



## AGRICULTURE

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### Global Food Situation

After the energy crisis, economists warned that the next global crises would be on food and water. The crises will be driven by the growth in the world's population and dietary changes in developing countries as their income increases. The United Nations estimates that by 2050, the world's population will reach 9.1 billion, 34% higher than the current level. Moreover, nearly 80% of the population will be concentrated in the emerging economies of Asia and Africa.

In order to feed this larger as well as richer population, the Food and Agriculture Organization (FAO) noted that overall food production must increase by 70%. In developing economies, food production would need to almost double. This implies significant increases in the production of key agricultural outputs. Cereal production will need to increase to 3 billion metric tonnes (MT) from its current level of 2.1 billion MT. Likewise, meat production must grow by over 200 million MT to 470 million MT.

FAO noted that to achieve these goals, there should be a remarkable increase in investments in the world's food production. That is from its current average net investment in agriculture, investments must rise by \$83 billion to \$209 billion annually.

The Philippines ballooning population is expected to put pressure on the country's supply of agricultural products. The National Statistics Office (NSO) estimates that from the country's current population of 94 million, roughly 48 million will be added to the country's population by 2040 bringing the total number of Filipinos to nearly 142 million.

Consequently, food production in the country should rise by 50% to meet the demand of the country's growing population. This means that current rice and corn production must increase from 17.6 million MT to around 26.6 million MT in 2040. Supply of beef and pork shall likewise be augmented to more than 285,670 MT and 2.4 million MT from 189,506 MT and 1.6 million MT, respectively. Fishery production must also expand to around 7.6 million MT from 5 million MT in 2009.

### The State of the Philippine Agriculture Sector

The Philippine agricultural sector accounts for nearly one-fifth of the country's aggregate gross domestic output (GDP) and more than one-third of the country's total employment. In a study conducted by Dr. Bruce Tolentino et al, adding agro-processing, agricultural input manufacturing and trading production to basic agricultural production, the sector's contribution will increase to 40% of the GDP and two-thirds of the country's employment.

The Philippines has 13 million hectares of land devoted to agricultural activities. Out of the total, food crops (coconut, sugarcane, industrial crops, fruits, vegetables, rootcrops, pasture and cutflower) account for the largest average harvest area at 8.3 million hectares or 63%. This is followed by root grains such as rice and corn (31%) while the rest is planted by non-food crops. Five commodity items account for 70% of the country's gross value added in agriculture namely, palay, corn, livestock, poultry and fishery.

Akin to other ASEAN countries, the Philippine agriculture sector is characterized by ownership of small piece of land, averaging around two hectares. Commonly, the land is managed by a single family engaged in subsistence farming.

Until the 1970s, the Philippines agriculture sector was competitive with other ASEAN countries as the government invested heavily in agriculture. World Bank noted that during this period, the country's irrigated areas more than double from 541,000 hectares in 1964 to 1.23 million hectares in 1980. It also saw the spread of high yielding rice in the Philippines.

Table 1. Performance of Selected Asian Agriculture Sector (in Average Annual Growth Rate)

Country	1980-1990	1990-2000	2000-2008
Indonesia	3.6	2.1	3.4
Malaysia	3.4	0.3	3.3
Philippines	1.0	1.7	3.8
Thailand	3.9	4.2	3.0
China	5.9	4.1	4.2
Vietnam	2.8	4.3	3.9

Source: Dr. Rolando Dy (2010), University of Asia and the Pacific

In the 1980s and 1990s, however, the sector's performance gradually deteriorated. The sector's declining productivity was further aggravated by the occurrence of El Niño phenomena which affected the country's total food production. Thus, in the 1980s, the Philippines agriculture sector grew the slowest among the ASEAN countries at an average of 1% per annum. Likewise, its performance was dismal in the 1990s when the sector registered an average growth of 1.7%. Since then, however, the production of the Philippine agriculture sector slowly recovered registering an average growth of 3.8%.

