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Sector Brief on Non-Tariff Measures in the Livestock and Poultry Subsectors

Gwyneth Mae R. Ramos



**PHILIPPINE
COMPETITION
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EXECUTIVE SUMMARY

Despite challenges like African swine flu (ASF)¹ and avian flu² outbreaks, the Philippines remains among the world's top ten fastest-growing meat consumers. As such, the local livestock and poultry industry remains a significant contributor to the country's output, accounting for one-third of the agricultural sector's total output (Philippine Institute for Development Studies [PIDS], 2023). As meat consumption is projected to grow annually by 3.45% from 2023 to 2028, regulatory reforms are crucial to support the sector's growth and development (Organisation for Economic Co-operation and Development and the Food and Agricultural Organization [OECD-FAO], 2023).

One factor that significantly affects growth and competition in the livestock and poultry subsectors are non-tariff measures (NTMs). NTMs are policy measures, apart from tariffs and tariff-rate quotas, that directly affect international trade. Like other trade policy measures, NTMs influence the price and volume of tradable goods and often address market failures such as information asymmetry and negative externalities. For instance, when consumers lack product information, NTMs can bridge the information gap and assure buyers that a product meets specific health or safety standards through labels or packaging requirements. Similarly, NTMs might be implemented to reduce negative externalities like environmental degradation or pollution through emission caps or production process standards.

While NTMs are designed to serve trade and non-trade policy objectives, they could negatively affect the price and volume of commodities available to consumers when implemented with onerous mechanisms. Under such circumstances, NTMs act as non-tariff barriers (NTBs), which are measures that effectively increase the price of goods or decrease the volume of trade by placing restrictive burdens on importers. These burdens have the negative consequence of potentially impeding sectoral growth.

This study finds that among 169 NTMs imposed on pork, beef, and chicken meat, 77% are sanitary and phytosanitary (SPS) measures, 15.3% are non-technical measures, 5.9% are technical barriers to trade (TBT) measures, and 1.1% account for other technical measures. It further reveals that NTM implementation is challenged by both institutional and procedural imperfections. Institutional imperfections encompass inflexible and ambiguous guidelines, frameworks that lack alignment with international standards, and lack of collaboration within relevant authorities, leading to uncertainty and difficulty in stakeholders' compliance. Procedural imperfections, on the other hand, include excessive requirements and lengthy processes which are detrimental to traders. These issues can impede the growth and entry of imports, specifically by increasing costs for firms and restricting supply. NTMs consequently act as NTBs.

NTMs deemed potentially anti-competitive due to associated institutional and procedural flaws include SPS import clearance (A14), 90-day "must-ship out" date (A89), labeling requirements (A31), packaging requirements (A33), licensing of cold storage warehouse (A64), meat inspection at first and second border, license to operate (A14), and certificate of product registration (A81). The guidelines and framework for the implementation of these measures are considered stringent and repetitive, which may ultimately increase expenses for importers.³

¹ The first reported ASF outbreak was in July 2019. As of July 2024, a total number of 74 provinces in 17 regions of the Philippines have been affected (National ASF Prevention and Control Program, 2024).

² "The avian influenza outbreak was confirmed to have entered the Philippines in January 2022. Since then, a total of 198 cases were recorded nationwide, resulting in the mortality of 182,968 heads and the culling of 1,267,055 poultries. More than PhP 122 million were distributed as indemnification by the DA-BAI as of July 29" (Vergara, 2022, para. 5).

³ Relative to the case wherein the imposition of NTMs does not cause administrative burden (e.g. significant delays, uncertainties, repetitive processes) which ultimately result in increased costs.

Moreover, NTMs that have the potential to impede trade activities due to procedural imperfections include country/zone product clearance (A14), accreditation of meat exporting countries (A12), accreditation of foreign meat establishments (A14), and licensing of meat importers (A15). Procedural challenges encompass recurring process delays, thereby restricting companies' capacity to import goods efficiently and sustain supply.

To address the above concerns, this study suggests the following policy and institutional recommendations: (i) coordinate policy efforts among key regulators and adopt international best practices in managing NTMs, (ii) streamline NTM implementation, (iii) consider including NTM implementation in free trade agreements, and (iv) strengthen regulatory framework and inter-agency coordination to ease private sector compliance in NTM implementation. In addition, it is suggested that further studies be conducted to quantify the impact of NTMs on price and trade volume of livestock and poultry commodities over the years.

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I. INTRODUCTION

A. Motivation and PCC Mandate

The Philippine Competition Commission (PCC) is an independent quasi-judicial body mandated to implement Republic Act No. 10667, otherwise known as the Philippine Competition Act (PCA). The PCC is tasked to monitor and analyze the practice of competition in markets that affect the Philippine economy and to undertake, publish, and disseminate studies and reports on anti-competitive conduct and agreements to inform and guide industry players and consumers.

The consumption of beef, pork, and chicken meat in the Philippines is among the top ten fastest growing in the world, with an estimated compound annual growth rate (CAGR) of around 20% from 2011 to 2021 (Bailey et al., 2014). Notwithstanding the impacts of African swine flu (ASF), the Philippine livestock, poultry, and dairy industries have also been a significant economic contributor to the agricultural sector, accounting for about one-third of its total output (Domingo et al., 2022). Given that the demand for meat is expected to grow continuously in the coming decades (Domingo & Olaguera, 2017), it is vital that regulators and policymakers undertake the necessary reforms to support growth in the livestock and poultry sector.

An important policy mechanism influencing the price and availability of livestock and poultry commodities are non-tariff measures (NTMs). NTMs comprise of “all policy measures other than tariffs and tariff-rate quotas that have a more or less direct impact on international trade” (Gourdon et al., 2020, p. 4). Similar to other trade policy measures, NTMs affect the price and volume of tradable goods. Further, these measures typically address market failures such as information asymmetry or negative externalities. For example, when information relevant to consumer health and safety is unknown, NTMs can address the gap and signal to potential buyers that the product adheres to standards, thereby strengthening consumer confidence.

Likewise, the imposition of such measures may be done to limit negative externalities like environmental degradation or pollution. For instance, by setting production standards or emission limits for compliance of manufacturers, the adverse environmental impact of certain economic activities could be mitigated.

In the Philippines, sanitary and phytosanitary (SPS) measures are the most widely applied NTMs, representing about 77% of the total NTMs imposed in the trade of livestock and poultry products (UNCTAD - Trade Analysis Information System (TRAINS) [Database], n.d.). While SPS measures are primarily implemented for health and safety reasons, the country's SPS system has been described to be “rigid and very prescriptive” which adds unnecessary administrative burden and costs to traders (van der Meer & Marges, 2014, pp. 19-20). Consequently, such rigidity in the guidelines for SPS implementation has the potential of adversely affecting trade volume, thereby hindering the growth and entry of imports. Therefore, it is crucial to understand the challenges by which NTMs, such as SPS, may serve as non-tariff barriers (NTBs), which may potentially inhibit trade, considering that associated trade costs are ultimately passed on to households (Clarete, 2021).

B. Objectives

This sector brief aims to identify the potential anti-competitive implications of NTMs imposed on the livestock and poultry subsectors. Along with this main objective, it also aims to answer the following questions:

1. What is the state of competition in the livestock and poultry product trade subsector? What are the contributors (or inhibitors) to the industry's growth and development?

2. What are NTMs and how do they contribute to (or inhibit) the industry's growth and development?
3. How do NTMs affect livestock and poultry trade in the Philippines in terms of prices, trade volume, supply quality, firm entry and exit, and regulatory costs?
4. What is the legal framework for imposing SPS requirements in livestock and poultry international trade? In what ways do these requirements differ from other non-tariff and tariff barriers in terms of facilitating (or inhibiting) international trade in the Philippines?
5. Had there been competition concerns raised due to SPS measures and other NTMs in the past? Which SPS measures and NTMs related to the trade of livestock and poultry products can be considered potentially anti-competitive?
6. What specific recommendations and other alternative policy reforms may be adopted by the PCC, relevant regulators (e.g., Department of Agriculture [DA], Department of Trade and Industry [DTI]), and policymakers (e.g., the Congress, local government units [LGUs]) to ease entry and expansion of businesses into the livestock and poultry products trade subsector?

C. Data and Methodology

This study primarily conducted a thorough industry analysis based on desk research, scrutiny of publicly available information, related studies, and trade data.

The study also engaged the services of an international trade expert to provide technical assistance. The consultant's output focused on the discussion of the policy framework governing NTMs and the analysis of the impact of NTMs on competition in the livestock and poultry subsectors. For this assignment, the consultant employed the following methodologies:

Desk research. This study reviewed existing literature on NTMs in the agricultural sector and gathered publicly available information such as market research and data involving the livestock and poultry subsectors.

Primary research. Primary research was conducted to fill information gaps identified during desk research and to validate gathered information. Inputs from primary research identified 15 main NTMs which were initially collected from the Philippine National Trade Repository (PNTR). The study focuses on the analysis of these 15 NTMs.

Based on the 10 products and their Harmonized System (HS) codes, data on NTMs were collected from the United Nations Conference on Trade and Development's Trade Analysis Information System (UNCTAD TRAINS) and PNTR. A total of 169 unilateral and bilateral NTMs were collected from UNCTAD TRAINS in October 2023 for NTMs issued between 1976 and 2023. A total of 15 NTMs were collected from PNTR in August 2023.

Key informant interviews. Key stakeholders from the private sector including industry associations and enterprises were interviewed: the Meat Importers and Traders Association (MITA), San Miguel Foods Corporation, and Atkins Import and Export Resource. Regulators were also consulted including the National Meat Inspection Service (NMIS); the Department of Trade and Industry-Board of Investments (DTI-BOI); and the Department of Agriculture Office of the Undersecretary for Livestock, and the Department of Agriculture-Bureau of Animal Industry (DA-BAI).⁴

⁴ DA-BAI provided a written response to the initial interview invitation. The agency has not been responsive to additional queries from the team.

D. Scope and Limitations

A comprehensive assessment of three commodities (pork, chicken, and beef) at the country level was conducted. This assessment focuses on the status of the sectors in terms of production and trade, competition, and contributing and inhibiting factors to growth. **Table 1** shows the three main commodities that were prioritized based on the trend and volume of trade.

Table 1: List of commodities

Commodity	HS Code	Product Label
Beef	0201	Meat of bovine animals, fresh or chilled.
	0202	Meat of bovine animals, frozen.
Chicken	0207	Meat and edible offal, of the poultry (specifically for HS code 0105, which is for live poultry of the following kinds: chickens, ducks, geese, turkeys, and guineas), fresh, chilled, or frozen.
	020711	Fresh or chilled fowls of the species <i>Gallus domesticus</i> , not cut in pieces.
	020712	Frozen fowls of the species <i>Gallus domesticus</i> , not cut in pieces.
	020713	Fresh or chilled cuts and edible offal of fowls of the species <i>Gallus domesticus</i> .
	020714	Frozen cuts and edible offal of fowls of the species <i>Gallus domesticus</i> .
Pork	0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal.
	021011	Hams, shoulders and cuts thereof of swine, salted, in brine, dried or smoked, with bone in.
	021012	Bellies “streaky” and cuts thereof of swine, salted, in brine, dried or smoked.
	021019	Meat of swine, salted, in brine, dried or smoked (excl. hams, shoulders and cuts thereof, with bone in, and bellies and cuts thereof).
	0203	Meat of swine, fresh, chilled or frozen.

Source: World Integrated Trade Solution (WITS) (n.d.).

As the study assesses the regimes in the imposition of NTMs, it focuses on the importation segment of the above-mentioned commodities. The study describes the key market characteristics of the above subsectors and discusses potential competition issues that may warrant a more detailed analysis.

While this study was able to gather information from key regulators, several key agencies⁵ have not been responsive to the request. Nonetheless, this study utilized information from stakeholder interviews including associations and importers who provided insights into meat and livestock trading practices. Furthermore, relevant cases and anecdotal evidence are presented to provide context on industry practices.

II. OVERVIEW OF THE LIVESTOCK AND POULTRY SUBSECTORS

In 2022, the contribution of the agriculture, forestry, and fisheries sectors to the Philippines' Gross Domestic Product (GDP) amounted to 9.5%, a fall from the recorded contribution of 13.7% in 2010 and 13.9% in 2000 (World Bank, 2022). Its segments, the livestock and poultry

⁵ The Food and Drug Administration was unresponsive; the DA-BAI only provided a written response to the initial interview questions.

subsectors, were among the fastest-growing subsectors. They played a significant role in employment, supporting the livelihoods of approximately 2.2 million households or roughly 8% of the total households in 2015 (Ortega, et al., 2021).⁶ In 2023, the livestock, poultry, and dairy industries constituted about one-third of the Philippine agriculture sector's total output (PIDS, 2023).

Historically, pork is the most consumed meat product in the Philippines from 2000 to 2022. Production consists of two swine farm types: backyard and commercial farms.⁷ The dominant production system is backyard production, accounting for nearly two-thirds of total pork production; albeit the share of commercially grown pork is increasing (Briones & Espineli, 2022).

In the poultry subsector, commercial farms,⁸ or producers having at least 1,000 chicken heads, contribute about 80% of chicken production.⁹ Consequently, the subsector is dominated by big corporations, with just 10 to 12 firms controlling around four-fifths of broiler production such as San Miguel Corporation and Bounty Foods Incorporated.¹⁰ On another note, there has been a growing inclination towards contract-farming agreements. In this scheme, buyers or integrators¹¹ engage in contract growing operations with farmers and provide necessary farm inputs.

