



Wheat and barley markets in the Philippines

OPPORTUNITIES FOR AUSTRALIA

While there are other more compelling prospects for Australian grain in South East Asia, strong population and consumption growth could represent opportunities for increased Australian wheat and barley exports to the Philippines.



RECOMMENDATIONS

1



Provide education and technical services to stimulate and support demand for Australian wheat for wheat-based food products in the Philippines.

Australian wheat exports to the Philippines are used almost exclusively for animal feed.

The Philippine milling industry is currently undergoing structural change, with new mills looking to purchase market share and older mills exploring diversification options. As the market is currently in a state of transition, mills may become more amenable to education and technical services from the Australian industry.

Australia produces wheat that performs well for noodle snacks, instant noodles, and cakes and biscuits. So, despite the dominance of the US wheat in food products, there is opportunity for Australian wheat in the food market.

2



Provide education and technical services to stimulate and support demand for Australian barley and other grains in animal feed rations in the Philippines.

Providing technical assistance to Philippine feed users could increase awareness of the advantages of feed barley and other Australian feed grains.

Other grains, particularly lupins, have functional advantages in aquaculture feeds and these opportunities may be worth developing. While these grains are comparatively niche, building awareness and supporting their use in the Philippine aquaculture feed industry may allow Australian farmers to participate to a greater degree in this expanding market.



KEY FINDINGS

POPULATION BOOMING

With a population of over 105 million growing at close to 2 per cent annually, the Philippines is the world's 13th most populous country and one of the fastest growing countries in South East Asia.

CONSUMPTION FLOURISHING

The median age of Filipinos is 23 years which — coupled with the estimated \$US25 billion sent home by the 10 million Filipinos living in other countries — means that consumption expenditure in the Philippines is flourishing. This is seen in the diversification of the Philippine diet, expansion of the food retail industry and an increased consumption of pork and poultry.

STRONG ECONOMIC GROWTH

The Philippines economy is forecast to nearly double in size between 2017 and 2030. By 2050 it is forecast to move from 28th to 19th in world rankings based on GDP, with an average annual growth rate of 4.3%.

URBANISATION SLOWING

Almost half of the Philippines' population resides in urban areas. The trend towards urbanisation is slowing, affecting the rate of economic growth and potentially constraining the shift away from traditional foods and diets.

INCREASING COMPETITION AND RESHAPING OF THE MILLING INDUSTRY

Transformation is underway in the Philippines flour milling industry. Intense local competition and competition from imported flour has seen flour prices drop by 20% in 2019. These factors create an environment where some of the traditional wheat buying arrangements may weaken into the future.

FEED WHEAT IMPORTS GROWING

While wheat use in food has increased steadily, mainly in line with increased population, wheat use for feed has increased far more rapidly. Feed wheat imports, mostly for feeding pigs and poultry, have overtaken food wheat imports.

AN OPPORTUNITY FOR AUSTRALIAN FEED BARLEY

The rapid growth of the Philippines feed market may create an opportunity for Australian feed barley. However, the Philippines has little history of using feed barley and this unfamiliarity may limit this opportunity. Demonstrating the value of Australian feed barley in feed rations will be necessary to facilitate export opportunities for Australian feed barley.

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