In spite of its importance in the country's economic development, the agriculture sector does not receive adequate support from the public sector. This resulted in the sector's low infrastructure development. On the average, the government apportions a paltry 3.3% or around P43 billion of its budget to agriculture. Thus, as of 2008, more than half of the country's potential irrigable areas are still without irrigation.

In terms of private sector support, however, there has been significant improvement in volume of agricultural loans in the last two years. In 2009, credit for agriculture related activities rose to 11.3% or P357 billion of the banking sector's total loan portfolio, compared to the reported 5-6% in the previous years.

### Productivity

The dismal performance of the agriculture sector can be further surmised from the decline in the sector's labor productivity. Agriculture's productivity fell sharply in the 1980s as both the value added per worker and the value added per hectare deteriorated to -0.4% and 0.5%, respectively.

Table 2. Agriculture Labor Productivity (Annual Average Growth in %)

	1962-1980	1981-1990	1991-1992
Agriculture real value added	3.9	1.0	2.0
Agriculture real value added per worker	1.8	-0.4	0.8
Agriculture value added per hectare	2.2	0.5	1.0

Source: Dr. Roland Dy (2010), UA&P

### Exports and Imports

Export earnings from agriculture in 2009 reached \$2.1 billion, down by 24% from the previous year due to the sluggish recovery of the country's major trading partners from the financial crisis. Prior to the crisis, however, the country's export earnings from agriculture grew at an average of 10.5% per annum from 2005-2008 driven by the robust demand for coconut products.

Agro-based commodities account for 5% of the country's total exports. Coconut oil, bananas, fish and desiccated coconut are the Philippines top agricultural exports, accounting for 65% of the total agro-based exports. The United States and the Netherlands are the major

destinations of the country's coconut oil, while most shipments of fresh bananas go to France and Japan. Meanwhile, US, Japan and Germany are the top destinations of our fishery exports.

Since the Philippines entered the World Trade Organization (WTO) in 1995, the country has become a net importer of food. Excluding 2008 where the rice crisis resulted to a whopping 60% increase in agricultural imports, the country's import bill grew on the average by 5% annually. Rice and wheat are the country's top import items, comprising 45% of the total agricultural imports. Vietnam and Thailand are the country's major suppliers of rice, while the US ships the bulk of imported wheat.

**Table 3. Philippines Agriculture Exports in 2007**  
Values (in Billion US\$)

Country	Exports	Imports	Balance
Indonesia	23.4	10.5	+12.9
Malaysia	20.5	10.6	+9.9
Thailand	25.0	8.4	+16.6
Vietnam	11.7	6.1	+5.6
Philippines	3.2	4.3	-1.1

Source: Dr. Rolando Dy (2010), UA&P

**The Super Region Strategy**

In her 2006 State of the Nation Address (SONA), then President Gloria Macapagal-Arroyo unveiled the Super Region strategy, which aims to group regions and provinces by their economic strengths to stimulate growth and development. In this strategy, two regions were identified as the country's agribusiness centers. These are the North Luzon Agribusiness Quadrangle (NLAQ) and the Agribusiness Mindanao.

**Box 1. What ails the Philippines agriculture sector?**

1. Government's Import Substitution Policy -- It has been noted that the Philippine economy's incentive structures are strongly biased against agriculture. In the 1970s, the government's import-substitution policy, which favors the industrial sector, contributed to the deterioration of the agriculture sector. At the time, the overvaluation of the peso had made the country's agricultural products uncompetitive in the world market. This trend continued in the 1980s until early 1990s when the country's effective exchange rate sharply appreciated.

2. Poor allocation of resources in the sector – Investments, for instance, in irrigation deteriorated in the 1980s until early 1990s. The lack of rural infrastructure investments also resulted in the country's poor transport network and inefficient ports and shipping. The poor transport system increases the logistical costs for agricultural producers, which is estimated to comprise a third of the final cost to buyer (Dy, 2005).