Lastly, beef is considered one of the least developed commodities in the country, mainly due to limited cattle inventory stemming from extensive production area requirements and higher prices relative to pork and chicken (Domingo & Olaguera, 2017). Due to elevated prices and correspondingly low demand, the country largely satisfies its beef demand through imports. **Annex A** discusses the production trends per commodity in detail.

A. Value Chain in the Livestock and Poultry Subsectors

This section briefly introduces the value chain in the livestock and poultry subsectors. It discusses the actors, key activities, and the challenges arising from each stage. **Figure 1** presents the four-stage value chain in livestock and poultry subsectors. Generally, commodities under these subsectors undergo: (i) input and production, (ii) processing, (iii) marketing and distribution, and (iv) end-market consumption.

Notably, exporting countries present competition across some phases of the value chain, driven by differences in costs between domestic and imported goods. To illustrate, during the input and production phase, imported supplies may be more cost-effective, leading profit-driven firms to favor sourcing farm inputs from cheaper exporting countries. Consequently, when inputs for production are high, it is expected that this will also elevate the prices of final goods, resulting in higher prices for consumers.

⁶ While the subsectors are characterized by significant private-sector involvement, government policies and regulations are essential in facilitating the movement of goods from farms to markets (Dy & Gonzales, 2014).

⁷ Backyard farms are farms that typically raise between one and 20 adult hogs, between one and 10 adult hogs along with one to 21 young hogs, or up to 40 young hogs. In contrast, commercial farms generally have over 20 adult hogs; over 10 adult hogs along with at least 22 young hogs, or over 40 young hogs.

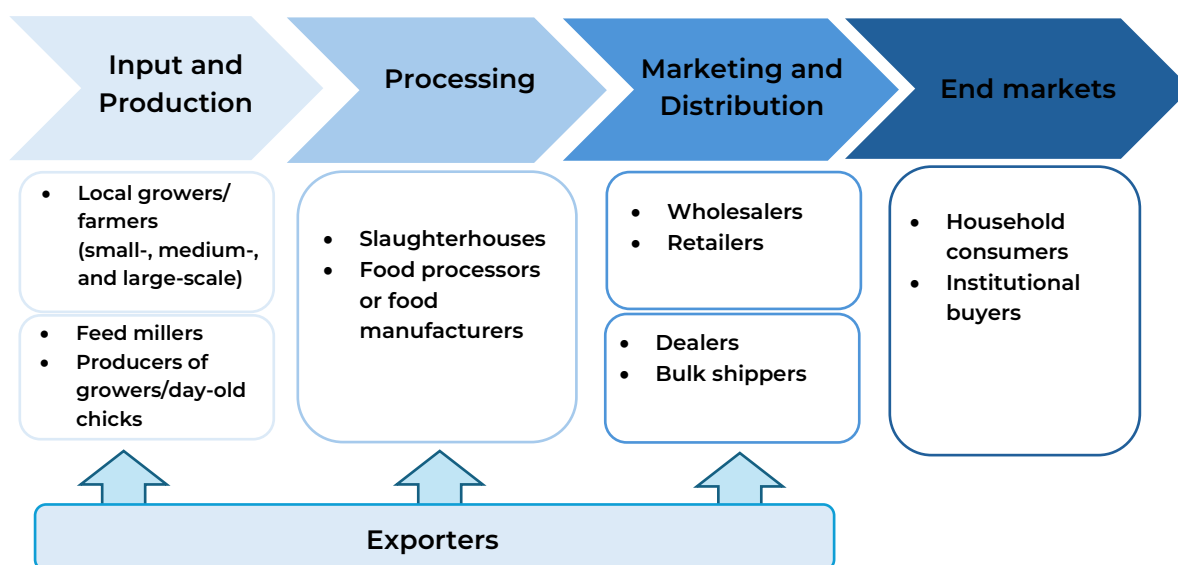
⁸ Eighty percent of farms are commercial farms in the broiler industry mostly located in CALABARZON and Central Luzon.

⁹ As opposed to backyard raisers, production at a commercial scale generally entails lower cost of feed per kilogram of broiler, lower overhead cost such as utilities, rent, and labor (PIDS, 2023).

¹⁰ Commercial farms usually supply to large companies, wet markets, or other smaller local markets.

¹¹ Integrators are entities or persons who contract with agricultural animal producers to grow animals to be supplied to the integrator.

Figure 1: Livestock and poultry subsectors' value chain



Source: Author's illustration based on Abdulsamad et al., (2013), Gardner (n.d.), and Hoang et al., (2021).

1. Inputs and Production

At this initial stage, key players such as farmers and input suppliers are involved in obtaining the necessary pre-production inputs including land, labor, feeds, and farming equipment (Abdulsamad et al., 2013). This stage also encompasses the growing process of livestock and poultry animals for consumption. Exporters compete with domestic players at this stage, providing the supply of imported breeds (i.e., imported breeds of swine, cattle, or poultry) and agricultural supplies (Domingo et al., 2022).

Historically, farmers at this stage experience challenges with respect to the following aspects:

High cost of animal feed. In 2018, feed costs accounted for a significant portion of production expenses, comprising 57.5% in swine farms and 62.2% in poultry farms (PIDS, 2023). Corn, a key ingredient in feed formulation, constitutes approximately 50% by volume and around 70% of total feed cost. However, local corn prices are higher than imported counterparts, leading to high costs of feed production. While this prompts industry preference toward imported corn, the prevailing and rising feed costs adversely affect operational expenses, particularly for backyard and small-scale farmers (Domingo et al., 2022).

Limited access to formal credit facilities. Limited access to credit facilities affects backyard farmers and small-scale retailers, primarily due to their inability to meet collateral requirements and the rural banking sector's limited technological advancement. As of 2021, bank loans to the agriculture sector constituted only 6% of the formal banking system's total lending, with even less allocated to the livestock and poultry subsectors (DA, 2021a). Consequently, small-scale stakeholders often rely on informal lenders for loans, resulting in low access to formal credit, which hampers sector productivity. Despite the introduction of credit schemes aimed at the livestock and poultry subsectors, such as those offered by the Land Bank of the Philippines (LBP),¹² loan disbursements decreased by 28% during the COVID-19 pandemic (DA, 2021a).

¹² LBP programs include the Special Window and Interim Support to Nurture Hog Enterprises Lending Program and Sustainable Agribusiness Financing Program under which the Swine R3 Credit Program and Broiler Contract Growing Program fall.

Vulnerability to animal diseases. The livestock and poultry subsectors face challenges in combatting animal diseases and continue to experience high mortality rates. These issues stem from limited knowledge and skills among producers or farmers regarding disease prevention and treatment methods, breeding practices, biosecurity measures, and the high cost of inoculation (Relucio, 2021). For instance, ASF remains a significant challenge for the subsectors, resulting in a 9.8% decline in pig production in 2019 (Cooper et al., 2022).

2. Processing

The processing stage's main actors are slaughterhouses and food processors or manufacturers involved in producing final products from livestock and poultry meat. This stage involves activities such as slaughtering, cutting, cleaning, packaging, and storage of livestock and poultry meat (Ortega-Rivas, 2014). Players in this stage heavily rely on imported meat because only approximately 15% of the total raw material needs of the local meat processing industry are met domestically. Local livestock and poultry raisers typically sell their products as fresh meat to wet markets, resulting in limited industrial grade meat¹³ for processing. Moreover, imported alternatives such as mechanically separated or deboned meat¹⁴ and Indian buffalo meat¹⁵ are cheaper than local counterparts. Lastly, locally produced meat is often noted for its lack of consistency in quality and fat content, which is crucial for maintaining product standards (Fausto, 2022).

3. Marketing and Distribution

The marketing and distribution stage encompasses dealers, wholesalers, and retailers involved in the transportation, storage, and distribution of livestock and poultry products to buyers (Moreira-Dantas et al., 2023). At this stage, industry participants typically procure both local and imported meat, with locally produced meat often considered inferior primarily due to discrepancies in shelf life (Elca et al., 2018). For instance, local carcasses are usually sold without refrigeration¹⁶ in wet markets, wherein they are cut into pieces and should be sold within eight hours of slaughter. Imported meat, on the other hand, is usually refrigerated, giving longevity to the product.¹⁷ In addition to this concern, the following challenges are usually encountered:

High transportation costs. Transportation expenses, including road and inter-island shipping costs, are high. In fact, importing from Thailand is cheaper than transporting goods from the southern Philippines to Luzon. The high transportation costs stem from insufficient farm-to-market roads in certain remote regions (Briones & Espineli, 2022).

Stringent permit requirements for transport. The transportation of meat products within the country is regulated, necessitating permits from each LGU that the product, whether imported or local, is transported. This is particularly stringent for pork products since the emergence of ASF (Association 1, personal communication, 2023; Briones & Espineli, 2022).

Use of *viajeros* as intermediaries hampers market access. Backyard producers generally lack direct market access, relying heavily on intermediaries known as *viajeros*.¹⁸ This system is unique in the Philippines due to backyard farming; yet it may hamper market access for both commercial and backyard farmers as most of the sales revenue goes to *viajeros* rather

¹³ Industrial meat is a broad term that attempts to capture a large and complex segment of food animal production. The meat production here is done by confinement of animals in enclosed spaces such as barns, cages, houses or on feedlots.

¹⁴ Mainly used for hotdogs and sausages.

¹⁵ Mainly used for corned beef.

¹⁶ Known as warm carcasses.

¹⁷ However, refrigerated imported pork cannot be sold in wet markets due to insufficient cold chain facilities.

¹⁸ *Viajeros* are "third-party" players that integrators contact during harvest time. They are responsible for the transportation of the produce.

than producers. Sustained investments in transportation infrastructure would reduce dependence on *viajeros* and strengthen commercial production.

4. End-Market Consumption

The last stage of the value chain is end-market consumption wherein consumers, including households and institutional buyers, buy livestock and poultry products through commercial or wet markets. At this level, consumers' decisions on purchasing whether locally produced or imported meat depend on individual preferences and standards on quality, taste, or price.

III. INTRODUCTION TO NON-TARIFF MEASURES (NTMs)

A. Definition

The World Trade Organization (WTO) defines NTMs as “policy measures, other than ordinary customs tariffs, that potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both” (WTOa, n.d. para. 1). NTMs broadly include mandatory requirements, rules, or regulations that are legally set by the government of the exporting, importing, or transit country which affect available information, compliance, and procedural costs (UNCTAD, n.d.; International Trade Centre (ITC), n.d.).

B. Classification of NTMs

The WTO is the primary entity responsible for overseeing trade relations between countries, aiming to facilitate smooth, predictable, and unrestricted trade. It operates based on agreements known as the WTO Agreements, which are negotiated and endorsed by the majority of the world's trading nations and are ratified by their respective legislative bodies. These agreements established the legal basis and structure for managing NTMs in international trade (ITC, n.d.).

Table 2 shows the international classifications of NTMs developed by several international organizations forming the Multi-Agency Support Team (MAST).¹⁹ It classifies NTMs into sixteen chapters and are broadly categorized into three main categories: technical measures (Chapter A to C); non-technical measures (Chapter D to O); and export-related measures (Chapter P).

Table 2: Classifications of NTMs

Import/ Export		Code	Non-tariff measure (NTM)	Description
Imports	Technical measures	A	Sanitary and phytosanitary (SPS) measures	Laws, rules, standards, and procedures that governments employ to protect humans, animals, and plants from diseases, pests, toxins, and other contaminants. Examples include meat and poultry processing standards to reduce pathogens, residue limits for pesticides in foods, and regulation of agricultural biotechnology.
		B	Technical barriers to trade (TBT)	Technical regulations, product standards, environmental

¹⁹ The organizations include the United Nations Food and Agriculture Organization (FAO), the ITC, the OECD, the UNCTAD, the United Nations Industrial Development Organization (UNIDO), the World Bank, and the WTO.

Import/ Export		Code	Non-tariff measure (NTM)	Description
				regulations, and voluntary procedures relating to human and animal welfare. Examples include trademarks and patents, labeling and packaging requirements, certification and inspection procedures, product specifications, and marketing of biotechnology.
		C	Pre-inspection shipment and other formalities	Measures regarding transit stoppages, and customs office inspections.
	Non-technical measures	D	Contingent trade-protective measures	Measures enacted to counteract particular adverse effects of imports. They include anti-dumping, countervailing, and safeguard measures.
		E	Non-automatic import licensing, quotas, prohibitions, quantity-control measures, and other restrictions not including SPS measures or measures relating to TBT	Measures that aim to restrict imports quantity-wise.
		F	Price-control measures, including additional taxes and charges	Measures implemented to increase the cost of imports in a manner similar to tariffs, such as para-tariff measures. Para-tariff measures are broadly categorized into (i) customs surcharges; (ii) additional charges; (iii) internal taxes and charges levied on imports; and (iv) decreed customs valuation. These also include measures implemented to establish the domestic price of certain products because of price fluctuation in domestic markets or price instability in a foreign market.
		G	Finance measures	These regulate the access to and cost of foreign exchange and define the terms of payment.
		H	Measures affecting competition	These are measures that grant preferential treatment to certain economic operators. They can include mandated use of national services, such as shipping, and

Import/ Export		Code	Non-tariff measure (NTM)	Description
				compulsory national insurance use.
		I	Trade-related investment measures	Measures that can restrict investment by requiring local content or mandating that investments be balanced between exports and imports.
		J	Distribution restrictions	Distribution of goods in the importing country can be restricted and controlled through additional licensing or certification requirements. Examples include a restriction on beverages unless sold in recyclable cans.
		K	Subsidies and other forms of support	A financial contribution that benefits specific industries/geographical regions.
		L	Restrictions on post-sales services	Measures that restrict producers of exported goods from providing post-sales services to the importing country. Examples include mandated domestic provision of post-sales services for electronic goods like TV.
		M	Government procurement restrictions	Measures that guide purchases by government agencies. They generally establish preferences for national industries.
		N	Intellectual property	Measures relating to intellectual property rights in trade such as patents, trademarks, industrial designs, etc.
		O	Rules of origin	Rules implemented with the aim of determining the country of origin. This can guide other measures of antidumping, countervailing, etc.
Exports		P	Export-related Measures	They are applied by the exporting country. They can include a prohibition on certain exports, or inspection-related measures before exporting.

