The Philippine Dairy Industry: 
Situation and Prospects
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INTRODUCTION
- Two distinct sectors make up the Philippines’ milk industry: a huge importing and processing sector that supplies over 99% of the milk requirement of the country and a small milk producing sector that provides the rest of the supply.
- The milk producing sector consists of an informal group of individuals or unorganized producers and a formal sector that is made up of about three distinct groups:
  - The smallholder producers with 1 to 10 head of milk animals
  - The smallholder producers with growing dairy herds numbering from over 20 to about 75 head of milk animals
  - The producer-processors that maintain farms with about a hundred milk animals or more, operate a milk pasteurizing plant and undertake marketing of milk in urban centers.
- In all cases, the producer-processors also procure raw milk from smallholders. Hence, the Philippines’ milk producing sector may be characterized, on the whole, as a smallholder-based sector.

OBJECTIVE
- Analyze the dairy situation of the Philippines for the past 5 years (2007-2011).
- Determine constraints and prospects to develop the Philippine Dairy Industry.

METHODOLOGY
- Data from different government agencies were collected (i.e. milk production, animal population, importation, farm gate price).

RESULTS AND DISCUSSION
- Dairy animal population considerably increased from 2007-2011 (figure 2).
- For the given period, 5311 heads of cows had been added to the population, averaging 1062 heads or 8.8% growth per year.
- For the buffalo, a greater increment was observed, exhibiting an average increase of 2338 heads or 17.8% per year.
- In terms of number of heads the dairy goat has the least increase with 86 heads or 9.3% increment per year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Milk and Cream</th>
<th>Butter</th>
<th>Cheese and Curd</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1644.73</td>
<td>71.89</td>
<td>20098</td>
</tr>
<tr>
<td>2008</td>
<td>1618.71</td>
<td>101.56</td>
<td>24354</td>
</tr>
<tr>
<td>2009</td>
<td>1577.28</td>
<td>145.88</td>
<td>27784</td>
</tr>
<tr>
<td>2010</td>
<td>1780.94</td>
<td>169.31</td>
<td>28124</td>
</tr>
<tr>
<td>2011</td>
<td>1665.21</td>
<td>192.50</td>
<td>24354</td>
</tr>
</tbody>
</table>

Figure 2. Dairy Animal Population

CONCLUSION
- The Philippine Department of Agriculture through National Dairy Authority (NDA) and Philippine Carabao Center (PCC) prioritizes the development of the Philippine dairy industry, recognizing the growing demand for fresh milk by the specialty coffee shops, hotels and restaurants as well as by the local government units for their milk feeding programs.
- While the Philippines cannot compete in the powdered milk market, producers focus on supplying fresh milk to the market and maximize the returns from the premium product.
- Major constraints of the Philippines’ dairy sector:
  - Shortage of dairy stocks.
  - Limited industry entrants.
  - Competition with cheap imported milk powders.
  - Trained technicians and farmers leaving the country to work in dairy farms in New Zealand and Australia.
  - Improve productivity of animals on the ground.
  - Increase herds through intensive local upgrading.
  - Increase the number of small-hold farmers generating profits from dairy enterprise.
  - Support the establishment of breeding farms to supply new industry entrants with good dairy stocks.
  - Continue training of farmer technicians.

Table 1. Average farm gate price of milk (peso per liter).

<table>
<thead>
<tr>
<th>Year</th>
<th>Cow</th>
<th>Buffalo</th>
<th>Goat</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>29.00</td>
<td>45.50</td>
<td>35.00</td>
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<tr>
<td>2008</td>
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<tr>
<td>2011</td>
<td>32.00</td>
<td>47.00</td>
<td>37.00</td>
</tr>
</tbody>
</table>

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