3. Research and development (R&D) a low priority of the government – As mandated by the Agriculture and Fisheries Modernization Act, the government must allocate 1% of agriculture's GVA for R&D. Nonetheless, on the average, less than 0.5% of the sector's GVA was allocated for agricultural R&D (Dy, 2005).

4. Lack of agricultural credit support – Most agricultural credit was mostly used to fund expensive activities such as post-harvest facilities, marketing and credit subsidies.

5. Slow implementation of the Comprehensive Agrarian Reform Program (CARP) - Contributed to the sector's underdevelopment as landowners postponed investing in their lands due to uncertainties in property rights (Habito et. al, 2003).

Other factors identified to contribute to the decline of investment in the sector are the land policy that limited foreign ownership/lease of land, poor regulatory framework, the changing DA leadership, global market access and the prevalence of corruption in the government.

## North Luzon Agribusiness Quadrangle (NLAQ)

NLAQ is comprised of the Cordillera Autonomous Region (CAR), the Ilocos Region (Region 1), Cagayan Valley (Region 2), and the northern portion of Central Luzon (Region 3 - Aurora, Nueva Ecija, Tarlac and Zambales). NLAQ is the biggest producer of the country's food staples such as rice, corn and vegetables. Its topography and climate make it an ideal location for planting crops, while its rivers and coastal areas are ideal for mariculture.

CAR is a major producer of high value vegetables. The region produces 72,215 MT or three-fourths of the country's cabbage. It is also the country's top producer of broccoli, carrots, cauliflower, and lettuce. In addition, CAR also produces oranges, pechay and white potatoes.

Meanwhile, the Ilocos region is the country's major supplier of tobacco, accounting for nearly three-fourths (32,013 MT) of the country's total output. Likewise, it is the Philippines major source of garlic, mango, monggo, eggplants and tomatoes.

Cagayan Valley is the country's top producer of corn, which is estimated at 1.06 million MT or 19% of the country's total production. It is also the leading producer of ginger and mandarin fruit, as well as the second leading producer of peanut and tobacco in the country. In addition, Cagayan Valley is the second leading producer of carabao with an average annual production of 13,357 MT annually and third in duck production at 5,636 MT.

In Central Luzon, Nueva Ecija is the country's top rice producer, harvesting an average of 1.2 million MT of palay every year. Next to Pangasinan, it is also the country's second biggest producer of onion. Meanwhile, Tarlac is the country's main producer of sugarcane, while Zambales' main produce are mangoes and fisheries. Aurora is the top producer of coconut at 170,810 MT annually. It also accounted for 75% of the region's total log production in 2007.

To realize North Luzon's agribusiness potential, the government has implemented holistic agribusiness intervention programs as well as poured in funds to improve the super region's infrastructure facilities. The government initiated FIELDS (fertilizers, irrigations, extensions, loans, dryers and seeds)

program which encompasses the provision of: environment friendly but low cost fertilizers thru the provisions of community-based composting facilities; irrigation, farm to market roads and other support infrastructure to boost production and link producers to the market; extension services to provide farmers with knowledge on new technologies and practices in modern agriculture; increased loans to farmers to improve agricultural productivity; dryers and other post harvest facilities; and high quality seeds to increase agricultural productivity.

From 2000-2009, the government stepped up its infrastructure spending to provide adequate infrastructure support to the region. At least P57.25 billion were spent by the government to build more than 2,000 kilometers of farm to market roads and to rehabilitate critical roads and bridges. These include the La Trinidad-Mt. Data-Bontoc-Banawe section of Halsema Road, the 108-km Bontok-Tabiuk-Tuguegarao Road connecting Halsema Road to Pan Philippine Highway, the 120-km Baler-Casiguran Road linking Quezon and Aurora, and the Tarlac-Pangasinan-La Union Expressway connecting SCTEx to La Union.

Alongside these projects, the government also disbursed P1.9 billion for the upgrading and rehabilitation of four airports and 12 seaports. The government also invested P17.3 billion for the construction of three major irrigation systems namely, the Casecnan Multipurpose Power and Irrigation project in Nueva Ecija, the Banaoang Pump Irrigation project in Ilocos Sur, and the Agno River Integrated Irrigation project in Pangasinan.