Source: UNCTAD, (2019).

1. Technical Measures

Technical measures are applied to agricultural products due to health and safety concerns. These measures pertain to the physical characteristics, technical specifications, or production process used on a certain product, including sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBTs), and pre-shipment inspections and regulations (Quimba & Calizo, 2020).

In the Philippines, SPS measures are the most widely applied NTMs to ensure that livestock and poultry products are safe for consumption. Chapter A covers SPS measures to protect human, animal, or plant life, or health, including measures for restricting substances, ensuring food safety, and preventing the dissemination of diseases or pests. These include livestock and poultry diseases such as the ASF and the avian flu. **Annex B** further presents the individual descriptions of NTMS under Chapter A.

Chapter B deals with TBTs such as technical regulations and conformity assessment procedures. These deal with terminology, symbols, packaging, marking or labeling requirements and procedures for sampling, testing, inspection, verification, registration, accreditation, and approval, among others. **Annex C** presents the individual descriptions of NTMS under Chapter B.

Lastly, Chapter C deals with all measures related to pre-shipment inspections and other customs documentation and formalities such as direct consignment requirements, requirement to pass through specified port of customs, and import monitoring and surveillance requirements, and other automatic licensing measures (WITS, n.d.).

2. Non-technical Measures

According to TRAINS, a total of 26 non-technical measures are imposed on the Philippine livestock and poultry imports.²⁰ These measures are found in Chapters E to O, including both “hard” measures (Chapters E and F) and “behind-the-border” measures (Chapters L, M, N, and O). Chapter E covers restrictions on import volume, excluding SPS and TBT-related measures, while Chapter F focuses on regulations affecting import prices for various reasons, such as supporting domestic prices or generating tax revenue.

Chapter G addresses finance measures, including restrictions on import payments and terms of payment, while Chapter H deals with competition measures such as state trading and compulsory national insurance. Chapter I focuses on trade-related investment measures, requiring foreign investors to use local manufacturers, akin to tariffs on imported goods. Chapter J covers internal distribution measures, including import monopolies and mandatory licensing regulations, while Chapter K involves restrictions on after-sales and ancillary services.

The UNCTAD classification categorizes measures in Chapters L, M, N, and O as “behind-the-border” policies. Chapter L deals with subsidies affecting trade, excluding export subsidies. Chapter M covers government procurement measures, including restrictions on foreign companies and preferences for national providers. Chapter N focuses on intellectual property measures, such as patents, trademarks, and copyrights. Lastly, Chapter O pertains to rules of origin (ROO), which determine a product's nationality or inputs used, potentially impacting trade preferences. ROO may inform consumers of a product's origin (Quimba & Calizo, 2020).

3. Export-Related Measures

Chapter P covers all export policies, including export restrictions, quotas, and price-control measures. It also addresses regulations on re-exports, referring to goods initially imported from foreign countries and later exported (Quimba & Calizo, 2020).

C. Trade Policy Objectives vs. Non-Trade Policy Objectives

To further understand the purpose of NTMs vis-à-vis tariff measures, it is beneficial to trace their policy objectives. Broadly, policies can have trade-related or non-trade objectives. On one hand, trade policies directly influence trade activities by implementing regulations

²⁰ Author's calculation using data from UNCTAD TRAINS.

related to import restrictions, export promotion, domestic industry protection, or establishing trade agreement, enhancing international competitiveness, and fostering trade liberalization to support long-term economic development objectives. These policies are designed to minimize trading barriers among nations and advocate fair and non-discriminatory trade practices (WTO Secretariat, 2007).

Non-trade policies, on the other hand, encompass broader objectives beyond trade facilitation such as social, environmental, and developmental concerns. These include environmental protection, income distribution concerns, political and civil rights, and even health and safety concerns (Basedow et al., 2020). Other non-trade policy objectives include the promotion of foreign direct investments (FDIs), technology transfers, and the improvement of labor conditions.

D. Tariffs vs. Non-tariff Measures

Tariffs come in the form of taxes or duties levied upon commodities coming from other countries. These are imposed with a trade policy objective of giving price advantage to similar, locally produced goods and raising government revenues. Tariffs directly affect the price and availability of goods to consumers.

Although NTMs differ in their forms from tariffs, they likewise serve various trade and non-trade objectives. For instance, import licenses are aimed at supporting trade-related objectives by augmenting or substituting tariffs to increase government income (WTOa, n.d.). Conversely, NTMs like SPS measures or TBTs have non-trade policy objectives, such as addressing market failures related to information asymmetry, environmental protection, and consumer safety.

While tariffs can directly affect government revenues and consumer prices, quantifying the effect of NTMs is more complex given their variety and the difficulty in assessing their restrictiveness. In general, NTMs may affect trade activities through associated administrative and procedural costs. Nevertheless, NTMs do not necessarily reduce overall welfare. In fact, they can contribute positively to both trade and consumer welfare, particularly in light of increasing concerns regarding food safety and environmental protection (Disdier & Fugazza, 2019).

E. Non-tariff Barriers vs. Non-tariff Measures

NTMs are designed to ensure that commodities adhere to stringent standards of safety, quality, and effectiveness, thereby improving the quality of imported products. In such cases, NTMs are not trade barriers; instead, they can increase the volume of trade by affording consumers confidence and choices. However, they could be deemed discriminatory, especially when implemented with onerous compliance mechanisms. Under such circumstances, NTMs act as NTBs, effectively increasing the prices of goods, or decreasing the volume of trade by placing restrictive burdens on importers. This, in turn, may impede sectoral growth. The summary of the differences between tariffs, NTMs, and NTBs is shown in **Table 3**.

Table 3: Summary of trade measures

		Tariff measures	NTMs	NTBs
	Trade policy related	- Protection of the domestic industry - Revenue-generation	- Augment government's revenue-generation (import licenses) - Provide competitive advantage for locally produced goods (quotas)	

		Tariff measures	NTMs	NTBs
Objective	Non-trade policy related	N/A	- Consumer and public health safety (SPS) - Information asymmetry, environmental protection (TBT)	
Example/s		Customs tariffs	- SPS measures - TBT - Pre-inspection procedures - Non-technical measures (quotas, price-controls)	
Influence of trade measures on the industry		- Increase government revenue - Directly affect the price and quantity of goods traded - Affect the number of players in the market - Affect the availability of foreign alternatives to consumers	- Increase the trade volume - Increase consumer choice - Decrease environmental pollution - Ease in market access - Welfare-enhancing	- Decrease the volume of trade - Reduce consumer choice - Increase administrative and procedural costs, discouraging import activities - Deter investments - Inhibit market access for new entrants - Discriminatory and welfare-reducing

IV. NTMs IN THE LIVESTOCK AND POULTRY SUBSECTORS

In the Philippines, the primary agencies that have jurisdiction over the imposition of NTMs in the livestock and poultry are the DA and the Department of Health (DOH). In particular, the DA-Bureau of Animal Industry (DA-BAI), NMIS, Food and Drug Administration (FDA), Bureau of Customs (BOC), and LGUs each have a mandate in the supervision of livestock and poultry imports. **Annex D** provides the legal framework of NTMs and each agency's role in NTM implementation in detail.

The main NTMs for the livestock and poultry subsector are shown in **Table 4**:

Table 4: Main import NTMs for the livestock and poultry subsectors of the Philippines²¹

S. No.	NTM (NTM code)	Issuing/Regulating Authority
1	Country/zone product clearance (A14)	BAI
2	Accreditation of meat-exporting countries (A12)	NMIS and BAI
3	Accreditation of foreign meat establishments (A14)	NMIS and BAI
4	Licensing of meat importers (A15)	NMIS
5	Certificate of good standing (E112)	NMIS
6	SPS import clearance (A14)	BAI
7	90-day "must-ship out" date (A89)	BAI
8	Veterinary quarantine clearance (A84)	BAI

²¹ The NTMs are a collated version of the NTMs provided in TRAINS. These are the main NTMs in the sector collected from PNTR and validated through key stakeholders.

S. No.	NTM (NTM code)	Issuing/Regulating Authority
9	Labeling requirements (A31)	NMIS and BAI
10	Labeling requirements (A31)	FDA
11	Packaging requirements (A33)	NMIS and BAI
12	Licensing of cold storage warehouse (A64)	NMIS
13	Meat inspection at first and second border	BAI, BOC, and NMIS
14	License to operate (A14)	FDA and NMIS
15	Certificate of product registration (A81)	FDA and NMIS

Furthermore, **Table 5** summarizes the frequently applied NTMs on imports of livestock and poultry products. The country imposes a total of 169 NTMs on such products, of which a majority are technical measures. Among the 169 NTMs, 131 are related to SPS measures (77%), 26 are non-technical measures (15.3%), 10 are TBT measures (5.9%), and two are other technical measures (1.1%) (see **Annex E**) (UNCTAD TRAINS, n.d.).

Table 5: Frequently applied NTMs in the livestock and poultry subsectors

Category	Code	Measure (count)	Frequently applied NTMs (count)
Technical measures	A	SPS (131)	A11 Prohibitions for sanitary and phytosanitary reasons (53)
			A83 Certification requirements (17)
			A31 Labeling requirements (11)
	B	TBT (10)	B83 Certification requirements (3)
Non-technical measures	E	Non-automatic import licensing, quotas, prohibitions, quantity-control measures and other restrictions not including SPS measures or measures relating to TBT (10)	E12 Licensing for non-economic reasons (5)

Based on TRAINS, out of the 169 NTMs, the Philippines imposes a total of 84 bilateral NTMs with various countries.²² There are 105 unique NTMs applied to trade with 65 different nations.²³ The highest number of bilateral NTMs (12) are applied to imports from India, a significant exporter of beef, particularly Indian buffalo meat, to the Philippines. The significant number of bilateral NTMs imposed on India for livestock and poultry imports stems from two main factors: the prevalence of foot and mouth disease (FMD) in India, leading to food safety concerns and a decline in accredited foreign meat establishments; and the absence of a centralized accreditation system for meat establishments in India, which necessitates individual applications for accreditation (Regulator 2, personal communication, 2023).

Other major exporters like the USA, Italy, and Canada face relatively few bilateral NTMs. Key exporters of livestock and poultry to the Philippines, such as Brazil, Australia, Japan, Spain, and Singapore, do not encounter any NTMs in their bilateral trade relations (UNCTAD TRAINS, n.d.).

V. NTM ANALYSIS ON CHALLENGES AND POTENTIAL COMPETITION ISSUES

While NTMs have reasonable and sufficient reasons behind their imposition, they can hinder growth if implemented with discriminatory intent or burdensome compliance

²² Bilateral NTMs refer to NTMs imposed on trade with one specific country while multilateral NTMs refer to a measure imposed on multiple countries.

²³ Few NTMs are imposed on multiple countries together.

requirements, effectively acting as NTBs. NTBs that discriminate against imports do not necessarily address a non-trade objective and are likely to impose significant costs on imports (Cali & Montfaucon, 2021). NTMs that appear to be protectionist have an impact, which is more akin to import tariffs thereby reducing import competition. When there is lower import competition, productivity-enhancing investments could be stifled, which in turn could increase domestic mark-ups.

In general, the study finds that NTM implementation in livestock and poultry subsectors is challenged by institutional and procedural imperfections. These issues can impede the growth and entry of imports by increasing costs for firms and restricting supply, thereby effectively functioning as NTBs.

Institutional imperfections encompass inflexible and ambiguous guidelines, frameworks that lack alignment with international standards, and lack of collaboration among relevant authorities. These lead to uncertainty and difficulty in stakeholders' compliance. In particular, the implementation of NTMs such as SPS import clearance (A14), 90-day "must-ship out" date (A89), labeling requirements (A31), packaging requirements (A33), licensing of cold storage warehouse (A64), meat inspection at first and second border, license to operate (A14), and certificate of product registration (A81), are challenged by rigid guidelines and framework which may ultimately increase expenses for importers.²⁴

Furthermore, NTMs such as country/zone product clearance (A14), accreditation of meat exporting countries (A12), accreditation of foreign meat establishments (A14), and licensing of meat importers (A15) face procedural issues including excessive requirements and lengthy processes. Compliance with these requirements could impede trade activities due to recurring process delays, thereby restricting companies' capacity to import goods and sustain supply.

Table 6 summarizes the challenges and concerns arising from the institutional and procedural requirements of each of the NTMs imposed on livestock and poultry products. The subsequent discussion presents NTMs based on their potential anti-competitive effects.

²⁴ Relative to the case wherein the imposition of NTMs does not cause administrative burden (e.g. significant delays, uncertainties, repetitive processes) which ultimately result in increased costs.

