores	7
2.2	Philippine food service sector	8
2.3	Philippine food processing sector	9
3.	Industry prospects – Products with strong potentials.....	10
3.1	Food products with convenience - instant or “convenience” foods	10
3.2	Functional foods - healthy, natural & organic products	10
3.3	Gourmet products	10
3.4	Prepared food and beverage	10
3.5	“Double” products	10
3.6	Innovative ingredients and raw materials	10
4.	Market Structure and Entry Strategy for Exporters	11
5.	Regulatory Systems and Import Requirements	11
5.1	Import regulations for agriculture and processed food products	11
5.2	New taxation on sweetened beverages	12
6.	Sources :.....	14

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1. INTRODUCTION

The Philippines is a robust, dynamic and growing market for imported food and beverages with total imports of consumer oriented products exceeding US\$ 1B annually. Consumption growth is underscored by the country's expanding economy that is expected to continue to grow at an average rate of 6-7 % in 2018-2022 and to remain one of Asia's top growth performers. The government's commitment to intensify public investment and infrastructure is expected to support this economic growth forecast and bolster job creation, poverty reduction and further increase in consumption. The food and beverage sector of the Philippines, which accounts for 10% of the GDP, is one of the top contributors to the country's economic growth.

Factors that foster the growth of the food sector, covering retail, food service and food manufacturing: population growth, rising middle income earners, increasing number of dual-income families, higher disposable incomes, a young, fast-growing, highly-urbanized population with increasingly sophisticated tastes and ever-growing access to supermarkets and fast changing lifestyle, increasing frequency of "dining out", higher awareness of food quality and safety. Rising remittances from Philippine overseas workers and the burgeoning business process outsourcing (BPO) sector likewise contribute to the growing disposable income among the middle class.

The capital city Manila represents a big share in the sales, although the growing economic activities in the regional urban areas also contribute to the expansion of the sector.

E-commerce is also gaining grounds and contributes to the sales growth.

1.1 FAST FACTS

- Population: 105.25M (July 2018 est.)¹ ; annual growth rate = 1.6%
- Urban population: 46.9% of total population; 13.48 million in the capital of Manila (2018)
- Rate of urbanization: 1.99% annual rate of change (2015-20 est.)²
- 53% of the population is below 24 years old
- High literacy: 96% of the 69 million Filipinos that are 15 years old and above can read and write
- Potential customers: at least 20 million people³
- Household expenditure on food and non-alcoholic beverage – 42% on an annual basis⁴
- Food and drinks spending is expected to show a strong growth of 8 % annually
- High awareness of and preference for imported products
- Growing demand for "healthy," organic, gourmet and convenience foods
- Steady growth in retail, foodservice and food processing industries

¹ CIA World Fact Book , <https://www.cia.gov/library/publications/the-world-factbook/geos/rp.html>

² Ibid

³ US Agriculture Service GAIN Report RP 1903-Robust Opportunities in Philippine Food and Beverage Processing Industry, Maria Ramona C. Singian, 12 March 2019 https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients/Manila_Philippines_3-12-2019.pdf

⁴ Philippine Statistics Authority, Household Final Consumption Expenditure by Purpose <http://psa.gov.ph/nap-press-release/sector/Household%20Final%20Consumption>

2. FOOD INDUSTRY SUB-SECTORS

2.1 Philippine food retail sector - overview

The Philippines' robust economic performance of the past years continues to support the growth of the well-established food retail industry. Sales from the domestic retail market increased by 5.4% to US\$ 50 billion (from the 2017 record of US\$ 47.4 billion⁵) and were driven by rising income and a growing young population.

While domestically produced items account for about 80% of the total food supply and the remaining 20% of the supply is imported, food retailers remain very optimistic concerning the competitiveness of imported products⁶. Though there is a strong campaign to buy local products, Filipinos have strong preference for imported products. The growing sophistication among consumers, demand for gourmet and healthy foods, frozen foodstuff, ready-to-cook food, processed grocery items, and other food ingredients for home meal replacement is increasing.

Expenditure on food and non-alcoholic beverages reached PhP 5.472 trillion in 2018 accounting for 42.5 % of the total household expenditure representing a 12% growth rate⁷ from 2017. The sector's rapid modernization and expansion led to the increase of upscale supermarket chains throughout the country and improvement of cold chain and distribution systems that allow better storage options for imported food that offers superior quality, variety and reliability to the generally more upscale and demanding supermarket customers.

