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## Philippines

### Oilseeds and Products

### Oilseeds Annual - 2007

### 2007

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**Report Highlights:**

Philippine copra production and crush will decline through MY07/08 resulting in decreased copra meal and coconut oil (CNO) output during the period. Increasing copra imports are expected in the next two years as a result while soybean imports are likely to decline in 2007, and remain at this level in 2008 due to high bean prices. Weak feed demand will cause soybean meal (SBM) imports to decline in 2007 although a mild recovery in 2008 is expected after Philippine Congressional elections. Copra meal exports this year, on the other hand, are expected to decline from the previous year's level due to tighter supplies. CNO exports through MY07/08 are likely to slide from the MY05/06 output as local CNO demand increases relative to overall CNO supply.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Manila [RP1]  
[RP]

## Executive Summary

Declining copra production in the next 2 years, as a result of a series of typhoons in 2006, will result in declining copra crush through MY07/08. Copra imports are expected to increase during the period. For soybeans, high prices will weaken overall bean demand in 2007 and imports during the period are expected to contract from the 2006 level. Soybean demand and imports are expected to stay at this level in 2008.

A decline in overall Philippine oilseed crush in MY06/07 will result in copra meal and soybean meal (SBM) production declining in 2007. Rising prices of feed ingredients coupled with political uncertainty brought about by midterm elections in May are expected to dampen SBM demand this year. Because of this, SBM imports in 2007 are expected to decline from the previous year's level. SBM imports in 2008 are expected to recover as world soybean prices ease and the political situation normalizes.

Copra meal consumption will likely increase in MY06/07 as some shifting away from SBM to copra meal is expected during the period, but likely to abate as copra meal production further declines in MY07/08. Likewise, copra meal exports in MY06/07 are likely to decline compared to the previous year's level as a result of decreased copra crush during the year. Copra meal exports are likely to remain at this level in MY07/08 as copra meal production further declines during the year.

Coconut oil (CNO) production will decline through MY07/08 reflecting decreasing copra crush during the period. Total domestic CNO demand in MY06/07 will likely remain flat compared to the MY05/06 level due to the decline in copra output and decline the following year as copra production further contracts. The share of domestic CNO consumption relative to overall CNO supply, however, is expected to increase starting MY06/07 enhanced by the implementation of the BioFuels Law as well as the continued rise in oleochemical demand in the next 2 years. Food and feed use of CNO, on the other hand, is projected to gradually ease during the period. CNO exports are expected to decline in MY06/07 and remain at this level in MY07/08 due to the decline in copra output.

## PRODUCTION, Oilseed

According to data from the Philippine Department of Agriculture's Bureau of Agricultural Statistics (DA-BAS), the domestic farm sector expanded 3.9 percent in 2006, up from the revised 2.3 percent growth in 2005, but lower than the 4.0 to 4.5 percent target for 2006. For 2007, GDP growth rate was upgraded to 6.1-6.7 percent from 5.7-6.5 percent due to an expected surge in investments. Official GNP growth projection for the year was also raised to 6.2-7.1 percent from the original target of 6.0-6.9 percent in 2007.

Except for poultry (which contracted 4 percent), all farm subsectors last year grew from the 2005 level. Coconut production expanded 0.9 percent reaching 14.96 MMT in 2006 from 14.82 MMT the previous year, according to BAS data. In terms of percentage contribution to the overall value of Philippine agricultural production, local coconut output ranked 7<sup>th</sup> (behind paddy rice, hog, chicken, municipal fishing, aquaculture and corn) among all other subsectors last year. Coconut production during the year would have been higher had it not been for adverse effects of the successive typhoons that crossed the country during the last 4 months of 2006 (refer to GAIN 7010).

The performance of Philippine agriculture is largely weather-dependent and because of the 2006 typhoons, local copra production will likely decline in the next two years or through MY07/08. Downward adjustments were made to the number of coconut trees as well as in overall area planted and harvested in MY06/07 as a result.

For soybeans, while there exists small pockets of domestic bean production, overall output will remain insignificant relative to overall Philippine oilseed production in the next 3-5 years. Current production efforts to promote soybean production are constrained by the lack of quality planting seeds.