Table 6: Summary of NTMs and their potential anti-competitive effects

Potential anti-competitive effect	NTM	NTM description	Challenge/s
Increase in cost	SPS import clearance	The SPS import clearance or SPS-IC is required prior to each shipment and mandates that the shipment must be shipped out and must arrive in the Philippines within 90 days upon receipt of the SPS-IC.	• Administrative burdens attributed to (i) recurrent renewals and (ii) added cost • Interdependence between BAI and NMIS is required for processing • Lack of manpower and trained personnel in regulatory authorities • Limited digitization of applications as manual approval is still required
	90-day “must-ship out” date	Indicated by the SPS-IC, it mandates a 90-day “must-ship out date” for which the actual product/shipment should have left the country of origin and arrived in the Philippines.	• Insufficient shipment period as unprecedented delays may occur due to unforeseen circumstances
	Labeling requirements (DA)	All imported items are required to be appropriately labeled according to DA guidelines to ensure traceability which includes label content and formatting.	• Stringent labeling requirements which may lead to a requirement for relabeling
	Labeling requirements (FDA)	All imported items are required to be appropriately labeled according to FDA guidelines to ensure traceability which includes label content and formatting.	• Stringent requirements where different labels for different packaging sizes have to be submitted for approval • Delays in approval due to wide scope of FDA
	Packaging requirements	All imported items are required to be appropriately packaged according to DA guidelines.	• Mismatch in packaging requirements as imported meat is often packaged in polybags which are not allowed in the Philippines
	Licensing of cold storage warehouse	The NMIS evaluates and classifies all cold storage warehouses (CSWs) (in addition to other meat plants) following an accreditation system through its Accreditation and Registration Division. NMIS is responsible for the licensing of CSWs and meat	• Recurrent renewal process • Changing requirements leading to uncertainty in receiving a license

Potential anti-competitive effect	NTM	NTM description	Challenge/s
		transport vehicles (MTV) registration and certification to ascertain compliance with national food safety standards.	
	Meat inspection at first and second border	- The first border inspection includes a documentary check and x-ray inspection and GPS tagging. This is conducted by BAI and BOC. - The second border inspection is undertaken by the NMIS at accredited CSWs where imported meat brought into the country is subjected to 100% inspection by NMIS meat inspection officers (MIOs).	- Delays in inspection at second border due to 100% inspections - Interdependence of regulatory authorities - Insufficient manpower, especially MIOs - Lack of digitization leading to repetitive application processes - Long term rental of reefer vans which leads to shortage
	License to operate	LTO is an authorization issued by the FDA or NMIS to an establishment to grant permission to undertake a trade or carry out a business activity, such as manufacturing, importation, exportation, sale, offering for sale, distribution, or transfer of food products. Establishments are also required to renew the LTO periodically.	Delays in LTO issuance of up to 6 months
	Certificate of product registration	The certificate of product registration (CPR) is a product market authorization secured if required after receiving an LTO. All processed food and food products manufactured and/or distributed (i.e., imported, exported and/or wholesale for local distribution), for trade and/or repacked, are required to secure a CPR before these are sold, offered for sale or use, distributed, or supplied, among other marketing and promotional activities.	Delay in CPR issuance attributed to limited manpower in the FDA
Restriction in supply	Country/zone product clearance	The country/zone product clearance restricts or allows trade based on disease declarations (red-zone areas) of countries.	- Delay in removing import restrictions - Unclear or absent definition of an import zone

Potential anti-competitive effect	NTM	NTM description	Challenge/s
	Accreditation of meat exporting countries	Any country that intends to export certified meat and meat products to the Philippines has to submit requirements for accreditation to the DA which are based on World Organization for Animal Health (WOAH) and Codex import risk analysis principles and guidelines.	• Delays in accreditation and approval for import • Budgetary constraints for accreditation of countries
	Accreditation of foreign meat establishments	FMEs are required to secure accreditation from the DA before being allowed to ship meat and meat products into the Philippines.	• Budgetary constraints for accreditation of FMEs
Delays in importation	Licensing of meat importers	Licensing of meat importers is facilitated by NMIS on approval of an application, of a person, corporation, or other juridical persons, for authority to operate as a meat importer after due evaluation, validation, or on-site inspection of the meat establishment and compliance with the requirements under Philippine laws, rules, regulations, and standards.	• Administrative burdens attributed to (i) documentary requirements, (ii) delays, and (iii) recurrent renewals • Limited personnel in regulatory authorities
No impact	Certificate of good standing	The certificate of good standing is issued to the accredited importer by NMIS to receive the succeeding SPS import clearance by the BAI.	N/A
	Veterinary quarantine clearance	The veterinary quarantine clearance (VQC) is the original health certificate from the supplier issued by the authorities in the country of origin.	N/A

A. Increase in Costs

1. SPS Import Clearance (A14)

Issuing/Regulating Authority: BAI

Before each shipment, an SPS import clearance (SPS-IC) is mandatory (DA, 2009). The cost for each application is PhP 255 with a validity of 90 days, entailing that the shipment must be shipped out and must arrive in the Philippines within this timeframe (Industry Player 2, personal communication, 2023; Arcalas, 2022).

Challenges Associated with the NTM

- **Administrative burdens on securing an SPS-IC ultimately increase costs.** The requirement for SPS-IC on a per-shipment basis imposes repetitive costs on importers (Bayona & Loridan, 2016). For delays beyond the 90-day timeframe due to global supply uncertainties, weather, or other factors, importers incur additional expenses as they need to seek a new clearance given that extensions for existing permits are not allowed.

Since SPS-ICs must be issued before loading containers in the country of origin, delays in processing directly impede trade by causing shipment delays, leading to increased operational costs. Additionally, uncertainty regarding the timing of SPS-IC issuance prevents importers from finalizing supply contracts with foreign meat establishments (FMEs), hampering trade, and undermining confidence in regulatory procedures. This negatively affects the ease of doing business, thereby increasing operational costs (Association 1, personal communication, 2023). Furthermore, the upcoming shift to providing SPS-IC based on audits by the DA and Bureau of Internal Revenue (BIR) could introduce further delays and costs (Regulator 3, personal communication, 2023).

Overall, the guidelines for obtaining SPS-IC contribute to increased trade costs as importers must bear recurrent expenses for clearance with each shipment.

- **Lack of manpower causes delays in trade activities.** The issuance of SPS-IC is usually delayed due to a lack of manpower in regulating authorities for processing/approval of the SPS-IC, leading to further delays in trade (Industry Player 1, personal communication, 2023).
- **Lack of trained personnel hampers operations.** Staff lacks training in SPS clearances for frozen meat, with regulatory authorities notably lacking food scientists and primarily employing veterinarians. This deficiency often results in redundant SPS requirements, such as salmonella-related regulations being applied to both fresh and processed frozen meat products (Association 1, personal communication, 2023).
- **Interdependence between authorities leads to processing delays.** Coordination and consultation between BAI and NMIS are required for processing the issuance of SPS-IC such that the NMIS refers to the SPS-IC during the second border inspection (Regulator 3, personal communication, 2023; DA, 2009). This interdependence leads to processing delays.
- **Limited digitization of application contributes to delays in SPS-IC application:** The process of application for SPS-IC has been digitized while the final approval is still manual (Association 1, personal communication, 2023).

2. 90-Day “Must-Ship Out” Date (A89)

Issuing/Regulating Authority: BAI

The SPS-IC specifies a 90-day “must-ship out” requirement, ensuring that products leave the country of origin and arrive in the Philippines within the designated period. As such, the loading date in the country of origin should not pre-date the issuance of SPS-IC (DA, 2009). This ensures that meat is not sourced from disease-affected countries.

Previously, under the SPS-IC, the importer had 60 days to clear customs for imports. The 90-day validity was reinstated in 2022 by the DA to address delays caused by disrupted global supply chains and ensure food security (Arcalas, 2022).

Challenges Associated with the NTM

- **Insufficient shipment period increases costs for importers.** The 90-day period may prove inadequate due to unforeseen events like disrupted global supply chains, extreme weather, and economic or political challenges (Industry Player 1, personal communication, 2023; Association 1, personal communication, 2023; Association 2, personal communication, 2023; Arcalas, 2022). This perceived insufficiency could prompt importers to seek renewals, thereby raising costs.

3. Labeling Requirements (A31)

Issuing/Regulating Authority: NMIS and BAI

All imported goods must adhere to DA guidelines for proper labeling to ensure traceability. These standards include the registered trade name or brand name of the exporter, the business name and address of the exporter, the country of origin, and lot identification.

Challenges Associated with the NTM

- **Stringent labeling and relabeling requirements increase costs.** The labeling requirements for meat imports are frequently seen as excessive and burdensome, hampering trade and increasing costs for importers. For example, if a product initially intended for import to China is redirected to the Philippines, it must be re-labeled to reflect the new destination country, despite meeting other traceability criteria (Association 2, personal communication, 2023). This requirement for re-labeling is considered to raise expenses for importers.

Despite this view of the private sector, DA stated that while this NTM may result in additional costs for importers, it is a necessary measure to ensure compliance with the minimum labeling requirements. DA maintained that relabeling is a mandatory process aimed at upholding national food safety and agricultural biosafety standards, as it ensures that all imported products conform to the country's specific guidelines regarding product description, format, legibility, and traceability.

4. Labeling Requirements by FDA (A31)

Issuing/Regulating Authority: FDA

All imported products must be correctly labeled in accordance with FDA guidelines to guarantee traceability. Labels must contain essential information including, but not limited to, the product name, brand name, ingredient list, net contents and drained weight, importer/manufacturer/distributor's name and address, and lot identification.

Challenges Associated with the NTM

- **Stringent requirements increase costs.** The FDA mandates that varying labels for different packaging sizes must undergo approval, even if the product shares the same formulation, manufacturer, brand name, product name, or other particulars.
- **Limited manpower may cause delays that leads to higher costs.** Delays in FDA label approvals stem from the agency's broad range of product responsibilities and limited staff. Such delays can adversely hamper the flow of trade.

5. Packaging Requirements by BAI and NMIS (A31)

Issuing/Regulating Authority: NMIS and BAI

All imported items must comply with DA packaging guidelines, which mandate that containers or packaging materials in direct contact with meat and meat products must not contain any poisonous or harmful substances. Importers are also required to use cartons for packaging imported meat products to ensure structural support and maintain product quality.

Challenges Associated with the NTM

- **Mismatch in packaging requirements increases costs for importers.** The Philippines mandates that meat must be packaged in containers, yet exporting countries, particularly the EU, often use poly blocks for export packaging (Association 2, personal communication, 2023). Importers incur additional expenses to re-package meat in accordance with Philippines' requirements. To clarify this concern, the DA explained that this requirement is justified due to food safety risks. The DA mentioned that although poly blocks are efficient, they are not ideal for direct retail sales as they carry a risk of contamination. Further, this supports the implementation of NMIS' Memorandum Circular No. 04-2019-005, titled "Guidelines on the Re-packaging of Chilled and Frozen Meat in Cold Storage Warehouses," wherein all re-packaging must be conducted in NMIS-accredited facilities under controlled temperatures to prevent contamination and maintain product traceability.

6. Licensing of Cold Storage Warehouse by NMIS (A64)

Issuing/Regulating Authority: NMIS

The NMIS assesses and classifies all cold storage warehouses (CSWs) and other meat plants through an accreditation system managed by its Accreditation and Registration Division. NMIS oversees the licensing of CSWs and the registration and certification of meat transport vehicles (MTVs) to ensure adherence to national food safety standards. Importers have the option to utilize NMIS warehouses or obtain licensing for their own cold storage facilities. The second border inspection is conducted at these licensed CSWs whereas the renewal of the CSW licenses occurs every two years (Association 2, personal communication, 2023; DA, 2021b).

Challenges Associated with the NTM

- **Changes in licensing and renewal requirements raise uncertainty.** CSW licensing requirements change continually; as a result, a once-accredited CSW may not be re-accredited, creating operational uncertainty (Association 2, personal communication, 2023; Regulator 2, personal communication, 2023).

7. Meat Inspection at First and Second Border (A84)

Issuing/Regulating Authority: NMIS, BAI, and BOC

The first border and second border inspection are conducted for all shipments being imported to the Philippines. These inspections also intercept illegal importation into the Philippines.

During the first border inspection, the BAI conducts a documentary check, while the BOC performs x-ray inspections and GPS tagging using an e-tracker. This inspection incurs a fee of 20 centavos per kilogram, along with an additional cost of PhP 3,500 per container for the e-tracker.

During the second border inspection, all imported meat undergoes a 100% inspection by NMIS MIOs. Upon arrival at CSWs, a meat arrival inspection report is issued by NMIS for shipments, while the certificate of meat inspection (COMI) is issued upon withdrawal. This inspection incurs a fee of 11 centavos per kilogram, along with additional costs for storage and transport at CSWs.