Consequently, these government initiatives boosted agricultural production in NLAQ. In 2008, palay production grew 38.8% to 7.23 million MT from 5.21 million MT in 2000. Likewise, NLAQ's corn production also increased by a staggering 77% to 2.26 million MT, accounting for 33% of the country's total production.

In 2008, the income of the Super Region rose 32% to P218 million. The growth of the Gross Regional Domestic Product (GRDP) also accelerated from 5.3% in 2000 to 6.28% in 2007. GVA in agriculture, fishery and forestry in NLAQ likewise increased by 38% to P64.2 billion. NLAQ's exports also increased exponentially from \$93,345 in 2000 to \$7.33 million in 2008.



Investments also poured in the region. BOI-PEZA approved projects in NLAQ nearly doubled in 2007 to P127 billion. Major investors include DOLE Philippines, which invested in the La Trinidad Fruit and Vegetable Minimal Processing and Packaging Plant; and the Philip Morris Philippines and Isabela-based Universal Leaf which are the contract buyers for NLAQ's tobacco produce.

## Agribusiness Mindanao

Mindanao is poised to become the country's food basket. It is home to a number of agribusiness companies that cater to both domestic and international markets. Mindanao produces high value crops, fruits and vegetables, as well as mariculture products. It produces nearly all of the country's rubber and pineapples, and half of the coconut production.

Agribusiness Mindanao is composed of the following regions: Zamboanga Peninsula (Region 9), Northern Mindanao (Region 10, except Camiguin), Davao Region (Region 11), SOCCSKSARGEN (Region 12), CARAGA (Region 13, except the island of Siargao) and the Autonomous Region for Muslim Mindanao (ARMM). The Super Region boasts of its fertile land, river systems and typhoon-free climate, which makes it conducive for agribusiness ventures.

Aside from FIELDS, the success of agribusiness in Mindanao also depends on maintaining peace and security in the region. Thus, an important component of its strategy is to promote peace efforts, development programs and measures towards good governance.

The Mindanao Agribusiness super region has an initial budget of P62.5 billion that will be sourced from the national government, the private sector, government owned and control corporations, and local government units. As of 2009, more than P8.9 billion has been spent to complete the construction and rehabilitation of various farm to market roads and P51.6 billion for the construction and improvement of more than 6,557 kilometers of roads and 37,734 linear meters of bridges.

Some of the completed projects include the 882-lms Diosdado Macapagal Bridge and the 10.8-km Hawilian-Salug-Sinakungan Road in Agusan del Sur. Meanwhile, on-going projects include the 488-km Surigao-Davao Coastal Road, the 175-km Zamboanga West Coast Road

and the 89.8-km Dinagat Island Road Improvement.

To provide faster mode of transporting agricultural products, five seaports and one RORO were constructed in the region while 33 others were upgraded with total project cost amounting to about P5.44 billion. In addition, twenty one existing airports were upgraded or are currently being built amounting to P26.8 billion in investments. This included the P6.4 billion Davao International Airport and the P7.85 billion Laguindingan Airport in Misamis Oriental.

The efforts of the government to promote the region's agricultural sector have reaped benefits to Mindanao. In 2008, its GRDP climbed 43% to P251.5 billion from P175.9 billion in 2000. Specifically, the GVA of agriculture expanded 39% to P89.6 billion. During the same period, the approved BOI-PEZA investments in Mindanao more than doubled to P79.3 billion, while the share of Mindanao to the total BOI-PEZA approved investments increased three times to 26.4%.

From 2000-2008, production of palay, corn and coconut in the super region showed significant improvement. Palay production jumped 23% (3.79 million MT), while corn and coconut grew 32% (16.8 million MT) and 19.5%, respectively. Likewise, supply of commercial fishes expanded 28% to 922,500 MT. This constitutes 75% of the total national production of 1.23 million MT. Production of chicken and hog likewise increased by 28.3% and 16.4%, respectively.