### **CONSUMPTION, Oilseed**

Copra crush in MY06/07 was raised as a result of the signing of the Biofuels Law (refer to RP 7004) mandating the use of cocodiesel as a petroleum blend starting May of this year. Copra crush consumption the following year, however, will likely decline from the previous year's level as overall copra supply decreases in MY07/08. For soybeans, because local production is insignificant relative to overall Philippine oilseed production, bean demand will reflect the behavior of bean imports. Locally produced soybeans are mainly used for food use while imported beans are basically used for oil extraction.

All components of soybean demand in 2006 (crush, food and feed use) were pared down as a result of downward adjustments made to soybean imports last year. The following year, although crush consumption was raised in 2007, overall bean demand is predicted to decline from the 2006 level with all consumption components contracting.

Recent industry developments indicate adjustments among major soybean crushers. General Milling Corporation (GMC) is reportedly concentrating more in its other business food lines while Taiwanese-owned Hui-Shung Phils. Corp. (HSPC), another major bean crusher, has just undergone a transformation. HSPC is now Warren Burg Manufacturing, Inc. which reportedly toll-processes soybeans for GMC. No significant change in overall soybean demand is likely in 2008, with bean consumption expected to remain fairly flat during the year compared to the 2007 level.

### **TRADE, Oilseed**

Upward adjustments were made to copra imports in MY05/06 based on data from the World Trade Atlas (WTA). Copra imports are predicted to increase through MY07/08 compared to the MY05/06 level due to strong demand for coconut oil (CNO) in the face of declining copra output. Copra imports from Indonesia are likely to dominate the market during the 2-year period with copra from the Solomon Islands declining from the 2006 level as a result of the tsunami that hit the island early this year. No copra exports, on the other hand, are predicted through MY07/08 because of tightness in copra supply.

Soybean imports in 2006 were pared down consistent with data from the WTA. The less-than-predicted imports are likely the result of increasing soybean prices starting middle of last year as a result of rising U.S. corn prices. The expected shift away from soybeans to corn by U.S. farmers (for ethanol production) will likely prolong high world bean prices in 2007 and as a result, soybean imports are expected to contract this year. The following year, imports are likely to remain at this level. Soybeans from South-American sources, Argentina specifically, are expected to dominate Philippine soybean imports in the coming two years.

Copra tariffs this year remain unchanged from the 2006 level at 10 percent while soybean duties remain at one percent, the same tariffs as last year

### **STOCKS, Oilseeds**

Ending inventories of copra were raised in MY05/06 as a result of upward revisions made to copra imports during the year. No significant increase in year-ending copra stocks is

predicted in the following 2 compared to the MY05/06 level. For soybeans, declining bean supply coupled with flat crush consumption is expected to result in marginally decreasing ending soybean stocks through 2008.

#### **POLICY, Oilseed**

The series of natural calamities late 2006 severely damaged major coconut producing areas. It likewise puts in danger the smooth and sustained implementation of the BioFuels Law. Philippine Coconut Authority (PCA) officials had been warning of copra supply problems in the coming years unless the government intensifies its plan to rehabilitate and fertilize old coconut plantations. Implemented last year, an ongoing PCA rehabilitation program involves the fertilization of approximately 800,000 hectares of low-yielding coconut plantations as well as the replacement of old coconut trees in 150,000 hectares annually. According to the PCA, the fertilization program would require at least P1 billion (\$20.9 million) through 2010 to be effective. Constrained by funding, the program reportedly also requires local government in the concerned coconut-producing areas to put up counterpart funds. According to unconfirmed media reports, the needed P1 billion funding will be supported by an impending release from an industry fund which is the subject of legal and political debate, the Coconut Industry Investment Fund.