These retail chains provide lucrative opportunities for imported and high-value food items in the Philippines through their fast product turnover, growth and wide market base. Retail is expected to account for 20 % of the Philippines' GDP by 2025, as the BPO industry helps boost the local economic growth.

The market share of hypermarkets and superstores (which accounts for 30% of retail food sales) is likewise increasing. Though the staple foods in the Philippines are rice, fish, seafood, fruits and vegetables, changes in the local market trends result in an increasing presence of hypermarkets and superstores as well as a continuous growth in the food service industry. Due to the rapid increase in sales of about 10 to 20% in a 10-year span for major players in the retail food industry, operators have continuously expanded to urban and key provincial areas to widen their consumer base and geographical reach. The food retail giants and chains dominate the food retail business wherein competition has been minimized as new stores were opened and acquisitions of smaller local supermarket chains were made.

Online grocery retailing is getting more popular in the Philippines. In 2018, the sector saw not only grocery retailers starting to launch their own e-commerce, but also third party marketplaces introducing a dedicated platform for online grocery sales. Efficient service, speedy delivery and a wide assortment of products will be necessary for the continued growth of online grocery retailing over the coming years.

2.1.1 Major Food Retailers in the Philippines

SM Markets maintained its lead in the Philippine modern retailing amid the strong competition in the food retail industry with a total of 310 stores.

- **SM Supermarket** or Super Value Inc. is the pioneer brand of the food retail group SM and primarily located inside SM Malls.

⁵Philippines food retail sector to hit \$50 billion sales, Louise Maureen Simeon (The Philippine Star) - July 22, 2019 <https://www.philstar.com/business/2019/07/22/1936651/philippines-food-retail-sector-hit-50-billion-sales#ruqoE3OFKumFBmjZ.99>

⁶ 2019 Food Retail Sectoral Report, Joycelyn Claridades Rubio, 8 July 2019 https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Manila_Philippines_7-8-2019.pdf

⁷ Own computation based on the Philippine Statistics Authority, **Household Final Consumption Expenditure** <http://psa.gov.ph/nap-press-release/sector/Household%20Final%20Consumption> : <http://openstat.psa.gov.ph/>

- The **SM Hypermarket** is the stand-alone large format destinations with 50/50 food/non-food mix offering more than 150,000 brands of merchandise or SKUs with the aim to allow customers to satisfy all their routine shopping needs in one trip.
- SM's **SaveMore** is a stand-alone mid-sized format that is expanding nationwide.
- **WalterMart** - mid-sized format tenant – is one of the youngest and fastest-growing supermarket chains in the Philippines with locations in Metro Manila, Central and South Luzon. Walter Mart Supermarket signed a joint venture with SM Investment Corporation in 2013 and is the only member supermarket of International Grocers Alliance (IGA) in the Philippines.
- **Alfamart**, a joint-venture with an Indonesian partner, has the mini-mart format providing supermarket goods and prices in neighborhood locations

SM Supermarket: Footprint Expansion Opportunity ⁸ nationwide			
Stores	# of Stores	GSA (sqm)	Average
SM Supermarket	57	360,250	6,320
SM Hypermarket	53	353,675	6,673
SaveMore	194	530,057	2,732
Walmart	52	145,263	2,794
Alfamart	578	104,528	181

Robinsons Supermarket is the 2nd largest supermarket chain in the country with 252 stores and 499 convenience stores as of end 2018, consisting of **Robinsons Supermarket** (mainstream), **Robinsons Easymart** (minimart), **Robinsons Selections** (premium), **Jaynith's** (cash & carry) and acquired stores from Rustan's Supercenter Inc brands "**Marketplace by Rustan's**", "**Rustan's Supermarket**", "**Shopwise Hypermarket**", "**Shopwise Express**" and "**Wellcome**".

Robinsons Retail Holdings, Inc. (RRHI) successfully acquired a 100 % stake in Rustan Supercenters, Inc. (RSCI) on November 23, 2018.

Robinson's Supermarket business segment ⁹					
Robinson's Supermarket	Robinson's Selection	Robinson's Easymart	Rustan's Supercenter Inc	Jaynith's Supermarket	Convenience Store (Ministop)
136	3	22	88	3	499

Robinson's Supermarket : Footprint Expansion Opportunity nationwide¹⁰ (1H 2019)

Stores	Metro Manila	Luzon	Visayas	Mindanao
Supermarket	114	87	38	16
Convenience Stores	339	156	23	-

Puregold Price Club Inc. (PPCI) is a chain of supermarkets established in 1998 and has grown into a giant retail chain with 409 stores nationwide.