## Agribusiness Industry

### Crops

#### Bananas

Bananas are the world's most traded fresh fruit in the international market both in terms of volume and value. In the last decade, banana production has grown nearly 50% from 61.6 million MT in 1998 to 90.7 million MT in 2008. Developing countries produce the bulk of the world's banana output, with the top 10 banana producing countries accounting for three-fourths of the world's output.

India is the world's top banana producer, contributing a third of the output. It is followed by China and the Philippines.

## Box 2. Factors In Favor of Philippine Agribusiness

Dr. Rolando Dy identified five factors at work for the development of the Philippines agribusiness industry. These are: markets, geographical location, natural endowment, entrepreneurship, and trainable workforce.

- **Markets** – The Philippines has the 12th largest population in the world estimated at around 94 million. The country's population provides huge domestic market for food products. Nonetheless, Dy said that the underperformance of the agriculture sector in the past decades has resulted in the deterioration of the purchasing power of the rural population, which comprises half of its customers. An estimated 75% of the 16 million households in the country have relatively low purchasing power.
- **Geographical Location** – The Philippines is situated in a strategic location. It is close to the fast growing economies of China, South Korea and Japan. China has an estimated 300 million people belonging to the middle class, which spent around \$405 billion on food in 2008. Collectively, South Korea and Japan has a consumer market of 168 million which are mostly from high income market. As member of ASEAN, the Philippines also has access to around 150 million middle to high income class consumers in the region. The country is also near the developed economies of Australia and New Zealand which host mostly large middle income classes.
- **Natural endowment** – The Philippines is endowed with fertile lands and tropical climate which are favorable for growing tropical and semi-tropical crops.
- **Entrepreneurship** – The country has many successful agribusiness entrepreneurs that have presence in the international markets.
- **Trainable Workforce** – The Philippines boast of an abundant supply of trainable workforce that provide the backbone for the agribusiness sector.

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*<sup>1</sup>Agribusiness comprised all activities involved to the manufacturing and distribution of farm supplies; production operation of the farm; and the storage, processing, and distribution of farm commodities and the items made from them (Davis and Goldberg, 1957).*

Two years ago, the Philippines surpassed Brazil as the third largest banana producer in the world and the only Asian country among the top 5 world producers. The country's exceptional performance can be partly explained by the improvement in the sector's productivity in the last ten years. From 12.3 MT per hectare in 1999, productivity in banana production surged 61% to 19.8 MT per hectare. Consequently, the country's banana production has nearly doubled from 4.6 million MT in 1999 to 8.7 million MT in 2008. This translates to an average annual growth of 7.5%.

Banana is one of the major farm exports of the Philippines. In 2009, exports bills from banana reached \$360.22 million. On the average, the Philippines exports 150 million boxes (each weighing 14 kilos) of bananas to the industry's main markets, which include Japan, South Korea, Hong Kong, New Zealand, Brunei, China, Singapore, the Middle East, Indonesia, Russia and Canada.

Banana plantations in the Philippines are mostly concentrated in the Mindanao region comprising 50,000 hectares of farmland. Locally produced banana varieties include Cavendish, Latundan, Lakatan, Inarnibal, Amas, Bungulan, Pitogo, Morado, Inabaniko and Señorita. Cavendish and banana chips from saba/cardaba are the major export banana products of the Philippines, while lakatan and latundan varieties are the local market products.

The country's major exporters of bananas are Lapanday Foods Corporation (25% market share) and TADECO-Del Monte Fresh Produce (20% market share). Meanwhile, Dole-Stanfilco, Marsman Drysdale and other exporters comprised the remaining 55%. Due to the Comprehensive Agrarian Reform Law, these companies has shifted from direct growing to contract growing arrangements with cooperatives or farmers association.