<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Oilseed, Copra</b>					(1000 HA)	(1000 TREES)	(1000 MT)	
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Area Planted	3150	0	3150	3150	0	3000	0	0	3000
Area Harvested	2900	0	2900	2900	0	2800	0	0	2800
Trees	283500	0	283500	280000	0	280000	0	0	280000
Beginning Stocks	63	0	63	15	0	21	0	0	21
Production	2400	0	2400	2200	0	2200	0	0	2100
MY Imports	16	0	22	20	0	40	0	0	45
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	2479	0	2485	2235	0	2261	0	0	2166
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	2464	0	2464	2190	0	2240	0	0	2145
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	2464	0	2464	2190	0	2240	0	0	2145
Ending Stocks	15	0	21	45	0	21	0	0	21
Total Distribution	2479	0	2485	2235	0	2261	0	0	2166
CY Imports	16	0	16	20	0	40	0	0	45
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Oilseed, Soybean</b>						(1000 HA)	(1000 MT)	
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Area Planted	0	0	0	0	0	0	0	0	0
Area Harvested	1	1	1	1	1	1	0	0	1
Beginning Stocks	14	15	14	8	17	4	0	0	3
Production	1	1	1	1	1	1	0	0	1
MY Imports	133	150	108	150	150	103	0	0	103
MY Imp. from U.S.	80	110	70	95	110	60	0	0	60
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	148	166	123	159	168	108	0	0	107
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Crush	113	125	100	118	130	90	0	0	90
Food Use Dom. Cons.	25	20	18	30	20	15	0	0	15
Feed Waste Dom. Cons.	2	4	1	3	4	0	0	0	0
Total Dom. Cons.	140	149	119	151	154	105	0	0	105
Ending Stocks	8	17	4	8	14	3	0	0	2
Total Distribution	148	166	123	159	168	108	0	0	107
CY Imports	133	0	108	150	0	103	0	0	103
CY Imp. from U.S.	80	0	70	95	0	60	0	0	60
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

**PRODUCTION, Oilmeals**

Despite upward revisions made to copra crush in MY06/07, copra meal production is expected to decline through MY07/08 as a result of decreasing copra output in the next 2 years. For soybean meal (SBM) production, output was pared down in 2006 to reflect downward revisions made to bean crush during the year. SBM production in 2007 was likewise revised downwards and is expected to decline from the 2006 level as a result of rising bean prices. SBM output the following year is expected to remain flat, compared to its previous year's level as uncertainty over bean prices as well as political adjustments are expected to dampen local crush activity.

**CONSUMPTION, Oilmeals**

Despite the lower-than-expected agricultural output, Philippine GDP in 2006 reached 5.4 percent, up from the revised 5.0 percent GDP expansion the previous year. The expansion was attributed to double-digit export growth and strong consumption fuelled by record-level overseas remittances last year. For 2007, GDP growth rate was upgraded to 6.1-6.7 percent from 5.7-6.5 percent due to an expected surge in investments. Official GNP growth projection for the year, on the other hand, was raised to 6.2-7.1 percent from the original target of 6.0-6.9 percent in 2007.

Stable food prices, a stronger local currency, and moderating oil prices slowed year-on-year consumer price inflation, which, as of February 2007, had eased to its lowest rate in nearly three-and-a-half years. Philippine inflation averaged 6.2 percent in 2006 and price data for early this year indicate a generally benign inflation environment for 2007. According to Bangko Sentral ng Pilipinas (BSP), barring unforeseen external and domestic shocks, average inflation for the year is expected between 4.0-5.0 percent, and 4.0 percent plus or minus one percentage point in 2008.

Despite the good economic prospects, oilmeal consumption this year is predicted to decline from the 2006 level due to rising world feedgrain prices. A contraction in overall feed demand is likely in 2007 as result. While the domestic hog sector remains strong, the local broiler industry is struggling. The latter likely contracted last year and any expansion is stifled by fears of avian influenza (AI) outbreak. The situation appears to have been exacerbated by the general uncertainty brought about by the midterm Philippine Congressional and local government elections in May 2007. Hence, any recovery in SBM demand will only be after the May elections or in 2008.