Challenges Associated with the NTM

- **The first and second border inspections increase costs for importers.** The inspections increase the cost of trade through monetary costs of compliance for the importer. The monetary cost is compounded by the increase in turnaround time due to inefficiencies in the implementation of regulations. The following costs are associated with the first and second border inspections:
 - **E-tracker:** The e-tracker required for shipments has an added cost of PhP 3,500 per container for importers and is activated at the first border inspection. This leads to substantial costs as large importers often import several hundred containers at one time (Industry Player 1, personal communication, 2023).
 - **Container demurrage:** Increased turnaround time also leads to container demurrage costs.²⁵
 - **Tracking demurrage:** Increased turnaround time leads to tracking demurrage costs of PhP 10,000 per day (Industry Player 1, personal communication, 2023).
 - **Reefer van detention demurrage:** Increased turnaround time leads to detention demurrage cost of PhP 10,000 per day (Industry Player 1, personal communication, 2023).
 - **Other support services cost:** Cost for storage, refrigeration and transport (Association 1, personal communication, 2023; Association 2, personal communication, 2023).
- **The insufficient manpower of regulatory authorities contributes to the delay in inspections.** Stakeholders from the private sector validated that 100% inspection at second border leads to delays in the release of shipments from the accredited CSWs (Association 1, personal communication, 2023; Association 2, personal communication, 2023; Regulator 3, personal communication, 2023). Mainly, the NMIS is deemed to have an insufficient number of MIOs assigned to meat establishments, particularly accredited CSWs. The Philippines has 232 licensed/accredited CSWs, while there are only 131 MIOs with CSW assignments (Association 1, personal communication, 2023; Association 2, personal communication, 2023; Regulator 2, personal communication, 2023). The NMIS acknowledges this concern but assured that the agency is actively pursuing

²⁵ The container demurrage fee is collected by shipping lines for late return of their container. Shipping lines allow for a maximum of 10 days since unloading for the container to be returned. Importers must pay these fees if compliance with NTMs is delayed.

strategies to address the staffing gap through ongoing recruitment efforts, capacity building, and optimizing development protocols.

- **The lack of digitization hampers business operations.** Importers have to get COMI for each withdrawal leading to recurrent applications. The private sector reports that there is a lack of digitization of COMI which makes the process tedious and time-consuming.
- **Long term rental of reefer vans causes shortage of outlets for rent.** Private importers rent reefer vans and the corresponding outlets as needed. However, some importers rent them for longer periods, using them as temporary warehouses instead, causing a shortage of available outlets for rent (Regulator 3, personal communication, 2023).

8. License to Operate (A14)

Issuing/Regulating Authority: FDA

All public or private entities involved in the production or sale of processed food products must obtain a license to operate (LTO) from the FDA (or NMIS for warehouses) before engaging in importation activities. The LTO serves as an authorization from the FDA or NMIS for establishments to conduct various business activities related to food products, such as manufacturing, importation, exportation, sale, distribution, or transfer (FDA, n.d.). Additionally, establishments are required to renew their LTO periodically (DOH, 2020).

Challenges Associated with the NTM

- **Delays in LTO issuance cause additional and recurrent costs to businesses.** Despite the FDA's advisory that the process can be completed within 14 working days, the private sector reports that it can take up to six months (Industry Player 1, personal communication 2023). The application process includes a mandatory facility inspection by the FDA, resulting in a high initial cost of approximately PhP 8,080. Additionally, the LTO renewal fee is at PhP 20,200 for food distributors (FDA, n.d.).²⁶

9. Certificate of Product Registration (A81)

Issuing/Regulating Authority: FDA

The certificate of product registration (CPR) is necessary for processed food and food products traded, distributed, or repacked, as provided for in Republic Act No. 9711 and Administrative Order 2014-0029. This is to be secured after receipt of an LTO. Each importer must obtain their own CPR, which reflects their name and address, and is required for importation and release of goods by the BOC. This certificate also authorizes the importer/distributor/wholesaler to distribute locally (FDA, n.d.; DOH, 2014).

Challenges Associated with the NTM

- **Delays in CPR issuance increase overhead costs.** Significant delays in obtaining a CPR may result from FDA manpower limitations and the broad range of products under FDA responsibility. These delays raise overhead costs and hinder profit generation from introduction of new products.

²⁶ Initial LTO has a validity of two years while renewal is valid for five years.

B. Restrictions on Supply

1. Country/Zone Product Clearance (A14)

Issuing/Regulating Authority: BAI

The country/zone product clearance is based on self-declared animal disease data from across the world. The BAI promptly prohibits trade from countries in red zones such as those countries that have officially reported the presence of animal diseases. This prohibition applies to shipments imported after the date when a country declares itself as a red zone. Shipments packaged before this declaration date remain eligible for import (Industry Player 1, personal communication, 2023).

Challenges Associated with the NTM

- **Delays in removing import restrictions limit supply.** There is a significant lag in lifting import bans even after the country is already declared disease-free. This delay poses a constraint on imports to the Philippines, ultimately restricting the available supply (Regulator 1, personal communication, 2023; Industry Player 1, personal communication, 2023; Industry Player 2, personal communication, 2023).
- **Failure to define import zones constrains imports.** Zones can be delineated geographically within a country. If one zone is declared a “disease zone,” imports can still occur from unaffected zones. If a zone is not defined by the exporting countries, this can lead to constraints in imports (Industry Player 2, personal communication, 2023).

2. Accreditation of Meat Exporting Countries (A12)

Issuing/Regulating Authority: NMIS and BAI

Countries seeking to export certified meat and meat products to the Philippines must submit accreditation requirements. The DA spearheads the accreditation process for foreign countries wherein an auditor inspection occurs to ensure compliance with both Philippine and globally recognized standards and to evaluate the animal health status and meat inspection system of the exporting country.

Challenges Associated with the NTM

- **Budgetary constraints and approval delays slow down the country's accreditation rate and limit available supply.** For country accreditation, an annual surveillance or inspection mission led by Philippine delegation is mandatory. There is a significant delay in the approval of post-inspection documents resulting in the delay of country accreditation (Association 1, personal communication, 2023; Regulator 1, personal communication, 2023; Regulator 2, personal communication, 2023).

Moreover, budget limitations affect this process. Between 2023 and 2025, the DA allocated only PhP 3 million per year for accreditation activities, allowing inspections for the accreditation of just three countries (Association 1, personal communication, 2023; Regulator 1, personal communication, 2023; Regulator 2, personal communication, 2023). As of 2023, over 114 countries are awaiting accreditation from the Philippines (Regulator 3, personal communication, 2023). Budgetary constraints in accreditation reduce the availability of imports. Philippines has accredited only around 14 to 15 countries among several potential suppliers of pork, chicken, and beef (Regulator 3, personal communication, 2023). As a result, competition in prices and variety of products is reduced (Association 1, personal communication, 2023; Association 2, personal communication, 2023).

3. Accreditation of Foreign Meat Establishments (A14)

Issuing/Regulating Authority: NMIS and BAI

A foreign meat establishment (FME) is a facility located in a foreign country involved in slaughtering, dressing of food animals, processing, cutting, packing, and storing of meat and meat products. These establishments must be recognized by the National Veterinary Administration (NVA) of their respective countries to export meat and meat products. Before being permitted to export to the Philippines, FMEs must obtain accreditation from the DA. The evaluation includes the animal health status and the meat inspection system of the exporting country (DA, 2005).

Challenges Associated with the NTM

- **Budgetary constraints for accreditation of FMEs limit available supply.** Similar to the accreditation of meat-exporting countries (A12), FMEs must undergo annual surveillance or inspection mission by a delegation from the Philippines and must obtain accreditation before commencing exportation activities. However, budgetary constraints for accreditation limit the number of FMEs available for export to the Philippines (Association 1, personal communication, 2023; Regulator 1, personal communication, 2023; Regulator 2, personal communication, 2023). As a result of fewer accredited FMEs, competition in both prices and product variety is reduced.

C. Delays in Importation Process

1. Licensing of Meat Importers (A15)

Issuing/Regulating Authority: NMIS

The NMIS approves and issues licenses to individuals, corporations, or other legal entities seeking authorization to operate as meat importers. This process includes evaluation, validation, or on-site inspection of the meat establishment to ensure compliance with existing laws and standards. The cost associated is PhP 12,000 for licensing and PhP 3,000 for processing of the license by NMIS (Industry Player 2, personal communication, 2023). Only meat importers, duly licensed by DA-NMIS as eligible to import meat for their own use, processing, wholesale, or retail distribution, are allowed to import into the Philippines (DA-NMIS, n.d.; DA, 2021c).

Challenges Associated with the NTM

- **Administrative burdens increase processing costs and contribute to delays in importation.** Private sector entities have reported significant administrative burdens in the licensing process for meat importers, primarily due to (i) extensive documentary requirements, (ii) delays, and (iii) recurrent renewals. The licensing procedure by the NMIS involves a number of documentations to provide them with a comprehensive understanding of the importer's operational capacity, legitimacy, and adherence to local business regulations. These include a mayor's permit, proof of financial capability for importing, an updated list of importable items, geo-tagged photos of the office and warehouse, along with accreditation by the Bureau of Customs (BOC) with prior clearance from the BIR. The monetary cost is also compounded by the uncertain duration of the process (Association 2, personal communication, 2023; see also **Box 1**).
- **Limited personnel in regulatory authorities increase processing time.** The limited number of personnel in the regulatory authorities often lead to delays in the processing of the license for up to two months or more. This increases the

processing time of license renewal due to the requirements of various authorities and limited manpower. As a result, the renewal process takes around one to two months. This significantly hinders trade and has a significant impact on the cost of business. The NMIS, however, stated that due to anticipated delays on the BOC accreditation process, they encourage stakeholders to start the process of renewal as early as two months before the expiry date of their licenses.

Box 1: Anecdotal evidence on licensing of meat importers (A15)

The renewal process for the license of meat importers consists of significant delays. For a private sector importer, the delays in the renewal process led to significant costs and a negative impact on trade in one shipment. While the import was shipped when the license was still valid, the delays in renewal led to temporary confiscation of the shipment. The shipment was held at the port leading to a cost of PhP 12,000 for each day the same was held (in this case, for two months).

Upon clarification with NMIS, however, contrary to this anecdotal evidence claimed by an importer, an expired License to Import (LTI) will not lead to a confiscation of the shipment, temporary or otherwise, as long as a valid SPS-IC was issued while the LTI was still valid. The discrepancy between the anecdotal evidence and NMIS policy underscores the need for clearer guidance and consistent communication between the private sector and regulators regarding enforcement procedures.

D. No Effect

1. Certification of Good Standing (E112)

Issuing/Regulating Authority: NMIS

The Certificate of Good Standing is required to obtain subsequent SPS clearance. It confirms compliance with accreditation conditions regarding meat handling, distribution, and storage facilities, as well as adherence to relevant DA rules. It also verifies inspection of imported meat volumes in cold storage warehouses and validation of export documents based on submitted veterinary quarantine meat inspection and laboratory certificate (VQMILC) (DA, 2013).

2. Veterinary Quarantine Clearance (A84)

Issuing/Regulating Authority: BAI

The VQC is the original health certificate from the supplier issued by the authorities at the country of origin (Industry Player 2, personal communication, 2023).

E. Other Challenges Associated with NTMs in the Livestock and Poultry Subsectors

- **Lack of trained food scientists.** The requirements for frozen food are inspected by veterinarians instead of food scientists. Veterinarians handle inspections for frozen food, leading to ambiguous SPS requirements.
- **Lack of testing facilities for inspections related to SPS and TBT.** There are only five operational satellite meat laboratories located across the Philippines (particularly in Regions I, III, IV-A, XI, and XII) (Regulator 2, personal communication, 2023). The lack of access to laboratories, testing facilities, and veterinary services highlights a significant deficit in SPS and TBT-related infrastructure (NMIS, n.d.).

- **Limited digitization for accessibility and processing of NTMs.** Many regulations remain undigitized, with only printed copies available. This manual process leads to repetitive applications and processing delays.
- **Lack of updated National Single Window (NSW) System.** The Philippine National Single Window (NSW) is an online platform designed to streamline trade-related processes by enabling parties to submit all necessary information and documents through a single portal. Despite its establishment, the NSW website has not been updated since 2011 and currently lists only 40 out of the 42 identified agencies (Asian Development Bank [ADB], 2020). There is no sufficient information to gauge the extent of the system's utilization.
- **Information asymmetry and lack of transparency.** A major challenge stems from information asymmetry concerning SPS and TBT regulations. Despite the Philippines' efforts to establish a bilingual trade portal in Tagalog and English, the utilization of this resource varies widely among stakeholders. This information asymmetry impedes transparency and efficiency in trade practices (ADB, 2020). Moreover, there are often changes in regulations without sufficient notice, resulting in confusion between actual requirements and published processes (Bayona & Loridan, 2016).
- **Discrepancy in LGU regulations.** LGUs often have their own interpretations of regulations, leading to inconsistencies with national or international standards. This misalignment results in arbitrary fees imposed on trade, hindering commerce in several ways:
 - LGUs impose restrictions on trade within their jurisdiction, especially due to the onset of ASF and avian influenza. However, private players report that these restrictions have no scientific basis and are imposed even on canned meat deemed safe by WOA. They are also allegedly not aligned with national guidelines issued by the BAI, potentially limiting trade activities (Regulator 1, personal communication, 2023; Industry Player 2, personal communication, 2023).
 - LGUs require meat to be inspected at the city provincial veterinary office and city veterinary office after the second border inspection, increasing trade costs (Industry Player 1, personal communication, 2023).
 - LGUs charge importers for bringing poultry and pork products into their jurisdiction, including inter-city meat distribution. For instance, Manila and Quezon City LGUs charge meat distributors (including those distributing imported meat) for bringing meat into the city. The private sector reports that this leads to added cost without adding any value such as food safety or traceability (Industry Player 1, personal communication, 2023).
- **Perceived bias during implementation of NTMs.** The private sector has reported instances of perceived bias among regulatory officials during the implementation of NTMs. This bias is observed in processing applications, documentary submissions, and inspections, potentially favoring certain private players over others (Association 1, personal communication, 2023; Association 2, personal communication, 2023; Industry Player 1, personal communication, 2023).