With 537,965 m² net selling area of stores¹¹ Puregold Price Club Inc. also owns **S&R Membership Shopping** and **S&R Quick Service Restaurants** - the first U.S.-based chain to enter the Philippines in 2001 after the passage of the 2000 Philippine Retail Trade Liberalization Law.

⁸ SM Investors Presentation , June 2019 -

https://sminvestments.com/sites/default/files/investor_relations/3M2019%20Investor%20Presentation_06012019.pdf

⁹ Robinsons Retail Holdings Inc., 2018 Annual Report <http://www.robinsonsretailholdings.com.ph/annualreport2018/view-pdf/>

¹⁰ Robinsons Retail Holdings Inc., 1H2019 Unaudited Earnings Results 1 August 2019, <http://www.robinsonsretailholdings.com.ph/investor-relations/category-investor-presentations>

¹¹ Puregold Price Club Inc. Annual Report 2018- <http://www.puregold.com.ph/index.php/annual-corporate-governance-report/>

Puregold Stores ¹²	Metro Manila	Luzon	Visayas	Mindanao
Puregold Supermarket /Hypermart	125	194	25	10
S & R Membership Shopping	7	5	2	2
S & R QSR	25	9	4	1

* NE Bodega and Budgetlane Stores are converted to Puregold Stores in 2018

METRO Retail Stores Group Inc. (MRSGL) more known as **Metro (Gaisano)** is a family-owned business way back in 1949 and a premier homegrown retailer from Cebu which have steadily grown to become the market leader in the Visayas region.

Through the years, it has expanded from Cebu to Manila and to rest of the country.

Its supermarket business is operated under two brand names “*Metro Supermarket*” and “*Metro Fresh N Easy*,” collectively referred as “**Metro Supermarket**.” The *Metro Fresh N Easy* brand name is used for smaller scale supermarkets serving as neighborhood stores. While its hypermarket retail format is operated under the name “Super Metro”, a hybrid between our supermarkets and department stores, providing a broad assortment of basic everyday products at value prices and is supported by the same distribution centers as of its supermarkets and department stores. As of end of end 2018, it operates 28 supermarkets and 13 hypermarkets with a total net selling space of 47,940 m² for the supermarket and 45,326 m² for the hypermarkets¹³

Metro Gaisano stores ¹⁴	Metro Manila	Luzon	Visayas	Mindanao
Metro Gaisano Supermarket	7	4	17	0
Metro Hypermart		4	9	0

Landers Superstore, a new player on the modern food retail market, opened its first store in 2016. It is also a membership shopping superstore similar to the S&R Membership Shopping that offers a wide variety of imported products (food and non-food) that are usually not found in other major local supermarkets chains. Today, it has 5 branches : 4 in Metro Manila and 1 in Cebu.

2.1.2 Convenience Stores

Outside large-scale shopping centers, the growth of smaller retail outlets such as convenience stores and food and beverage outlets is also expanding quickly.

The demand for convenience stores has been spurred by the ongoing proliferation of commercial areas, construction of office and residential buildings, the bullish Business Process Outsourcing sector (BPO – call centers) and the hectic lifestyle.

These convenience stores are mostly located in the business centers, BPO hubs and residential condominiums and operate on a 24-hour basis. Aside from well-stocked shelves of ready-to-eat meals, packaged food, beverages and other basic household necessities, convenience stores also offer other services such as bill payment and mobile phone

¹²Ibid

¹³ http://www.metroretail.com.ph/images/pdf/0522018/MRSGI_SEC_Form_17_A_2018.pdf

¹⁴ Metro Retail Group Inc http://www.metroretail.com.ph/images/pdf/ANNUALREPORT_2015/MRSGI_2018_ANNUAL_REPORT.pdf

reloading transactions. Convenience Stores and Gas Marts, which are mainly location-oriented, are thus able to sell products at a premium in exchange for convenience.

Among retail channels, convenience stores led the growth of modern grocery retailers. Competition has intensified in the convenience store business with the entry of new brands that sought to challenge the two leading market players **7-Eleven** and **Mini-Stop**, run by Philippine Seven Corp. (PSC) and Robinsons Retail Holdings Inc. (RRHI) respectively. Aside from **Family Mart**, the Puregold group also brought another foreign brand **Lawson** into the local market while the SM group brought in the Indonesian brand **Alfamart**. Real estate magnate Manuel Villar has also built his own convenience store network using his own brand “**All Day**.”¹⁵ The **Mercury Drug** Corporation is primarily the leading drugstore chain in the Philippines which has eventually evolved into a combination of drugstore and convenience store that sells healthcare and personal care products, including medical devices and basic everyday needs.

