

PHILIPPINE COCONUT INDUSTRY

Global Scenario

- The Philippines has the **largest** land area devoted to coconut farms and the **third** largest coconut producer in the world:

Coconut Production and Area Harvested, 2020				
Country	Area (has)	Rank	Production (tons)	Rank
Philippines	3.6 Million	1 st	14.5 Million	3 rd
Indonesia	2.7 Million	2 nd	16.8 Million	1 st
India	2.15 Million	3 rd	14.7 Million	2 nd
Source: Food and Agriculture Organization (FAOSTAT)				

Philippine Scenario: Coconut Industry Structure and Economic Contribution

- Coconut is suitable/highly suitable for planting in 69 out of 82 provinces in the country. It is the second largest crop sector in the country in terms of area planted/harvested at 3.6 million hectares in 2020 or approximately 27% of the country's total agricultural lands:
- There are about 2.5 Million farmers involved in the production of coconuts in the Philippines
- Over 347 Million fruit-bearing trees are present in the country with an average yield of 44 nuts annually.

Production

- The Philippines represents 23.6% shares in global production with around 14 million MT coconut produced yearly.
- In terms of value, coconut is the 5th largest crop sector with 4.7% share in the 2019 Gross Value Added in Agriculture.
- Coconut production is spread in Mindanao (59.9%), followed by Luzon (26.4) and Visayas (13.8%).
- Davao Region dominates the production of coconut in the country.

Distribution of Coconut Production by Region (%) 2019	
Region	Coconut Production
Philippines	100%
Luzon (%)	
CAR	0.4
Ilocos Region	0.4
Cagayan Valley	0.4
Central Luzon	0.4
CALABARZON	9.2
MIMAROPA Region	9.4
BICOL Region	8.8
Visayas (%)	
Western Visayas	3.5
Central Visayas	3.0
Eastern Visayas	7.3
Mindanao (%)	
Zamboanga Peninsula	10.6
Northern Mindanao	12.0
Davao Region	13.0
SOCCKSARGEN	7.1
Caraga	5.0
ARMM	9.5
Source: Philippine Statistics Authority (PSA)	



Export

- The Philippines represents 19.52% of global coconut exports that is valued at US\$ 283 million in 2020.
- Coconut oil (crude and refined) is one of the top export earners for PH agricultural products with export value of US\$ 1.43 million in 2021. The major coconut oil export markets are the Netherlands, USA and Malaysia.
- Desiccated coconut is also included in the top agricultural exports of the country with total receipt of US\$ 396.08 million in 2021. The major export markets of desiccated coconuts are USA, Netherlands and Australia.

Value of Top 3 Coconut Products Exported, 2017-2021 FOB in million US\$					
Year	2017	2018	2019	2020	2021
Coconut Oil	1,614.77	1,075.45	932.04	899.00	1,431.08
Desiccated Coconut	340.83	338.32	256.75	260.74	396.08
Copra Meal/Cake	63.65	66.3	60.78	44.18	67.54
Source: Tradeline Philippines					

- There are about 40 various coconut by-products manufactured in the Philippines and are exported in around 100 countries.

Coconut Products Produced in PH	
Nut-based	copra cake, cooking oil, CNO, CME, cocochems, activated charcoal, coconut water concentrates, VCO, DCN, coco flour, nata, macapuno, bukayo
Husk-based	ropes, geonets, coco peat
Young coconut	young coconut
Sap-based	Coco sugar, coco syrup, aminos, vinegar, lambanog

Key Players

COCONUT FARMERS	INTERMEDIARIES * (registered with PCA)	PROCESSORS	MARKETS
2.54 million coconut farmers	2,379 Copra Traders	39 Refineries 60 Oil Millers	Export Market
	706 Whole nut Buyers	15 Oleochemical Plants	
	193 Buko Trading/Vendors	21 Desiccators 42 VCO Processors	
	325 Charcoal Traders 55 Shell Traders	15 Coconut Shell Charcoal Processors 14 Activated Carbon Processors	Local/Domestic Market
	4 Husk Traders	165 Coir Processors	
		33 Coconut Sugar Processors	

Source: COCOFIRM

See Annex 1 for PH Coconut Supply Chain

- Around 33,400 people are employed in coconut products manufacturing.
- The top export markets of PH for coconut products are USA, China, Japan, South Korea and Netherlands.

Government Support

Republic Act No. 11524 or the Coconut Farmers and Industry Trust Fund Act – policy to consolidate the benefits due to coconut farmers, especially the poor and marginalized under various statutes and to expedite the delivery thereof to attain increased incomes for coconut farmers, alleviate poverty and achieve social equality.

Coconut Farmers and Industry Roadmap (COCOFIRM), 2021-2040 aims to provide direction and recommendations toward sustainable development of the coconut industry, focusing on: 1) inclusive growth to lift the coconut farmers out of poverty and 2) improving the competitiveness and expanding the market potential of traditional and nontraditional coconut

Growth Prospects

- The Philippines is the 3rd largest producer in the world
- Various uses of traditional and non-traditional coconut products
- Research and development in the coconut industry is strongly supported by the government.
- Existence of national standards for the non-traditional coconut by-products which provide guidelines in the production processes.
- Existence of preferential trade agreements of the Philippines with other countries
- Location of the country makes it a critical entry point to over 600 million people in the ASEAN market and a natural gateway to the East-Asian economies.
- The Board of Investments (BOI), the executive arm of Government for attracting investments and developing industries, formulates and delivers competitive incentives package for agribusiness investors.