## Pineapples

World production of pineapples expanded 47% from 13 million MT in 1998 to 19.2 million MT in 2008. Collectively, the major pineapple producers of the world namely, Thailand, Brazil and the Philippines account for almost a third of the world's production.

In the past decade, pineapple production in the country expanded at an average of 4.5% per

annum. In 2008, total production reached 2.2 million MT, with productivity reported at 38 MT per hectare. Around 70,000 hectares of land are devoted to pineapple plantations in the country.

There are three major players in the Philippines pineapple industry: Dole Philippines (Dolefil), Del Monte and Tiboli Agricultural Development Corporation (TADI). Dolefil, a fully-owned subsidiary of US multinational Dole Food Co., operates pineapple plantation in Polomok, in the province of South Cotabato. Dolefil is engaged in the production of pineapple as well as in the manufacturing of canned pineapple and pineapple based beverages.

The Del Monte Trademark in the Philippines is owned by Del Monte Pacific Resources Limited (DMPRL). It also manages the company's pineapple plantation in Bukidnon which is considered the biggest pineapple plantation in the Far East. DMPRL is majority owned by Macondray and Co. Inc., an affiliate of Lapanday Foods.

The Philippines exports four pineapple products in the world market namely, fresh pineapples, canned pineapples, pineapple fruit concentrates and pineapple juice single strength. Next to Costa Rica, the Philippines is the second major exporters of fresh pineapples in the world, shipping 270,000 MT of fresh pineapples in 2007, or 9.6% of the world's total exports, with a total value of \$147.8 million. Likewise, the Philippines is also a major exporter of pineapple juice concentrates and canned pineapples, trailing only behind Thailand. In 2007, the country delivered 111,328 MT of pineapple juice concentrates and 198,459 MT in canned pineapples in the world market. These translate to \$40.2 million and \$124.5 million in exports earnings, respectively.

## Mangoes

Mango is the Philippines third most important fruit both in terms of volume and value. The Philippines mango is considered one of the finest and sweetest in the world. In particular, our carabao mango is considered one of the best varieties in the world.

Nonetheless, mango production in the country has deteriorated in the last five years due to pest and diseases, urbanization and poor government support for the industry. From 967,473 MT in 2004, the Philippines output of mangoes declined to 884,011 MT in 2008 or roughly a 9% reduction in total production.

Expectedly, the crop's productivity deteriorated from 6.5 MT per hectare in 1999 to 4.7 MT per hectare.

Mirroring the decline in production, the country's exports of mangoes likewise dropped during this period. From 33,663 MT, shipment of mangoes declined by 38% to 20,845 MT in 2008. The lion share of the Philippines exports of fresh mangoes were shipped in Hong Kong and Japan. Other existing destinations for the Philippine mangoes include the US, Singapore, Germany, Malaysia, New Zealand and Canada. Meanwhile, Netherlands, Middle East and South Korea are the new markets for Philippine mangoes. The Department of Agriculture also plans to open up new markets in US and Europe in anticipation for the growing demand in this region.

## Coconut

Coconut production in the world reached 61 million MT in 2008, a 22% improvement from 1999. Indonesia cornered almost a third of the world's total production, followed by the Philippines with an average production of 14.1 million MT of coconut per year. This translates to an average annual growth of 2.6%.

Until the late 1990s, the Philippines was the world's top coconut producer. However, the deterioration of the country's productivity reduced the country's coconut production. The Philippines lagged behind top coconut producers in per hectare production at 4.5 MT compared to Indonesia (6.6 MT), India (5.6 MT), Brazil (10.3 MT), and Sri Lanka (5.6 MT).

Nonetheless, exports of coconut products accounted for more than half of the country's total agro-based exports earnings at \$801 million. The Philippines is the world's top coconut oil producer, earning \$594 million in 2009. US and Europe together purchase four-fifths of the country's coconut oil exports while the rest go to Asia. The forecast shipment for coconut oil is expected to rise 21% this year as lower prices boost global demand.

