

THE PHILIPPINE CACAO INDUSTRY

Cocoa was first introduced in the Philippines by the Spanish colonizers four centuries ago. The country was the first in Asia to actively produce cocoa beans in the latter part of the 1600s in San Jose, Batangas. By the 1950s, cocoa became a highly profitable commodity as commercial cocoa farms and processing facilities were established. In 1980, cocoa production expanded as tax incentives were offered by the Philippine government for largescale investments, particularly in Mindanao where the land and climate were suitable for the crop.¹



The Philippine cacao industry is composed mostly of smallholder farmers who supply dry cocoa beans to the processors/ manufacturers. Manufacturers are mostly small to medium scale enterprises. Some of the larger players are into cocoa powder and cocoa butter.

The Philippines both exports and imports cocoa and cocoa products. In 2018, for example, the Philippines produced 7983.20 metric tons of cacao and exported 2732.6 metric tons of cacao beans. Production is highest in the Davao region, representing 82% of total production.²



Despite many competitive advantages in its geographic and climate conditions and proximity to emerging consumer markets, the Philippines' exports remain low. It ranks 72nd in terms of exports and its global market share is less than 0.01%.³

However, the Philippine cocoa industry is presently making a comeback. With production volumes progressing since 2006, the government undertook policy measures to secure the industry's progress through R.A. 7900 or the High Value Crop Development Program Act, which lists the intensification of cocoa production as one of its priorities. In addition, local farmers have increased their interests in the cultivation of cocoa due to the growing demand from local and international markets.⁴

In view of the increasing global demand for cocoa beans, the production of cacao, as a commercial production activity, is among the preferred activities listed in the Philippines' 2014-2016 Investment Priorities Plan.⁵ Likewise, the Philippine Council for Agriculture, Aquatic and

Natural Resources Research and Development has identified cacao as one of the

¹ Peace and Equity Foundation. A primer on PEF's Priority Commodities: An Industry Study on Cacao. Philippines, 2016. 4. Accessed 26 August 2020.

² Investment Opportunities Presentation.

³ "The Philippines in the Cocoa-Chocolate Global Value Chain", DTI Policy Briefs, Series No. 2017-09.

⁴ Peace and Equity Foundation. A primer on PEF's Priority Commodities: An Industry Study on Cacao. Philippines, 2016. 4. Accessed 26 August 2020.

⁵ Cacao/Tablea. Securing The Future of Philippine Industries, www.industry.gov.ph.

priority crops under its Industry Strategic Science and Technology Plans. The plan seeks to further develop the cacao industry through science-based solutions and innovations. Using appropriate science and technology interventions, researchers are looking into the need to increase the yield of dried cocoa beans from 500 kilograms per hectare to 800 kilograms per hectare, or an increase equivalent to 60%.

The Philippines has already penetrated the Japanese and US markets. In April 2020, the Philippines shipped for the first-time some 20,000 kilograms of Mindanao-sourced premium cacao beans to Belgium, supplied by Mindanao-Davao-based premium chocolate brand Auro Chocolate.⁶

Chocolate Manufacturers and Brands in the Philippines

Among the major chocolate manufacturers located in the country are Universal Robina Corporation, Commonwealth Foods, Inc., Goya, Inc., and Columbia International Food Products Inc. Most of these companies are situated in Luzon, with a capacity ranging from 20,000 to 36,000 MT of processed cocoa annually). Universal Robina accounts for 38% of the chocolate market, with Cloud Nine and Nips as its top selling products.⁷

There are also a number of emerging local artisanal Philippine chocolate brands that make high quality chocolates, including *tableas*, nibs and cocoa powder, namely Auro, Theo + Philo, Hiraya Chocolates, Risa Chocolates, Tigre Y Oliva, True Chocolate PH, Malagos Chocolate, Coco Dolce, Manila Chocolatier, Kablon Farms, Ginto, Tuesday Baker, and Ralfe Gourmet Chocolate Boutique, among others. Please see **Local Artisanal Chocolate Brands in the Philippines** for more information on these local chocolate brands.

Aside from local manufacturers and brands, there are also international companies operating in the country. These companies are engaged in the distribution of imported chocolates and other cocoa-based products as well as in the processing and manufacturing of locally produced beans.⁸ Please see **Table 1 for Local and Foreign Cocoa-Based Companies** operating in the Philippines.

For more information, please refer to the following:

- For the **Directory of Philippine Cacao Exporters**, please click here.
- For the **Importers and Distributors of Philippine Cacao Products in British Columbia**, please click here.

⁶ "Export of Philippine Cacao Beans to Europe for the first ever", reported by the Philippine Embassy in Brussels.

⁷ Department of Agriculture and Department of Trade and Industry, 2017-2022 Philippine Cacao Industry Roadmap.

⁸ Peace and Equity Foundation. A primer on PEF's Priority Commodities: An Industry Study on Cacao. Philippines, 2016. 4. Accessed 26 August 2020.