2.2 Philippine food service sector

The Philippine **food service sector** remains strong, brought about by the growing demand for convenience with the growing urbanization across the country and increasing busy lifestyles pushed consumers to buy cooked foods or simply dine out. The worsening traffic and transportation issues resulted to the growth of home delivery or takeaway outlets. The steady growth of the sector has been spurred by the proliferation of shopping centers, the robustly expanding horeca sector, the aggressive expansion of retail chain operators, the booming tourism industry, the growing affluence of a “frequent snacking” culture, the liberalized retail trade landscape and to some extent the reduction in import duties. All this created opportunities and increased food service sales.

In a 5 year period, restaurants and food service activities are continuously expanding. In 2018, the number of food establishments increased to 86,812 while sales reached US\$ 13 billion, registering an annual growth average of 8%.¹⁶ Of all the food service outlets in the country, chained operators still lead in value terms. “Chained operators accounted for the majority value share in 2017 as they capitalized on consumer familiarity and brand loyalty. Chained operators also benefit from Filipinos’ increasing interest in franchising,”¹⁷ wherein the number of foreign brands continues to grow in the Philippine food service industry. Among chain players, local operator **Jollibee Foods Corporation** leads with its wide portfolio of leading fast food brands. Other important players include **Golden Arches Development Corp** (with the McDonald’s brand), **Yum! Brands**, (Pizza Hut and KFC), **Max’s Group**, and **Shakey’s**. **Starbucks Corp.** also joined the list of top companies in the food service industry. In recent years, there is also the entry of international brands of the same format into the local dining scene.

The growing middle class results to bigger demand for a wider range of good food and high quality products. The increasing average disposable income, coupled with the rise of value-oriented dining, helped to encourage customers higher spending and eat out more often. Dining-out expenditure have increased dramatically in the past years and accounts for 15 % of total family expenditure.

Upscale restaurants, malls, fast-food chains, cafes and Western-style dinners require high-quality F&B products such as meat, poultry, seafood, dairy products, processed fruits and vegetables, fruit juices, dried fruits, nuts, wine and craft beer. Restaurant operators are keen on introducing new and exciting menu offerings to attract customers. Food service players focus on attracting millennials who comprised one third of the country’s population and are recognized as the biggest spenders. Given this, this consumer group continues to inspire innovations within the food service industry. More digital initiatives will be seen from the industry players to extend their reach, especially on social media.

¹⁵ Philippine Daily Inquirer, “Ayala Land, SSI mull options on FamilyMart”, Doris Dumlao-Abadilla, <http://business.inquirer.net/238290/ayala-land-mulls-options-familymart#ixzz4yTha3BBT>

¹⁶ US GAIN Report, Food Service - Hotel Restaurant Institutional, 2018 HRI Food Service, by Joycelyn Claridades Rubio, 11 October 2018 (https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional/Manila_Philippines_10-17-2018.pdf)

¹⁷ A taste of the country’s food service industry, Mark Louis F. Ferrolino, 25 May 2018 <https://www.bworldonline.com/a-taste-of-the-countrys-food-service-industry/>

2.3 Philippine food processing sector

Food accounts for nearly half of the total output of the country's manufacturing sector. With an average annual growth rate of 8-10%, the food manufacturing industry has been identified by the Philippine government as a priority sector for attracting foreign investment under special economic zones.

The growing consumption contributes to the rapid production expansion of processed foods and beverages which presents excellent opportunities for raw materials and high-value ingredients. In 2018, the Philippine food and beverage processing industry's gross value-added output increased by 7.6% (at constant price) over the previous year¹⁸ to \$ 32.5 billion and grew with 31 % over the past five years (2014–2018).¹⁹

About 90% of the F&B processing industry's output is consumed domestically, with excellent growth prospects stemming from the country's resilient economy and strong consumer base²⁰. In addition, as quality and efficiency continue to improve, the Philippines will be in a position to exploit export opportunities due to its strategic location and association in various free trade agreements. While most of the roughly 500 F&B processors registered under the Philippine Food and Drug Administration are micro to medium-sized businesses, food processors are also among the largest corporations in the country²¹.