VI. CONCLUSION

In summary, the livestock and poultry sectors in the Philippines are subject to various trade regulations, including tariffs and NTMs. Tariffs are taxes imposed on imports to increase the cost of imported alternatives, support domestic producers, and generate government revenue. In past years, the subsectors have faced high import duties and quotas, which have created significant barriers to entry and competition (Association 1, personal communication, 2023). Importers in the livestock and poultry subsectors are additionally

burdened by other tariffs, including container imbalance fees, owing to the Philippines' status as a net importer.²⁷ In recent years, however, there has been an increasing number of small players entering the import market. This can be attributed to low local production due to disease outbreaks such as the ASF (Regulator 3, personal communication, 2023). Additionally, there were government initiatives to reduce duties and quota restrictions on imports to meet local meat demand, increasing the volume of trade.

NTMs, on the other hand, encompass a broad range of measures such as quotas, licenses, and standards aiming to address trade and non-trade policy goals like information asymmetry, environmental protection, and health concerns. NTMs, while designed to achieve legitimate policy objectives, can impede growth and entry of imports if implemented with excessive compliance requirements or discriminatory intent, effectively becoming non-tariff barriers or NTBs. NTBs discriminate against foreign alternatives without necessarily serving non-trade objectives, substantially increasing costs of imported commodities, and reducing trade volume.

The study finds that in the Philippines, a total of 169 NTMs have been imposed on pork, beef, and chicken meat. Of these, 77% are SPS measures, 15.3% are non-technical measures, 5.9% are TBT measures, and 1.1% account for other technical measures. The study further reveals that NTM implementation on the livestock and poultry subsectors faces institutional and procedural challenges, entailing substantial regulatory costs for compliance and supply restrictions. These costs are shouldered by importers and often passed on to consumers through higher prices.

Specifically, NTMs deemed to be potentially anti-competitive due to the associated institutional and procedural flaws include SPS import clearance (A14), 90-day "must-ship out" date (A89), labeling requirements (A31), packaging requirements (A33), licensing of cold storage warehouse (A64), meat inspection at first and second border, license to operate (A14), and certificate of product registration (A81). The guidelines and framework for the implementation of these measures are considered stringent and administratively burdensome, leading to recurring compliance procedures that ultimately raise costs for importers.

Moreover, NTMs deemed to impede trade activities due to procedural imperfections include country/zone product clearance (A14), accreditation of meat-exporting countries (A12), accreditation of foreign meat establishments (A14), and licensing of meat importers (A15). Procedural challenges encompass recurring process delays, thereby constraining companies' ability to import commodities and maintain supply.

Overall, the private sector validates that NTMs could act as barriers to trade due to imperfections and inefficiencies in implementation, their protectionist nature, and stringent frameworks. However, the impact is mitigated for large firms with substantial trade volumes, benefiting from economies of scale and operational efficiency. Despite significantly increased costs for importers and supply restriction, evidence suggests that NTMs have relatively less direct impact²⁸ on trade compared to tariff barriers.

VII. RECOMMENDATIONS

To strengthen the argument that NTMs can serve as NTBs that eventually impede trade, further studies on quantifying the impact of NTMs on prices and trade volume over the years should be conducted. Additionally, to promote competition in the livestock and

²⁷ The shipping lines charge a container imbalance fee of PhP 100,000 per container. This is charged on the import versus export of empty containers as often empty containers are loaded on ships from Philippines. As the Philippines is a net importer, this fee constitutes a large percentage of current costs to importers.

²⁸ Direct impacts refer to immediate trade consequences such as changes in import volume, prices, and competitiveness. In contrast, indirect impacts refer to other economic-related effects such as innovation, employment, and investment.

poultry subsectors in the Philippines, the study suggests the following policy and institutional recommendations:

On adopting international best practices. Proactive efforts should be directed towards fostering the widespread adoption of global best practices (see **Box 2**), including the Regulatory Impact Assessment (RIA) for newly proposed NTMs.

Box 2: International best practice - Case of New Zealand

New Zealand Guidelines

The Government of New Zealand has published guidelines which provide requirements for provisions to be an asset. These guidelines list expectations for the regulatory system, noting that any regulatory system, including NTMs, should be an asset and not a liability for New Zealanders. Some of the more pertinent provisions include the requirement that regulations must:

- Achieve those objectives in the least costly way and with the least adverse impact on market competition, property rights, and individual autonomy and responsibility;
- Be flexible enough to allow regulators to adapt their regulatory approach to the attitudes and needs of different regulated parties, and allow those parties to adopt efficient or innovative approaches to meet their regulatory obligations;
- Have processes that produce predictable and consistent outcomes for regulated parties across time and place;
- Be proportionate, fair, and equitable in the way it treats regulated parties;
- Be consistent with relevant international standards and practices in order to maximize the benefits from trade and from cross-border flows of people, capital and ideas (except when this would compromise important domestic objectives and values);
- Be well-aligned with existing requirements in related or supporting regulatory systems by minimizing unintended gaps or overlaps, and inconsistent or duplicative requirements;
- Conform to established legal and constitutional principles, and support compliance with New Zealand's international obligations;
- Set out legal obligations and regulatory expectations and practices in ways that are easy to find, easy to navigate, and clear and easy to understand;
- Have scope to evolve in response to changing circumstances or new information on the regulatory system's performance.

Source: New Zealand Government (2017).

On streamlining NTMs implementation. Performing an RIA, including a Competition Impact Assessment (CIA), is crucial for reviewing existing NTMs to eliminate unnecessary ones, identify potential areas for streamlining, and strike a balance between costs and benefits while enhancing the design of existing and future measures. Stakeholder consultations, assessment of staff capacity, and mechanisms for domestic and international trade partnerships are essential components of these assessments. Moreover, establishing consultation systems similar to the ePing system²⁹ can facilitate stakeholder engagement on newly proposed NTMs (United Nations, 2019).

²⁹ The ePing system is an online SPS and TBT notification alert system that enables timely access to evolving product requirements and facilitating dialogue among the public and private sectors in addressing potential trade problems at an early stage. It ensures that as soon as any new or updated NTMs are notified, all stakeholders (from both the government and the private sector) receive a notification. More than 4,000 notifications on product requirements are circulated annually through ePing.

Furthermore, designing a comprehensive plan of action (POA) for streamlining NTMs based on stakeholder consultations and regulatory capacity assessments is crucial (see **Box 3**). The POA should outline responsible agencies, required information for compliance, timing and transitional arrangements, and enforcement strategies (Cadot et al., 2012).

Box 3: Design of action plan - Case of Malaysia

Eleventh Malaysia Plan: 2016-2020

Malaysia has drawn up comprehensive and specific actions to drive up productivity under the Eleventh Malaysia Plan: 2016-2020. Malaysia aims to drive up productivity through specific actions which include removing NTMs which costs outweigh the benefits and those which impede business growth. These efforts seek to help build a robust business ecosystem. The NTMs collected through data collection by various institutions were profiled for data analysis and verified; possible and potential issues were identified; industry stakeholders were engaged through public consultations; and recommendations were validated with ministries, authorities and experts. Moving forward, the process aims to set up a centralized NTM database, repeal acts and regulations that are no longer relevant, review redundant NTMs, streamline inter-agency export/import processes and procedures, and address cross-cutting issues faced by multiple ministries.

On the inclusion of NTMs in free-trade agreements (FTAs). It is recommended to prioritize the inclusion of NTMs in regional trade agreements (RTAs) to enhance trade efficiency within the ASEAN region, including the Philippines. By harmonizing standards, recognizing conformity assessments, and simplifying border procedures among member nations, these agreements can significantly streamline trade processes (ADB, 2020). Recent trade agreements have shown a growing emphasis on addressing NTMs, highlighting the importance of aligning with international standards within RTAs. This strategic approach promises to alleviate processing hurdles, ultimately facilitating smoother trade operations across borders (United Nations, 2019).

On strengthening regulatory framework and inter-agency coordination. This study recognizes that there are government initiatives aimed at strengthening the regulatory framework for NTMs. For instance, Administrative Order (AO) No. 20, s. 2024 aims to streamline administrative procedures and policies on the importation of agricultural products, including the issuance of SPS-ICs, importation guidelines for sugar and fishery products, and expediting of the unloading of agricultural imports (Malacañan Palace, 2024). Further, establishing a dedicated taskforce to facilitate inter-agency coordination and monitor NTM-related activities would be beneficial in enhancing the management of NTMs. This would promote coherence and interoperability across agencies, improving efficiency and reducing compliance costs (Reyes, 2019).

Suggested course of action for PCC. With agriculture identified as one of its priority sectors, the PCC should remain proactive in advocating pro-competitive agricultural trade measures. It is recommended that the PCC raise awareness among key regulatory agencies regarding the pro-competitive implications of increasing the effectiveness of NTMs and identifying root causes of delays. This can be achieved through strategic initiatives, such as strategic policy dialogues, where the proposed recommendations can be presented to ease private sector compliance.

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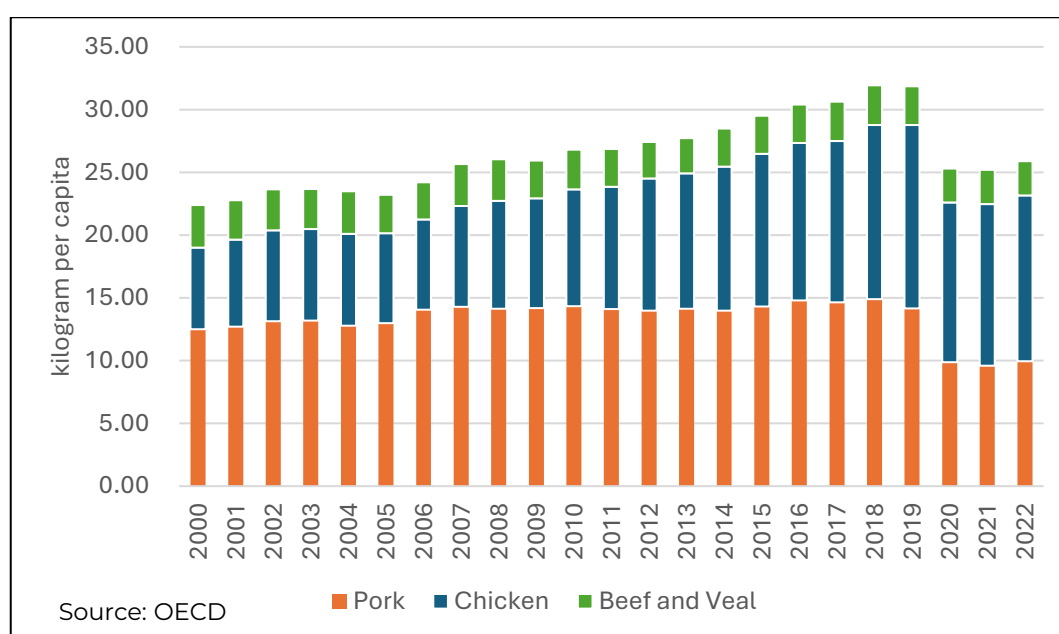
ANNEXES

A. Industry Background

In 2023, the swine industry represented approximately 81% of the total value of the livestock subsector, with cattle accounting for 10%, goats for 4%, and dairy for less than 1%. In the poultry subsector, chicken constituted 69% of the total industry value, with chicken eggs accounting for 27%, duck eggs for 1.9%, and ducks for 1%.³⁰

Historically, pork has been the most consumed meat product in the Philippines from 2000-2022, recording an annual average per capita consumption of 13.34 kilograms. This is followed by chicken and beef with an annual average per capita consumption of 10.08 kilograms and 3.07 kilograms, respectively (see **Figure A1**).

Figure A1: Annual per capita consumption of major meat products, Philippines, 2000 to 2022



Source: Author's calculation using data from OECD (n.d.).

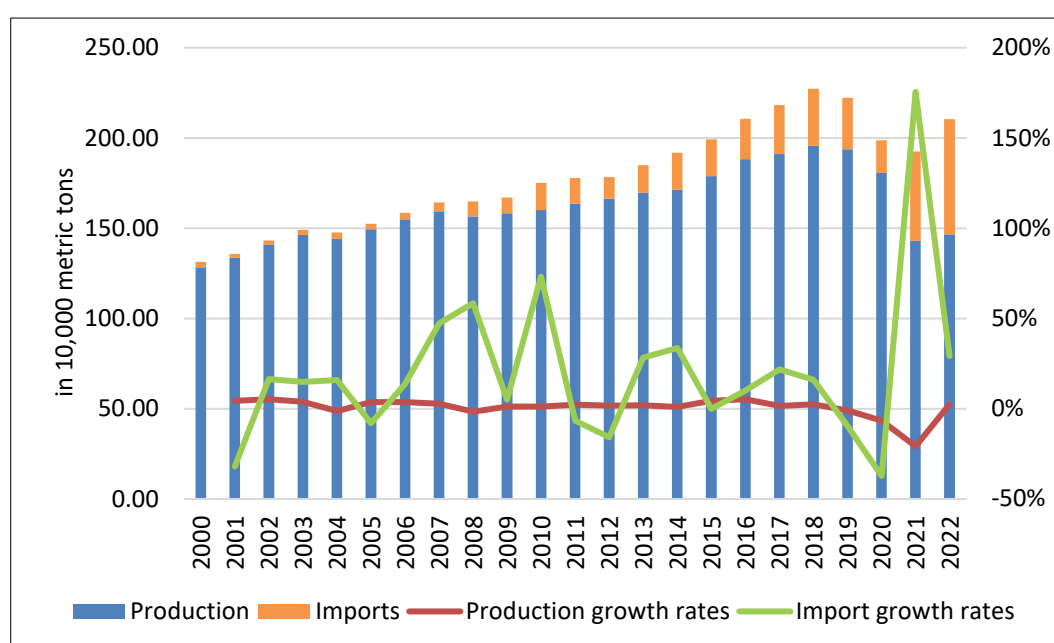
1. Overview of the Livestock Subsector

a. Swine/Pork

In the last two decades, there has been a generally upward trend in the country's pork production (see **Figure A2**). Between 2000 to 2022, pork production expanded by approximately 14%, from 1.28 million metric tons to 1.46 million metric tons (Philippine Statistics Authority [PSA], 2022). However, from 2019 to 2021, this trend shifted as both state farms and retail farmers were unable to sustain production due to the COVID-19 pandemic and outbreaks of the ASF (DOST-PCAARRD, n.d.).