Copra meal consumption figures in the table are inclusive of spoilage losses and are an integral component of consumption. While overall copra meal demand in MY06/07 was pared down, as wastage losses brought about by the 2006 typhoons was lower-than-expected, copra meal consumption grew from the MY05/06 level. Some shifting away from SBM to the cheaper copra meal will likely enhance the expansion in copra meal demand in MY06/07. Spoilage losses are predicted to decrease the following year resulting in a decline in overall copra meal demand in MY07/08. Actual copra meal consumed during the year, however, will likely stay flat compared to the MY06/07 level.

**TRADE, Oilmeals**

Copra meal trade numbers in MY05/06 approximate trade data compiled by the United Coconut Associations of the Philippines Inc. (UCAP). Copra meal exports the following year will decline as a result of tight copra supply during the period, and are expected to remain at this level in MY07/08 as the Peso continues to strengthen (see TRADE, Oils). South Korea

and Japan are expected to be the 2 main destinations of Philippine copra meal exports through MY07/08.

SBM imports in 2006, on the other hand, were slightly raised to compensate for the lower-than-expected local SBM production during the year and were based on data from the WTA. The decline in U.S. market share is expected as a result of rising U.S. SBM prices, which have been exacerbated by policy restrictions in tariff exemptions previously enjoyed by certain importers (see POLICY, Oilmeals). This, coupled with high feedgrain prices will result SBM imports declining in 2007 from the previous year's level. A mild recovery in SBM imports is expected in 2008 as prices abate and the political situation stabilizes.

Copra meal MFN tariffs are at 10 percent while soybean meal duties are at 3 percent this year.

### **STOCKS, Oilmeals**

The high copra meal stock level in MY05/06 is predicted to modestly decline through MY07/08 and represent more accurately actual inventories during the period. As mentioned in previous reports, a certain portion of ending stocks eventually end up as wastage the following year due to inferior and inadequate storage handling facilities.

Upward revisions were made to SBM ending stocks in 2006 as a result of higher-than-expected SBM imports, which raised overall supply during the period. The following year, despite an expected decline in feed demand, SBM stocks are also expected to decline from the 2006 level as a result of high SBM prices. SBM stocks may recover slightly in 2008 as world bean prices may ease and business conditions normalize after the May political exercise.

### **POLICY, Oilmeals**

A request by the DA for a review of Executive Order (EO) 376 for the purpose of "expanding" the agriculture enterprises entitled to duty-free privileges was recently turned down by the Philippine Department of Finance (DOF) which claimed the government will be foregoing P5-8 billion in revenues.

EO 376, issued in 2004, implements Republic Act (RA) 9281, makes certain agricultural and fisheries enterprises eligible for duty-free importation of agriculture and fisheries inputs, equipment and machinery until 2015. Prior to EO 376, the duty-free importation privilege was effective only up to Feb. 2003 as provided for under an earlier order, EO 133 of 1999.

As a result of the implementation of EO 376, however, large commercial feed millers are charged higher tariffs for their inputs including soybean meal. An official of the DOF reportedly contend that feed millers do not have "exclusive use" of their imported inputs, notably soybean meal, since they sell these to farmers as feeds. The DA had argued that small end-users, like backyard hog farmers which account for the majority of hog raisers have been unable to source lower cost feeds as they obtain their feed requirements from commercial feed millers.



<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Meal, Copra</b>								
							(1000 MT)(PERCENT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Crush	2464	0	2464	2190	0	2240	0	0	2145
Extr. Rate, 999.9999	0.325893	0	0.325893	0.326484	0	0.325893	0	0	0.32634
Beginning Stocks	151	0	151	175	0	175	0	0	155
Production	803	0	803	715	0	730	0	0	700
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	954	0	954	890	0	905	0	0	855
MY Exports	472	0	472	400	0	400	0	0	400
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	307	0	307	390	0	350	0	0	320
Total Dom. Cons.	307	0	307	390	0	350	0	0	320
Ending Stocks	175	0	175	100	0	155	0	0	135
Total Distribution	954	0	954	890	0	905	0	0	855
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	412	0	430	400	0	400	0	0	400
CY Exp. To U.S.	0	0	0	0	0	0	0	0	0
SME	138.6105	0	138.6105	176.085	0	158.025	0	0	144.48