¹⁸ National Accounts of the Philippines, Philippine Statistics Authority. TABLE 32B. GROSS VALUE ADDED IN MANUFACTURING BY INDUSTRY GROUP - https://psa.gov.ph/system/files/Q1%202019%20NAP_Publication.pdf

¹⁹ US Agriculture Service GAIN Report RP 1903-Robust Opportunities in Philippine Food and Beverage Processing Industry , Maria Ramona C. Singian, 12 March 2019 https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Manila_Philippines_3-12-2019.pdf

²⁰ EU-Philippines Business Network, Philippine Food & Beverage Webinar, 17 January 2017

²¹ US Agriculture Service GAIN Report -Prospects for U.S. Ingredients in Burgeoning Philippine Food Processing Industry; prepared by Maria Ramona C. Singian, 11 October 2017

3. INDUSTRY PROSPECTS – PRODUCTS WITH STRONG POTENTIALS

3.1 Food products with convenience – instant or “convenience” foods

Because of the country’s bullish Business Process Outsourcing industry (BPO) that operates around the clock and the rise in the number of women joining the workforce, traders report strong demand in products that can be classified as “convenient” including snack foods, meal-replacements and ready-to-drink beverages. The Philippines is a large market for snack foods, consisting mainly of corn chips, chocolates, potato chips, sweet biscuits, popcorn and confectionery.

3.2 Functional foods – healthy, natural & organic products

Retail stores have been increasing shelf-space to accommodate the growing number of new-to-market healthy, natural and organic products because of the rise in disposable income and the strong consumer trend towards health, wellness and beauty. Also referred to as nutraceuticals or para-pharmaceuticals, products targeting beauty, slimming and or fat-inhibition have high potential.

3.3 Gourmet products

Most retailers maintain a gourmet section including products such as meat, seafood, fruits & vegetables, specialty cheeses, sauces & condiments, herbs & spices, wines, craft beers and other beverages, dried fruits & nuts, specialty biscuits, snack foods and chocolate & confectionery. There are several independent operators of gourmet shops within high-end neighborhoods.

3.4 Prepared food and beverage

Traders report growth in sales of baking ingredients such as cocoa products, pre-mixes, jams and jellies and flavorings due to the proliferation of small bakeshops that sell premium-quality artisanal baked goods.

3.5 “Double” products

Double products: dairy, meat and meat products, frozen and processed vegetables, frozen and processed fruits. These products are in high demand as these have become standard menu offerings and ingredients in the food service sector. In addition to being consumed directly, meat products as ingredients are used by the Philippines’ booming food processing industry^{*22}. Frozen potatoes/French fries are highly in demand.

3.6 Innovative ingredients and raw materials

Ingredients and materials for further processing.

²² Note: Temporary ban on importation of pork meat due to African Swine Fever (AFS) per DA Memo Order # 31s.2018

4. MARKET STRUCTURE AND ENTRY STRATEGY FOR EXPORTERS

- Generally, as a common and preferred practice in the industry, retailers - especially the larger chain operators - source from importers/distributor/trading firms. Although, these retailers also import directly for their own retail outlets or have exclusivity of products e.g. in the membership shopping, private label arrangement.
- Big food and beverage processors in the Philippines import full-container loads of agricultural raw materials and ingredients directly, while smaller processors purchase from importers and distributors.
- Horeca customers rarely import F&B products directly, except for a few fastfood chains. The importation is done mostly by importers and a few retailers. Importers distribute directly to HRI customers or appoint sub-distributors.
- Exporters may also prefer to work with importers instead of setting up a local company in the country.
- Most of the importers are based in Metro Manila and manage their own distribution, while others appoint independent distributors to cover the country's key provincial areas.
- Importer/distributors are in direct contact with big supermarkets, hyper-marts and wholesale clubs. They have their own distribution network and at times act as the distributor themselves. They are more knowledgeable about the importation procedures and regulations.
- Quite a number of importers distribute to the wet market. Wet markets carry lower value cuts of meat and poultry products and other products such as frozen potatoes, fruits and vegetables, and other ingredients.
- Exclusive distributorship agreements are preferred by Philippine importers. Although exporters can work with one or several importers provided that the market coverage of each importer is properly identified.
- Maintain close contact with your Philippine importers and support efforts to introducing the products to foodservice customers by participating in technical seminars, product demonstrations, and local trade shows. Regular market visits are also highly valued by Philippine importers and regarded as a show of support.
- Releasing goods from Philippine Customs sometimes poses a challenge.
- Expect higher volume of orders from September to December as importers stock-up for the Christmas season (which is marked by higher consumer spending).