³⁰ Author's calculation using data from the Philippine Statistics Authority (PSA) (Value of production in Philippine agriculture and fisheries 2023 [Data set], 2023).

Figure A2: Pork supply accounts, 2000 to 2022



Source: PSA (Livestock supply utilization accounts [Data set], n.d.).

The Department of Science and Technology reported that the swine industry is expected to sustain its expansion due to the increasing demand for pork and pork-based processed products (DOST-PCAARRD, n.d.). In fact, an increasing trend in pork imports has been evident since 2007, augmenting domestic pork production. Pork imports notably experienced an average annual growth rate of approximately 20%, relatively higher than the 0.78% average annual increase in local production.³¹

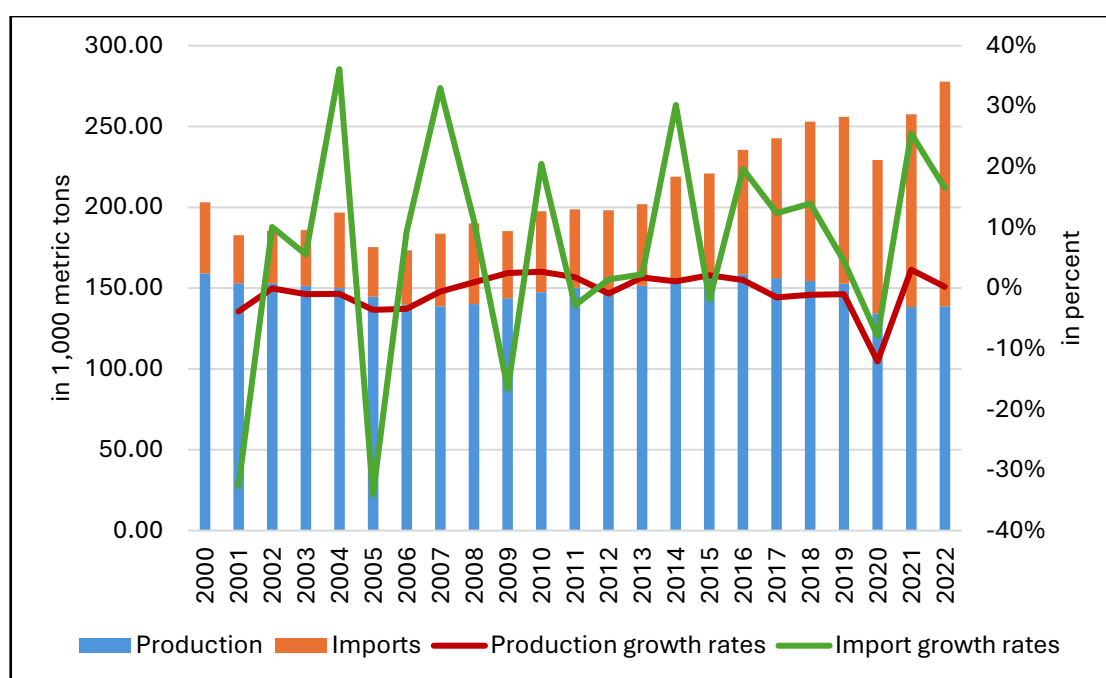
There are two types of swine farms: backyard farms and commercial farms. The dominant production system is backyard production, accounting for nearly two-thirds of total pork production; albeit the share of commercially grown pork has increased. (Briones & Espineli, 2022). Relative to the more prevalent backyard farms, commercial farms require higher investment costs. Nonetheless, in 2018, the return on investment to backyard producers is lower at 12% as compared to commercial producers at 35% (Curibot et al., 2019).

b. Cattle/Beef

Beef is considered one of the least developed commodities in the Philippines, mainly due to limited cattle inventory stemming from extensive production area requirements and higher prices relative to pork and chicken (Domingo & Olaguera, 2017). **Figure A3** illustrates that there has been a general decline in local beef production between 2000 and 2022, averaging at a 1% decline annually.

³¹ Author's calculation using data from the PSA (Livestock supply utilization accounts [Data set], n.d.).

Figure A3: Beef supply accounts, 2000 to 2022



Source: PSA (Livestock supply utilization accounts [Data set], n.d.).

Due to elevated prices and correspondingly low demand, the country largely satisfies its beef demand through imports (Briones & Espineli, 2022). Notably, beef produced in the Philippines primarily comes from culled animals or the import of live cattle. From 2000 to 2022, there had been an increasing volume of imports, recording an average of 7% increase annually,³² with imports valued at USD 643 million in 2022 (Domingo & Olaguera, 2017). It is noteworthy that despite beef's high import value, the Philippines brings in relatively small quantities of it largely due to its high cost. Consequently, the beef subsector has low demand compared to pork and, thus, has fewer players.

2. Overview of the Poultry Subsector

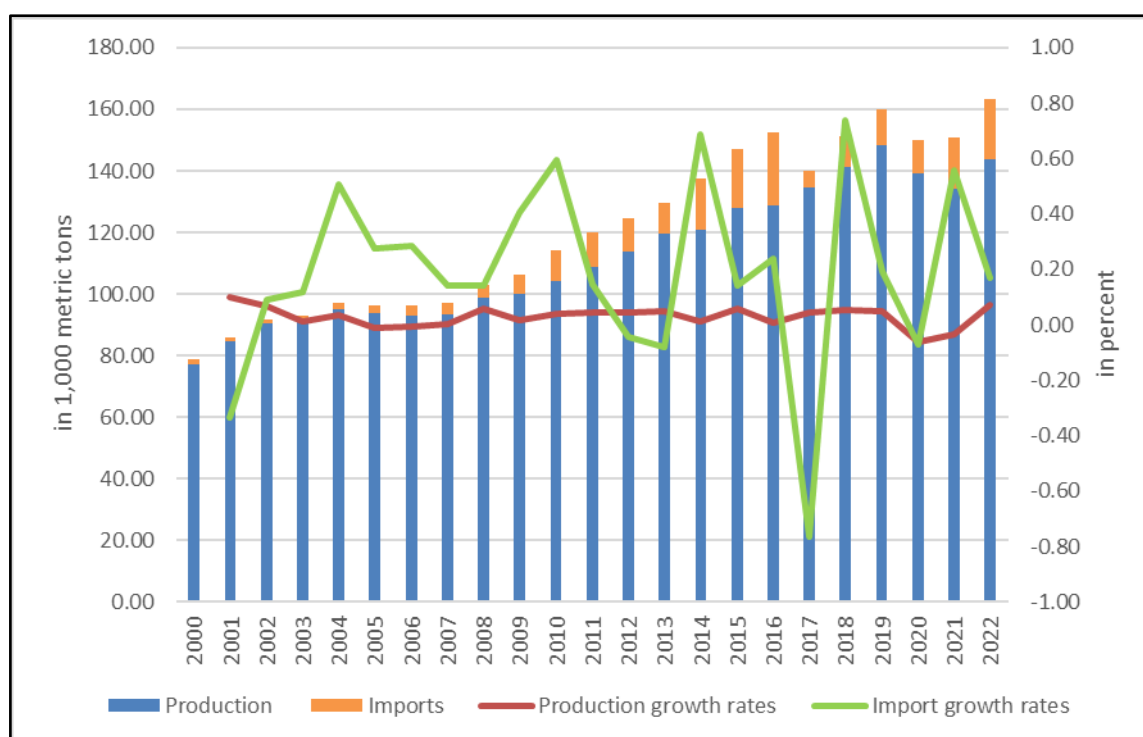
a. Chicken

Chicken meat accounts for a larger portion of the value of the Philippine poultry subsector, totaling PhP 168 billion, compared to eggs, which amount to about PhP 61 billion (PIDS, 2023). From 2000 to 2022, chicken production is steadily increasing, recording an average annual increase of 3%. However, in the past years, the demand for chicken has exceeded local production, requiring imports to meet the shortfall in demand (PIDS, 2023). From 2000 to 2016, chicken imports initially increased but have seen a decline in 2017, following a decrease in chicken consumption due to the outbreak of H5N6 avian influenza or bird flu (see **Figure A4**).³³

³² Author's calculation using data from PSA (Livestock supply utilization accounts [Data set], n.d.).

³³ The avian flu outbreak happened during April to September 2017. This affected consumer preference for chicken, resulting in low domestic chicken prices and less imports during the year. The H5 bird flu virus reportedly caused 80 to 100 percent mortality in the Philippines' poultry industry (Simeon, 2017).

Figure A4: Chicken supply accounts, 2000 to 2022



Source: PSA (Livestock supply utilization accounts [Data set], n.d.).

Commercial farms, or producers having at least 1,000 chicken heads, contribute about 80% of chicken production. As opposed to backyard raisers, production at a commercial scale generally entails lower cost of feed per kilogram of broiler, lower overhead cost such as utilities, rent, and labor (PIDS, 2023). Consequently, the subsector is dominated by big corporations, with just 10 to 12 firms controlling around four-fifths of broiler production such as San Miguel Corporation and Bounty Foods Incorporated.

On another note, there has been a growing inclination towards contract-farming agreements. In this scheme, buyers or integrators engage in contract growing operations with farmers and provide necessary farm inputs. This affords integrators operational efficiency, allowing them to streamline business processes to respond to the growing demand. Farmers provide the needed labor, land, and facilities for chicken production.³⁴ Such arrangements mitigate the risks associated with production, pricing, and marketing expenses, consequently encouraging greater involvement of farmers. Additionally, it enables small farmers to access new markets that would otherwise be inaccessible to them by guaranteeing increased production of quality products and offering assistance in cash or in kind (Curibot et al., 2019).

³⁴ Per FAO, contract farming involves an agreement between farmers (producers) and buyers. Both agree in advance on the terms and conditions for the production and marketing of farm products. These conditions usually specify the price to be paid to the farmer, the quantity and quality of the product demanded by the buyer, and the date for delivery to buyers. In some cases, the contract may also include more detailed information on how the production will be carried out or if inputs such as seeds, fertilizers, and technical advice will be provided by the buyer.

B. Sanitary and Phytosanitary (SPS) Measures

SPS measures are applied as technical regulations (A1-A7) or conformity-assessment procedures (A8) related to those regulations (**Table B1**).

Table B1: List of SPS measures

Code	SPS Measure	Description
A1	Prohibitions/restrictions of imports for sanitary and phytosanitary reasons	The NTM provides a classification of the prohibition and/or restriction of the final products to be imported. Restrictions on the tolerance limits on residues or use of certain substances contained in the final products are classified under SPS A2.
A2	Tolerance limits for residues and restricted use of substances	This NTM establishes the maximum residue limit or tolerance limit for substances. It also includes restrictions on the use of substances to prevent contamination and a permissible maximum level for nonmicrobiological contaminants.
A3	Labeling, marking, and packaging requirements	The measure defines labeling, marking, and packaging requirements for distribution of goods.
A4	Hygienic requirements related to sanitary and phytosanitary conditions	These NTMs provide requirements related to hygienic practices and microbiological criteria for food safety. These requirements can also extend to non-food products as long as sanitary and phytosanitary risks are at stake. The requirements may be applied to the final product or throughout the production process.
A5	Treatment for elimination of plant and animal pests and disease-causing organisms in the final product or prohibition of treatment	Various treatments can be applied during or after production to eliminate plants and animal pests or disease-causing organisms in the final product. Certain treatments which are prohibited for sanitary and phytosanitary reasons are covered by NTMs under this code.
A6	Other requirements relating to production or post-production processes	Requirements relating to other (post-) production processes are covered under this NTM. These requirements exclude measures specified under tolerance limits and are specific to plant growth processes, animal-raising, and food processing, in addition to others.
A7	Regulation of foods or feeds derived from, or produced using, genetically modified organisms (GMO)	Requirements relating to food safety standards
A8	Conformity assessment related to sanitary and phytosanitary conditions	Requirements for verification that a given sanitary and phytosanitary condition has been met are covered under this NTM. Verification may be carried out through inspection and approval procedures or combined forms thereof, including procedures for sampling, testing and inspection; evaluation, verification, and assurance of conformity; and accreditation and approval.
A9	Sanitary and phytosanitary	This NTM provides regulations for additional SPS measures which have not been specified.

Code	SPS Measure	Description
	measures not elsewhere specified	

Source: UNCTAD, (2019).

C. Technical Barriers to Trade (TBT)

TBT measures are applied as an enforcement of a technical regulation (B2–B7), a conformity-assessment procedure (B8), or either (B1) (**Table C1**).