<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Meal, Soybean</b>						<b>(1000 MT)(PERCENT)</b>		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Crush	113	125	100	118	130	90	0	0	90
Extr. Rate, 999.9999	0.79646	0.792	0.8	0.79661	0.792308	0.8	0	0	0.8
Beginning Stocks	140	68	140	50	62	62	0	0	49
Production	90	99	80	94	103	72	0	0	72
MY Imports	1337	1425	1359	1660	1430	1315	0	0	1350
MY Imp. from U.S.	519	750	455	600	750	425	0	0	425
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1567	1592	1579	1804	1595	1449	0	0	1471
MY Exports	0	0	0	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0
Feed Waste Dom. Cons.	1517	1530	1517	1724	1530	1400	0	0	1420
Total Dom. Cons.	1517	1530	1517	1724	1530	1400	0	0	1420
Ending Stocks	50	62	62	80	65	49	0	0	51
Total Distribution	1567	1592	1579	1804	1595	1449	0	0	1471
CY Imports	1337	0	1359	1660	0	1315	0	0	1350
CY Imp. from U.S.	519	0	455	600	0	425	0	0	425
CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	1517	1530	1517	1724	1530	1400	0	0	1420

**PRODUCTION, Oils**

Despite upward revisions made to CNO production in MY06/07 (as a result of similar adjustments made to copra crush during the year), CNO production is expected to decline through MY07/08 compared to the MY05/06 level to reflect decreasing copra crush consumption in the next 2 years. For soybeans, mainly due to high world soybean prices, SBO production in 2007 will likely decline from the previous year's level. No significant change in SBO output is expected the following year.

**CONSUMPTION, Oils**

Overall CNO domestic demand in MY06/07 will likely stay flat compared to the previous years level. Adjustments were made to the appropriate CNO domestic demand components, however, to reflect certain shifts in local CNO utilization during the year. Industrial CNO use is expected to increase through MY07/08 while CNO demand for food and feed is expected to decline. Overall local CNO demand during the year, however, is likely to decline from the MY06/07 level due to tightness in CNO supply during the year. For SBO, high soybean prices as well as food safety concerns are expected to result in a contraction of domestic SBO consumption this year compared to the 2006 level with both industrial and food demand declining during the period.

The implementation of the BioFuels law and strong oleochemical demand will enhance increased industrial CNO consumption through MY07/08. In addition to the mandated domestic use of a one-percent biodiesel blend, Filipino-owned Chemrez Technologies Inc., the largest cocodiesel producer in Asia, reportedly has already made initial biodiesel exports. Meanwhile, Unilever Philippines, the biggest exporter of deodorants in the Unilever network, has announced plans to open a new deodorant manufacturing plant this year, which will reportedly export half of its output. Although details are not readily available, its operations reportedly would enable the company to export around 3 times as many deodorants. According to the UCAP, oleochemical exports this year are forecasted to more than double the 142,000 MT (copra terms) export level in 2006.

For SBO, industrial demand this year is predicted to decline from the previous year's level due to high bean prices. No significant change in SBO industrial demand is expected in 2008.

For CNO food and feed demand, although estimates in MY06/07 were raised (due to higher-than-expected CNO supply during the year), it is still expected to decline from the previous year's level. The U.S. FDA labeling rule requiring disclosure of trans fats on food labels will likely enhance increased demand for transfatty oils for edible oil use at the expense of saturated oils including SBO. Hence, SBO food demand is also expected to decline in 2007 and remain flat the following year.

Although data is not readily available, the decline in CNO and SBO food consumption through MY07/08 will likely be compensated by increased use of locally produced palm oil. Some institutional users have already switched to palm oil from other oils for its edible oil requirements. Weak feed demand by the domestic livestock and poultry industries, on the other hand, will likely translate to declining CNO feed consumption in the next 2 years.

**TRADE, Oils**

Last year, remittances from Overseas Filipino Workers (OFW) remittances coursed through the banking system climbed by 19.4 percent to \$12.8 billion (11 percent of GDP). This helped strengthen the Peso which closed 7.5 percent stronger year-on-year and has since

risen further to six-year highs. The peso would remain strong this year, according to the BSP, as it increased its target dollar inflows from OFWs this year to \$14.7 billion from \$14.1 billion.