## Rice

In 2008, the Philippines produced 16.8 million MT of rice per annum. This is half of the total output of our neighboring countries of Myanmar, Thailand and Vietnam and a third of the output of Indonesia. In terms of yield per hectare,



the Philippines (3.8 MT) performed better than Thailand (3.0 MT) and Myanmar (3.7 MT) but trailed behind Vietnam (5.2 MT), and Indonesia (4.9 MT).

## Fishery

In 2008, the world's combined production from capture fisheries and aquaculture reached 142 million MT, of which, 37% is comprised of aquaculture. In addition, exports value jumped to a record high of \$102 billion or 83% higher from 2000 figures. China is the world's top producer and exporter of fish and fishery products. In 2008, its exports value reached \$10.3 billion. Other top exporters include Norway (\$7 billion), Thailand (\$6.5 billion), Vietnam (4.6 billion), the US (\$4.5 billion), and Chile (\$4.0 billion).

For the past decade, the Philippines fishery production has been growing by more than 6% due to the exceptional increase in aquaculture production. The Philippines is the world's 8th biggest fish producing country in the world, with total production of 4.9 million MT. It is also the 3rd and 10th largest producer of aquaculture production of fish, crustaceans and mollusks; and aquatic plants (including seaweeds), respectively.

During the same year, the Philippines total exports of fishery products amounted to \$768 million. Tuna is still the sector's top export product with a volume of 106,179 MT of fresh/chilled/frozen, smoked/dried, and canned tuna valued at \$377 million. Next to Thailand, the Philippines is the 2nd largest producer of canned tuna. In 2008, the country's tuna exports grew a whopping 41% in terms of volume and 73% in terms of value. US, Germany and Japan are the products major destinations.

Alliance Tuna International is one of the biggest canned tuna exporters in the Philippines, with export markets expanding in 56 countries. Other canned tuna exporters are General Tuna Corporation, Philippine Best Canning Corporation, Ocean Canning Corporation, Celebes Canning Corporation, Permex Producer & Exporter Corporation, and Seatrade Canning Corporation.

After tuna, seaweeds are the country's next biggest exports contributing earnings of \$122 million. Specifically, carageenan is the top export product, comprising 79% of total seaweeds exports. Shrimps and prawns are the country's third biggest export products contributing \$68.8

million. Japan, Taiwan and South Korea are the major export destinations of these products.

## Livestock and Poultry

In 2009, the world's livestock and poultry meat production grew slightly. Pork production, the largest component of the industry, grew to 100.7 million MT from 98.5 million MT in 2008 while chicken production expanded to 71.7 million MT from 71.4 million MT. Meanwhile, beef production declined slightly in 2009 to 57 million MT from 58.1 million MT in the previous year.

China is the top producer of pork and chicken meat, cornering nearly 50% of the world's pork production and 17% of chicken production. Brazil is the world's major supplier of beef with an annual production of 8.9 million MT.

In the Philippines, pork production averaged 3.4% in the last decade, reaching 1.6 million MT in 2009. Chicken production likewise grew 5.1% annually, producing 826,677 MT in 2009. In contrast, the country's beef production slightly deteriorated with production falling to 189,506 MT in 2009 compared to 190,159 MT in 2000.

Monterey Food Corporation has one of the country's largest hog and cattle operations with more than 300 owned and contracted farms all over the country. Other major players in the industry include Foremost Farm, Robina Agri-Partners, Federal Farms and PI Group.

Meanwhile, the bulk of poultry production is contributed by large-sized integrated businesses run by San Miguel Purefoods, Swift Foods, Tyson Agro-Ventures, Universal Robina (Robina Agri-Partners), and Vitarich.

