

Consumer Markets (CM)



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The attached industry update from KPMG Manabat Sanagustin & Co. is a bi-weekly collection of the latest news and developments from the Consumer Markets (CM) sector. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business, interesting and useful.

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If you want us to send this to any other member of your company, please contact Ann Millaine T. Ambayec, KPMG Markets Communications Officer, at 8857000 loc 282 or at aambayec@kpmg.com.

Jollibee concludes China congee chain buy

Listed fast-food service company, Jollibee Foods Corp., has signed an agreement to complete the acquisition of 100 percent of Hongzhuangyuan, a chain of restaurants located mostly in Beijing, China.

In a disclosure to the Philippine Stock Exchange, Jollibee said the actual purchase by and transfer of ownership are estimated to take place in October 2008—although still subject to approval by China's Ministry of Commerce. This agreement is a finalization of an initial agreement made and disclosed on September 20, 2007.

Consistent with the initial agreement, the final agreement provides that Jollibee—through its wholly-owned subsidiary Jollibee Worldwide Pte. Ltd.—will acquire 100 percent of Hongzhuangyuan for P2.5 billion.

The Beijing restaurant chain has an estimated 2008 annual sales of P1.3 billion. The congee chain business is quite profitable and has no debt.

<http://www.businessmirror.com.ph/08272008/companies03.html>

SRA to export 200,000 tons sugar

Sugar Regulatory Administrator Rafael Coscolluela announced a plan to export more sugar before the year end to prop up prices of sugar that will most likely drop due to a record-high production this year.

“The target is to ship out 150,000 to 200,000 tons of sugar to the US and the world markets before the end of December,” Coscolluela said on Wednesday, after his speech on the “Guidelines Governing Biofuels” at the 1st Sweet Sorghum Techno-Investment Forum at the Provincial Capitol in Bacolod City.

Coscolluela said he would release Sugar Order No. 1 after consultations with industry stakeholders and a Sugar Regulatory Board meeting next week. The order would provide the means to remove surplus sugar from the country, he said.

http://globalnation.inquirer.net/cebudailynews/visayas/view_article.php?article_id=157542

Trade encourages wheat flour imports

The Trade and Industry Department is encouraging imports of finished wheat flour to give local bakers a cheaper alternative in the face of rising prices of locally milled product.

Trade Undersecretary Zenaida Maglaya told reporters that wheat-exporting countries such as Russia, Argentina and China planned to resume exports amid prospects of easing global supply.

“Because of the tightness in the global supply of wheat, these countries opted not to export for the past months and instead take care of their domestic needs. Now with prospects of wheat harvest getting better, they are considering exporting once more,” said Maglaya.

Local flour millers earlier said they planned to increase ex-mill flour prices by P13 per 25-kilogram bag within the month.

http://www.manilastandardtoday.com/?page=business4_aug19_2008

US businessmen call for more liberal retail sector

The American Chamber of Commerce of the Philippines urged the government to further open up the country’s retail sector by lifting restrictive provisions that deter foreign companies from coming in. Amcham’s John Forbes told reporters yesterday the Philippines should be more competitive by further liberalizing sectors currently limited to Filipinos and local companies, including the practice of profession, ownership of land and the retail sector.

The group, which represents American businesses in the country, has long been calling for government to lift Constitutional restrictions on practice of profession as well as ownership of land to entice more foreign investors.

Forbes said the practice of profession was no threat at all given the low level of compensation given to local professionals. The ban on foreign ownership of land remained a major deterrent, he added, on inflow of foreign capital.

“The \$2.5-million minimum paid-up capital requirement for foreigners to own 60 percent on retail is too restrictive. There is no such thing in China, with its market of over one billion. Even Singapore and Vietnam. We want this provision lifted, I’ve never heard of a \$2.5-million sari-sari store,” said Forbes.

He added that kind of protection was no longer necessary, saying local retailers were now ready to compete with foreign retailers.

http://www.manilastandardtoday.com/?page=business4_aug21_2008

Agriculture woos Kuwait, Brunei to invest in halal sector

The Agriculture Department has stepped up efforts to find new markets abroad for the budding halal industry, with initial talks held with Kuwait and Brunei on possible investment opportunities.

Agriculture Secretary Arthur Yap said separate discussions with the ambassador of Brunei and Kuwaiti officials brought new investment opportunities in the fledgling industry.

The government is offering two big-ticket investment proposals worth P3.04 billion in Mindanao to develop the industry and unlock its export potentials in the \$500-billion world market,

Visayas and Mindanao have been declared free from foot-and-mouth disease but the World Animal Health Organization has not yet cleared Luzon.

http://www.manilastandardtoday.com/?page=business5_aug28_2008

Bread prices to increase as local millers hike flour price

Starting Sept. 16, a pan de sal will cost more by up to 25 centavos each while a loaf of bread will cost more by up to P1.50.

The Philippine Baking Industry Group (PhilBaking) on Thursday said the Philippine Association of Flour Millers and the Chamber of Flour Millers declined their request to hold off a price hike.

"As of Wednesday, we have been paying P970 --or P40 more -- for each 25-kilogram bag of flour," said PhilBaking president Simplicio Umali Jr.

Umali, who is also president of Gardenia Bakeries Philippines, said a 10-piece pack of pan de sal, for example, would cost more by P1.00 or 10 centavos more per piece.

Philippine Federation of Bakers Association vice president Lucito B. Chavez said price hikes were "inevitable" but his group has yet to decide.

http://business.inquirer.net/money/breakingnews/view_article.php?article_id=157355

Coco export volume down 41% in May

Philippine exports coconut products fell 40.8 percent to 95,271 metric tons in copra terms in May from 160,939 a year earlier, with a sharp drop in shipments of coconut oil, the Philippine Coconut Authority reported.

Coconut oil exports fell 46.3 percent to 46,132 metric tons from 85,977, it said.

Gross earnings in May rose 2.4 percent year-on-year to \$96.9 million from \$94.6 million, mainly because of a substantial rise in border prices.

The January-May export volume reached 760,700 metric tons in copra terms, up 30.8 percent from 581,474 in the same period last year.

Earnings nearly doubled to \$651 million from \$331 million.

http://business.inquirer.net/money/breakingnews/view_article.php?article_id=157029

Feedback

Please contact Wilfredo Z. Palad (+632 885 7000 ext: 224 or wpalad@kpmg.com.ph) or Ann Millaine T. Ambayec (+632 885 7000 ext. 282 or aambayec@kpmg.com.ph) to discuss your views/suggestions.

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