Incentives Under the CREATE Act

- ✓ Income Tax Holiday (ITH)
- ✓ 5% Special Corporate Income Tax (SCIT) based on Gross Income Earned, for 10 years, in lieu of all national and local taxes
- ✓ Enhanced Deductions
- ✓ Duty exemption on importation of Capital Equipment, raw materials, spare parts, or accessories
- ✓ VAT exemption on importation and VAT Zero-rating on local purchases

LOCATION	EXPORT MARKET ACTIVITIES			DOMESTIC MARKET ACTIVITIES		
	TIER I	TIER II	TIER III	TIER I	TIER II	TIER III
NCR	14 (4 Years of ITH and 10 Years of ED/SCIT)	15 (5 Years of ITH and 10 Years of ED/SCIT)	16 (6 Years of ITH and 10 Years of ED/SCIT)	9 (4 Years of ITH and 5 Years of ED)	10 (5 Years of ITH and 5 Years of ED)	11 (6 Years of ITH and 5 Years of ED)
METROPOLITAN AREAS AND AREAS OUTSIDE OF AND CONTIGUOUS OR ADJACENT TO NCR	15 (5 Years of ITH and 10 Years of ED/SCIT)	16 (6 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	10 (5 Years of ITH and 5 Years of ED)	11 (6 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)
ALL OTHER AREAS	16 (6 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	17 (7 Years of ITH and 10 Years of ED/SCIT)	11 (6 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)	12 (7 Years of ITH and 5 Years of ED)

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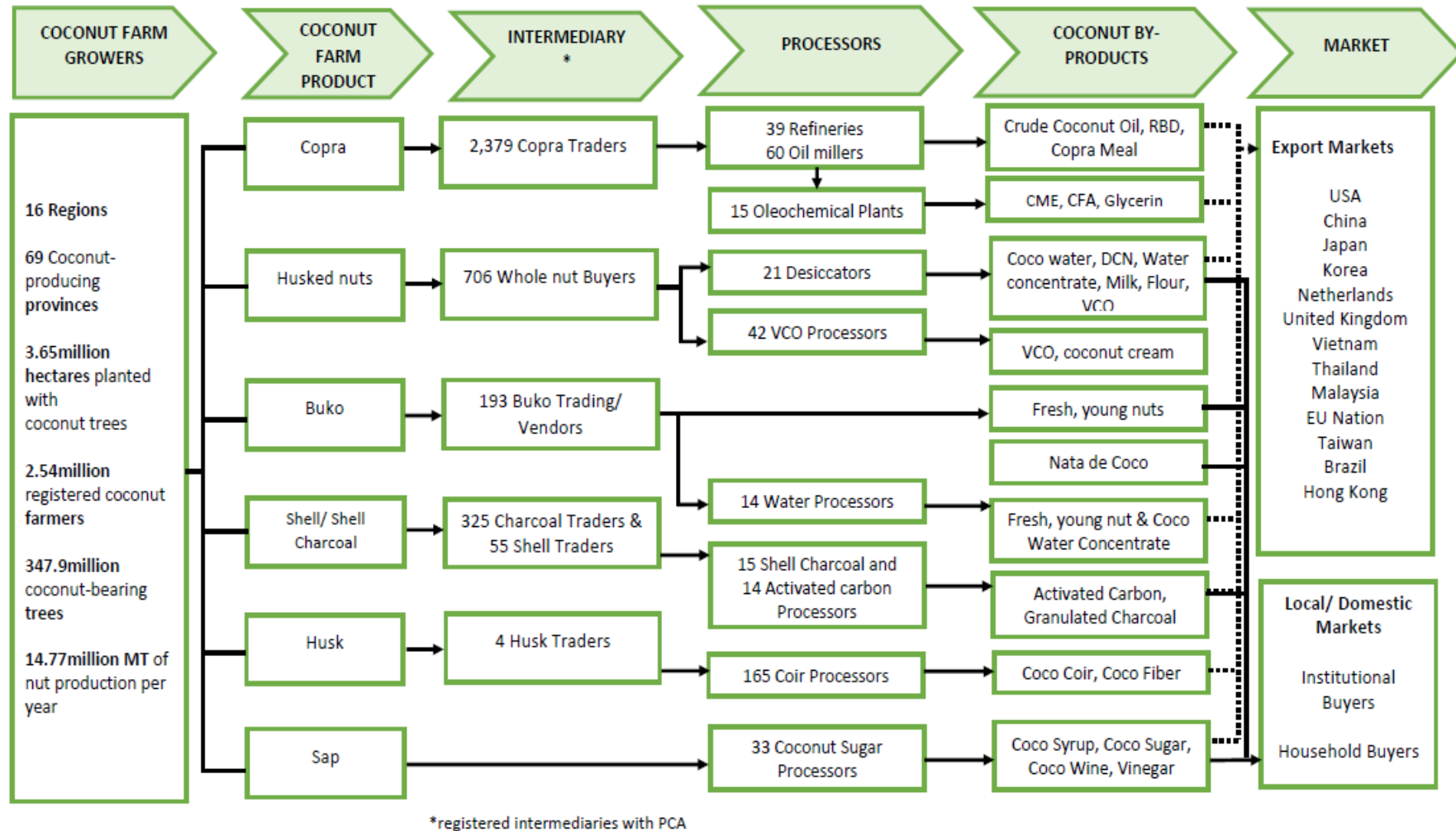
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Annex 1. PH Coconut Supply Chain



Source: COCOFIRM 2021-2040