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Annex 1. Highlights of the Financial Performance  
(In Million PHP)

Crops

Company	Total Assets		Total Liabilities		Stockholders' Eq.		Revenues		Net Income		ROA (%)		ROE (%)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Lapanday Food Corp.	4,153	4,353	2,445	2,906	1,708	1,447	4,702	4,502	261	178	6.3	4.1	16.5	13.7
Del Monte Fresh Produce (Philippines)*	124	140	27	44	97	97	226	230	12	9	9.6	6.5	12.2	9.9
Dole Philippines	23,016	22,650	6,787	22,341	16,228	309	26,507	24,703	95	(1,266)	0.4	(5.6)	1.1	(134.4)
Tagum Agricultural Development Co.	3,610	3,818	1,569	1,723	2,041	2,095	5,103	4,850	30	160	0.8	4.2	1.4	7.8
Marsman Drysdale Agribusiness Holdings (Parent)	1,730	1,671	1,230	1,171	501	500	0.06	0.02	0.03	(0.2)	0.0	(0.01)	0.01	(0.05)
Marsman Estate Plantation	-	2,429	-	1,734	-	695	-	722	-	0.3	-	0.01	-	0.04
MD Rio Vista Agri-Ventures	373	372	505	502	(133)	(130)	209	195	2	20	0.6	5.5	(1.8)	(16.8)
MD Panabo Agri Ventures	309	310	357	373	(48)	(63)	273	259	15	(24)	4.9	(7.8)	(27.3)	47.1
MD Isalon Organic Banana Ventures	161	176	175	157	(13)	19	48	64	32	11	19.8	6.4	1,251	47.0
MD Nabunturan Agri-Ventures	220	196	245	235	(25)	(39)	144	123	14	4	6.5	1.9	(44.4)	(8.8)

Fishery

Company	Total Assets		Total Liabilities		Stockholders' Eq.		Revenues		Net Income		ROA (%)		ROE (%)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Alliance Tuna International**	1,419	1,168	424	358	995	811	2,429	2,297	94	150	6.6	12.8	10.4	19.9
General Tuna Corporation**	3,810	3,264	2,942	2,407	868	857	4,899	5,865	(50)	220	(1.3)	6.7	(5.8)	28.9
Philippine Best Canning Corp.	-	1,662	-	1,235	-	427	-	3,778	-	1	-	0.1	-	0.3
Ocean Canning Corporation	870	785	798	713	73	72	1,573	1,404	1	1	0.2	0.1	2.1	1.2
Celebes Canning Corp.	413	524	298	400	115	125	1,111	1,504	(10)	1	(2.4)	0.2	(8.2)	0.7
Permex Producer & Exporter Corp.	553	605	460	512	92	92	1,012	1,019	0.2	0.2	0.03	0.03	0.2	0.2
Seatrade Canning Corp.	210	193	148	144	62	49	840	1,176	4	5	2.0	2.4	7.7	9.3

Livestocks

Company	Total Assets		Total Liabilities		Stockholders' Eq.		Revenues		Net Income		ROA (%)		ROE (%)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Monterey Foods Corp.	5,989	4,656	5,831	4,391	158	265	7,303	6,345	(108)	(424)	(1.8)	(9.1)	(50.9)	(168.2)
Foremost Farms, Inc.	1,220	1,164	843	703	377	461	1,047	1,281	(83)	(39)	(6.8)	(3.3)	(19.9)	(8.1)
San Miguel Purefoods	40,176	37,002	22,531	22,041	17,645	14,961	75,043	71,076	2,658	149	6.6	0.4	16.3	1.0
Swift Foods	1,146	1,538	1,001	1,256	145	282	954	2,352	(96)	(119)	(8.4)	(7.7)	(45.1)	(36.1)
Bounty Fresh (Tyson Agro-Ventures)	1,696	2,122	1,313	1,789	383	333	3,832	3,283	50	29	3.0	1.4	14.0	9.1
Vitarich Corp.	4,080	4,100	3,403	3,251	677	848	2,549	2,652	(223)	(255)	(5.5)	(6.2)	(29.2)	(27.1)

\*2009 figures are as of January 1, 2010; \*\*FS were given in US\$. The following exchange rates were used to convert to Pesos (based on BSP average forex): PhP 47.6372 / US\$ (2009); PhP44.4746/US\$ (2008); PhP 46.1484/US\$ (2007)