

## Consumer Markets (CM)



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### In the News

#### Flour millers cut prices

#### Jollibee buys China restaurant chain

#### Agriculture chief wants rice farms to go organic

#### Investments in coco sector urged

#### Fisheries commission allows RP to transship tuna at sea

#### SMC shares end higher after QC property sale

#### Sugar surplus seen; more exports set

This industry update from KPMG Manabat Sanagustin & Co. is a biweekly collection of the latest news and developments from the country's 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](mailto:aambayec@kpmg.com).

#### Flour millers cut prices

After the oil companies reduced prices of gasoline, diesel, and kerosene last Friday, local flour millers are giving consumers another reason to smile by cutting flour prices starting Monday. The Philippine Association of Flour Millers said its members would be bringing prices of 25-kilogram bags of flour back to March levels, or to P946-P957 for hard flour and to P847-P858 for soft flour. "We have decided to roll back the price of flour to help the government stabilize the price of basic food commodities. We feel that it is essential that the private sector lends the government a helping hand during trying times," the group said in a statement. Millers participating in the price reduction are Delta Milling Corp., General Milling Corp., Liberty Flour Mills, Morning Star Milling Corp., Pilmico Foods Corp., Philippine Flour Mills, Philippine Foremost Milling Corp., RFM Corp., San Miguel Mills Inc., Universal Robina Corp., and Wellington Flour Mills. [http://newsinfo.inquirer.net/breakingnews/nation/view\\_article.php?article\\_id=160480](http://newsinfo.inquirer.net/breakingnews/nation/view_article.php?article_id=160480)

#### Jollibee buys China restaurant chain

Jollibee Foods is expanding its footprint in the largest consuming country in the world -- China. The Philippines largest fastfood chain acquired 100 percent ownership of Hongzhuangyuan, a chain of restaurants located mostly in Beijing, China for P2.5 billion. Hongzhuangyuan operates a total of 37 restaurants, 31 of which are company-owned, all located in Beijing, and six are franchised stores situated in other cities in China. It has added five company-owned restaurants since the initial agreement was signed in September 2007. JFC pointed out that the Hongzhuangyuan business, which serves mainly congee dishes, "is quite profitable and has no debt." The Jollibee Group is the largest restaurant network in the Philippines with 1,689 operating stores worldwide. Of the total, 1,480 are located in the Philippines while the remaining 209 stores are based overseas. JFC chairman and chief executive officer Tony Tan Caktiong said the acquisition is in line with the group's strategy to continue building its businesses abroad and expanding its presence in China. JFC also owns the Yonghe King restaurant chain, a fastfood-style business based in Shanghai. [http://business.inquirer.net/money/breakingnews/view\\_article.php?article\\_id=160454](http://business.inquirer.net/money/breakingnews/view_article.php?article_id=160454)

#### Agriculture chief wants rice farms to go organic

Agriculture Secretary Arthur Yap wants 10 percent of the country's 1.87 million hectares of rice farms nationwide to go organic as one of the

government's roadmaps to address poverty and hunger. At the recent kickoff of the Go Organic! Movement in Quezon City, Yap gave his full support to the advocacy of various environmentalist groups, local government units and the academe to promote organic farming to help solve the country's food crisis. "What we want to show to the public is that we have an extension program in place in partnership with the local governments, academe and the non-government and farmers' organizations. We are set to roll out the program by the dry crop season," Yap was quoted by the movement as saying. Various groups led by Alaminos City Mayor Hernani Braganza of Pangasinan recently launched the Go Organic! Movement to promote organic farming at the PRRM office in Quezon City. The groups include the Philippine Rural Reconstruction Movement, Paragos-Pilipinas, Centro Saka Inc., La Liga Policy Institute, SRI-Pilipinas, Education for Life Foundation, University of the Philippines-Los Baños, Philippine Greens and Earth Day Network.  
[http://newsinfo.inquirer.net/breakingnews/nation/view\\_article.php?article\\_id=160180](http://newsinfo.inquirer.net/breakingnews/nation/view_article.php?article_id=160180)

#### **Investments in coco sector urged**

The Philippine Coconut Authority has urged the private sector to invest in the P40-billion coconut industry to help the country recover the 300,000 metric tons in copra production lost in 2006. At the recent National Coconut Productivity forum, PCA Deputy Administrator Carlos B. Carpio said the agency was implementing three programs to increase coconut output. These are salt fertilization, participatory coconut planting and intercropping, Carpio said in his presentation. Carpio explained that these projects were aimed at recovering production lost due to typhoons in 2006 and bring output back to the 2005 level of 2.6 million MT in copra terms. This year, coconut production is seen to expand by 9 percent to 2.566 million tons in copra terms from last year's 2.357 million MT. Increased production from these programs were also seen to help the industry meet the mandatory 1-2 percent blend in biodiesel, which will need at least 200,000 MT in copra terms, he added.