5. REGULATORY SYSTEMS AND IMPORT REQUIREMENTS

All imported food and agricultural products are required to comply with the Philippines' food health and phytosanitary laws. In general, none of these products is allowed to enter the Philippines if it is deemed to pose a danger to human life or well-being, either directly or indirectly.

All food and agricultural products, including plant products that enter the Philippines, are required to pass through procedures designed to check that they are not contaminated with any pest and that they are fit for their intended use.

Philippine food regulations are generally patterned after CODEX Alimentarius Commission guidelines as well as regulations established by the FDA and respective government Departments.

The health and phytosanitary regulations and procedures applied on imported agriculture and food products are broadly similar for all types of products. Under Philippine import laws, it is the responsibility of the exporter and importer to ensure that any product entering the country's customs territory is in full compliance with Philippine health and phytosanitary regulations. The enforcing authorities will check for compliance by inspecting the goods and relevant import/export documentation and decide on whether the goods may enter the Philippines.

5.1 Import regulations for agriculture and processed food products

It is important to highlight that **all food and beverage products must be registered with the Philippine Food and Drug Administration (FDA)** prior to the sale and or distribution into market. Registration of imported products may only

be undertaken by a Philippine entity. Importation of products can only be done once FDA registration is completed (a License to Operate (LTO) and a Certificate of Product Registration (CPR) have been issued to the importer).

Products have been divided into two categories with distinct sets of registration requirements and procedures. Imported food products are as Category I and II with distinct sets of registration requirements and procedures.

Laws and Regulations pertaining to all regulated food can be accessed at the Food and Drug Administration (FDA) website : <http://www.fda.gov.ph/>

The Department of Agriculture has jurisdiction over the importation of fresh and frozen meat and meat products, fruits, vegetables and seafood products, while the Food and Drugs Authority has jurisdiction over importation of processed meat and meat products like meat and meat products.

Laws and Regulations pertaining to the import of fresh fruits and vegetable products and other related agriculture commodities can be accessed at the Department of Agriculture website : www.da.gov.ph. As there are regular changes in the rules and regulations on the importation of food products, it is recommended that the exporter contacts the Belgian Trade Office in Manila for further information or assistance.

5.2 New taxation on sweetened beverages²³

Republic Act (RA) 10963: Tax Reform for Acceleration and Inclusion (TRAIN) – Sweetened Beverages [Section 150B of the Tax Code] imposes a tax per liter of volume capacity on sweetened beverages effective 01 January 2018.

Sweetened Beverages (SBs): refer to non-alcoholic beverages of any constitution (liquid, powder or concentrates), that are pre-packaged and sealed in accordance with the Food and Drug Administration (FDA) standards, that contain High Fructose Corn Syrup (HFCS) and other caloric and/or non-caloric sweeteners added by the manufacturers.

Using purely caloric sweetener, purely non-caloric sweetener or a mixture of both	PHP 6.00/liter
Using purely high-fructose corn syrup or in combination with any caloric or non-caloric sweetener	PHP 12.00/liter
Using purely coconut sap sugar /purely steviol glycosides	exempt

Subject to Excise Tax

- ✓ Sweetened juice drinks;
- ✓ Sweetened tea;
- ✓ All carbonated beverages;
- ✓ Flavored water;
- ✓ Energy and sports drinks;
- ✓ Other powdered drinks not classified as milk, juice, tea and coffee;
- ✓ Cereal and grain beverages;
- ✓ Other non-alcoholic beverages that contain added sugar

²³ TRAIN Briefing on Sweetened Beverages conducted by the Bureau of Internal Revenues, 15th EPBN Food and Beverage Committee Meeting, 25 January 2018

The following products are **not considered excisable products** under this provision:

- ✓ All milk products including infant & formula milk, soymilk, flavored milk, etc.
- ✓ 100% natural fruit juices without added sugar/caloric sweetener
- ✓ 100% natural vegetable juices without added sugar/caloric sweetener
- ✓ Meal replacement and medically indicated beverages for oral nutritional therapy
- ✓ Ground, instant soluble and pre-packaged powdered coffee products

Persons Liable

- ✓ Manufacturer
- ✓ Owner or possessor of untaxed products
- ✓ Importer

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6. SOURCES :

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