CNO exports bound for Europe in MY05/06 were adjusted to approximate UCAP data. Although CNO exports the following year will decline from the MY05/06 level, the reduction will be the more the result of strong domestic demand given the limited CNO supply during the year, and not on the Peso's current strength. The same situation is predicted the following year with CNO exports further shrinking from the MY06/07 level.

SBO imports in 2006 were adjusted based on trade data from the WTA and are expected to decline the following year as a result of high soybean prices as well as political uncertainty brought about the May 2007 elections. The likelihood that bean prices will remain high will keep SBO imports at this level in 2008.

MFN Tariffs on CNO imports to the Philippines are at 10 percent this year, unchanged from the 2006 duties, and higher than the 7 percent MFN duty for SBO imports in 2007. The same tariffs apply be the oil be in crude and/or refined form. For palm oil, the MFN tariffs for this year are at 15 percent, be it in crude or refined form. MFN duties are higher than the 11 and 5 percent CEPT rate for crude palm oil and all others, respectively, under the ASEAN.

### **STOCKS, Oils**

CNO stocks will decline through MY07/08 as a result of tightness in copra supply during the period. More CNO stocks relative to overall copra output is expected in the coming years due to continued strength in CNO demand. For SBO, no significant movement in SBO ending inventories is expected in the next 2 years.

### **POLICY, Oils**

The PCA is reportedly supporting the retention of the 5-percent tariff on imported palm oil beyond 2010 or until the country reaches self-sufficiency in palm oil. CEPT tariffs are to be brought down to zero by 2010 under the ASEAN and bringing tariffs down to zero may deter investments and dampen moves to increase local palm oil production and.

<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Oil, Coconut</b>						<b>(1000 MT)(PERCENT)</b>		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Crush	2464	0	2464	2190	0	2240	0	0	2145
Extr. Rate, 999.9999	0.62987	0	0.62987	0.630137	0	0.629464	0	0	0.629371
Beginning Stocks	174	0	174	56	0	56	0	0	46
Production	1552	0	1552	1380	0	1410	0	0	1350
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1726	0	1726	1436	0	1466	0	0	1396
MY Exports	1200	0	1200	950	0	950	0	0	900
MY Exp. to EU	300	0	560	0	0	450	0	0	450
Industrial Dom. Cons.	270	0	270	300	0	280	0	0	285
Food Use Dom. Cons.	182	0	182	170	0	175	0	0	170
Feed Waste Dom. Cons.	18	0	18	10	0	15	0	0	10
Total Dom. Cons.	470	0	470	480	0	470	0	0	465
Ending Stocks	56	0	56	6	0	46	0	0	31
Total Distribution	1726	0	1726	1436	0	1466	0	0	1396
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	1224	0	1070	950	0	950	0	0	900
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

<b>PSD Table</b>									
<b>Country</b>	<b>Philippines</b>								
<b>Commodity</b>	<b>Oil, Soybean</b>								
							(1000 MT)(PERCENT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
<b>Market Year Begin</b>		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Crush	113	125	100	118	130	90	0	0	90
Extr. Rate, 999.9999	0.176991	0.176	0.18	0.177966	0.176923	0.177778	0	0	0.177778
Beginning Stocks	4	2	4	4	2	3	0	0	3
Production	20	22	18	21	23	16	0	0	16
MY Imports	27	13	29	30	14	22	0	0	22
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	51	37	51	55	39	41	0	0	41
MY Exports	0	2	1	2	3	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	6	4	6	4	4	4	0	0	4
Food Use Dom. Cons.	41	29	41	44	30	34	0	0	34
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	47	33	47	48	34	38	0	0	38
Ending Stocks	4	2	3	5	2	3	0	0	3
Total Distribution	51	37	51	55	39	41	0	0	41
CY Imports	27	0	29	30	0	22	0	0	22
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	0	0	1	2	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0