[http://business.inquirer.net/money/breakingnews/view\\_article.php?article\\_id=157894](http://business.inquirer.net/money/breakingnews/view_article.php?article_id=157894)

#### **Fisheries commission allows RP to transship tuna at sea**

The Western and Central Pacific Fisheries Commission (WCPFC) has allowed the Philippines to transship tuna at sea subject to certain conditions, the Department of Agriculture (DA) said. The DA said the conditions relate to "timely and complete submission of catch data and compliance with other resource-management protocols." Agriculture Secretary Arthur Yap said the WCPFC generally bans tuna transshipment at sea, but the Philippine government pointed out that the commission also allows special dispensation to countries that have historically transshipped at sea. Meanwhile, Yap said the Philippine government has approved a number of measures aimed at helping local fishers cope with high oil prices and the increasing cost of other inputs. For one, Yap said President Arroyo has already directed the Bureau of Fisheries and Aquatic Resources (BFAR) and the Department of Energy to provide fuel-price discounts that can be availed of by local fishing operators from Petron, which is partly owned by the government.

<http://www.businessmirror.com.ph/09102008/economy03.html>

**SMC shares end higher after QC property sale**

San Miguel Corp. (SMC) climbed the most in eight months in yesterday's trading after the second-largest Southeast Asian food and drinks company agreed to sell a property in Quezon City, giving it more cash to spend on investments. The company's Class A shares, which are restricted to Filipinos, jumped 8.3 percent to P52 at the noon close, the biggest increase since January 8. Its Class B shares, which have no ownership restrictions, rose 8.2 percent to P53, a seven-month high. "The sale is part of the reorganization that San Miguel has been pursuing to create more value in the company," said Peter Lee, a senior investment officer at IGC Securities Inc. "This will increase the cash San Miguel can invest in other areas" SMC said its real-estate unit agreed to sell a 5.22-hectare property in metropolitan Manila to Robinsons Land Corp. (RLC), the nation's third-largest developer. The property, the site of San Miguel's old ice-cream plant, was sold for more than P1.6 billion, BusinessMirror reported. Chairman Eduardo Cojuangco won approval from shareholders in July to revamp SMC, allowing him to sell more assets and spin off businesses. Cojuangco said the revamp is part of a plan to invest in faster-growing energy, property and mining areas. San Miguel's Class A and B shares were the biggest gainers by percentage in the Philippine Stock Exchange Index, which dropped 0.4 percent.

<http://www.businessmirror.com.ph/09112008/companies02.html>

**Sugar surplus seen; more exports set**

The Philippines is projected to post a sugar production of 2.45 million metric tons (MT) this current crop year, at least a 20-year high record that's sending a huge surplus and export of around 400,000 MT. Rafael L. Coscolluela, administrator of the Sugar Regulatory Administration (SRA), said the country is set to export 175,000 MT of raw sugar to the US and to the world market up to Jan. 15. This is as surplus is expected to have risen to 590,000 to 630,000 MT. However, this surplus is foreseen to decline by the end of crop year (CY) September 2008 to August 2009 through government's intervention. "Through the export program we're adopting, we're looking at an ending inventory of 400,000 tons," said Coscolluela in an interview. The projected sugar production this crop year indicates a growth of 8.7 percent from 2.257 million MT in CY 2007-2008. Sugar Order No. 1 is allocating 10 percent of total sugar production for CY 2008-2009 for the US sugar export quota or 245,000 MT and seven percent for the world market or 171,780 MT. Domestic sugar gets 68 percent of raw sugar production for this crop year and reserve sugar, 15 percent. Coscolluela said government expects a losing price for sugar farmers from the export market. While production cost is at P950 per 50-kilo bag, US export price is placed at P750 per bag and the world market at a significantly lower price of P600 per bag.

[http://www.mb.com.ph/archive\\_pages.php?url=http://www.mb.com.ph/issues/2008/09/07/BSNS20080907134489.html](http://www.mb.com.ph/archive_pages.php?url=http://www.mb.com.ph/issues/2008/09/07/BSNS20080907134489.html)



### Feedback

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