Table C1: List of TBT measures

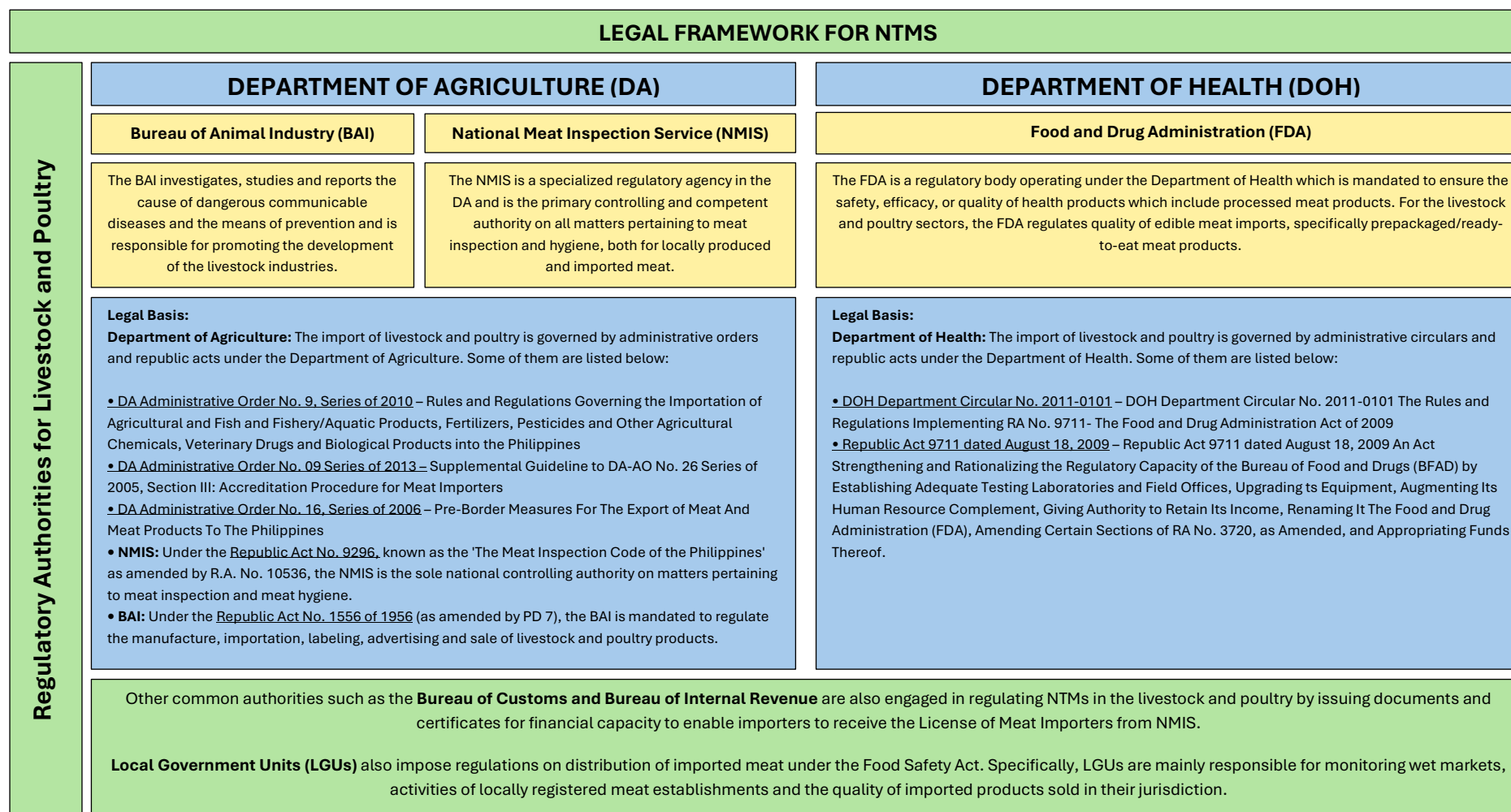
Code	Technical Barriers to Trade (TBT)	Description
B1	Import authorization/licensing related to technical barriers to trade	This provides authorization or licensing requirements established to enforce technical regulations or conformity-assessment procedures.
B2	Tolerance limits for residues and restricted use of substances	This provides the tolerance limit for residue or contamination by substances in the production process. Additionally, it also provides restricted use of certain substances.
B3	Labeling, marking, and packaging requirements	The requirements indicate factors to be added to labels or for marking and packaging such as size, weight, storage conditions, and transport indications, among others.
B4	Production or post-production requirements	These requirements provide technical barriers and regulations on production and post-production processes, transport, and storage.
B6	Product identity requirements	This includes conditions to be satisfied to identify a product with a certain denomination, including biological or organic labels.
B7	Product quality, safety, or performance requirements	This provides final product requirements concerning safety, performance, and quality, among other factors relating to technical barriers to trade.
B8	Conformity assessment related to technical barriers to trade	This measure includes requirements for verifying that a given TBT requirement has been met through inspection and approval procedures, etc.

Source: UNCTAD, (2019).

D. Legal framework for NTMs

Figure D1 outlines the legal framework for NTMs in the country, as governed by the DA and the DOH.

Figure D1: Legal framework of NTMs in the Philippines



1. Regulatory Framework of NTMs in the Livestock and Poultry Subsectors

In the Philippines, there are several agencies that have jurisdiction over the imposition of NTMs in livestock and poultry imports (**Table D1**). The primary agencies are the DA and the DOH.

Table D1: List of NTMs issued by agencies

Name of Agency	Mandate	List of NTMs issued
Department of Agriculture-Bureau of Animal Industry (DA-BAI)	- Investigates the cause of dangerous communicable diseases and the means of prevention. - Regulates the manufacture, importation, labeling, advertising, and sale of livestock and poultry products. - Promotes the development of livestock industries.	- Country/zone product clearance - Accreditation of meat exporting countries - Accreditation of foreign meat establishments - Licensing of meat importers - SPS Import Clearance 90-day “must-ship out” date - Veterinary quarantine clearance - Labeling requirements - Packaging requirements - Meat inspection at first border - License to operate - Certificate of product registration
National Meat Inspection Service (NMIS)	- The primary controlling and competent authority on all matters pertaining to meat inspection and hygiene, both for locally produced and imported meat. - Enforces the food safety and quality regulations over fresh, chilled, and frozen meat and poultry imports into the Philippines (NMIS, 2021).	- Accreditation of meat exporting countries - Accreditation of foreign meat establishments - Licensing of meat importers - Certificate of good standing - Labeling requirements - Packaging requirements - Licensing of cold storage warehouses - Meat inspection at second border
Food and Drug Administration (FDA)	Ensures the safety, efficacy, or quality of health products, including meat products, through requirements such as health certificates, supplier details for traceability, and product registration (FDA, 2021).	- License to operate - Certificate of product registration - Labeling requirements³⁵

³⁵ This is particularly relevant for the chosen commodity, pork (HS 0210).

Name of Agency	Mandate	List of NTMs issued
Bureau of Customs (BOC)	- Ensures an effective revenue collection by preventing and suppressing smuggling and entry of prohibited imported goods. - Supervises and controls the entrance of vessels and aircrafts engaged in foreign commerce (Official Gazette, n.d.; Department of Budget and Management, 2015).	N/A
Local government units	- Monitor wet markets, activities of locally registered meat establishments, and the quality of imported products sold in their jurisdiction. - Support NMIS in conducting the second border meat inspection and act as deputized MIOs.	N/A

2. Legal Framework of SPS Measures

SPS measures generally seek to maintain food safety standards and protect agricultural resources from potential threats. In livestock and poultry products, SPS aims to safeguard human and animal health from risks associated with diseases, pests, or contaminants that may be present in these products (see **Table D2**).

The SPS legislation for the livestock and poultry subsectors is managed by the DOH and DA. Within DA, the BAI is responsible for the control of animal diseases and the NMIS for the food safety of animal products. The policymaking scope of the DA includes the regulation of SPS measures such as product standards, nutrition content labeling, and certification and testing requirements for imported food products (Bayona & Loridan, 2016).

The NTMs for the livestock and poultry related to SPS are formulated by the DA SPS focal group (DA SPS FG). The SPS focal group was formed under the DA and is chaired by the DA Assistant Secretary of Regulations with members from food safety regulatory authorities such as BAI, NMIS, etc. The DA SPS FG is responsible for policy development and implementation of the following SPS themes (DA, 2016):

Table D2: Themes of SPS

S.No	Themes	Policy Work and Implementation
1	General	SPS issues under all thematic areas or those that cut across commodities and agencies
2	ASEAN	SPS issues discussed and/or implemented by working groups/sectoral bodies under the ASEAN
3	Food safety	Issues related to the Food and Agriculture Organization (FAO), WHO, FAO/WHO Codex Alimentarius Commission,

S.No	Themes	Policy Work and Implementation
		and the implementation of RA 10611 or the Food Safety Act of 2013
4	Plant health	Issues pertaining to plant health covered by the FAO International Plant Protection Convention (IPPC)
5	Animal health	Issues pertaining to animal health covered by WOAHA
6	World Trade Organization	Issues discussed at the WTO SPS Committee
7	Asia-Pacific Economic Cooperation (APEC)	Issues discussed under APEC such as those taken up by the APEC Policy Partnership on Food Security (PPFS), Sub-Committee on Standards and Conformance (SCSC), Food Safety Cooperation Forum (FSCF), and others
8	Bilateral agreements	Issues under existing and ongoing free trade agreements such as the European Free Trade Agreement (EFTA), the European Union Free Trade Agreement (EU FTA), Japan-Philippines Economic Partnership Agreement (JPEPA), among others

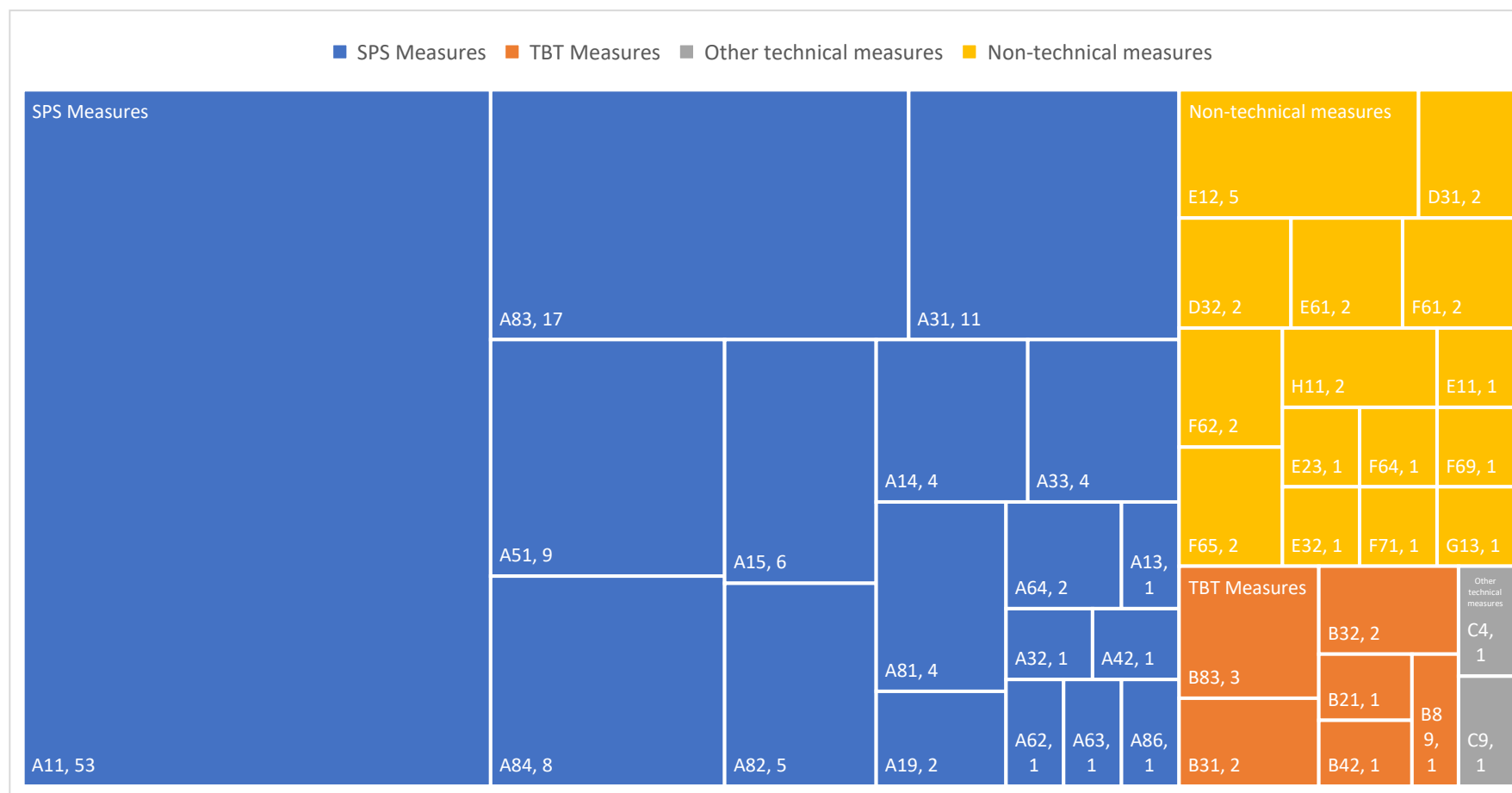
The FDA is responsible for overall food safety management and has specific responsibilities for processed foods (van der Meer & Marges, 2014). In the Philippines, the SPS system requires that:

- All food products need to be registered with the FDA.
- All exporters and importers need to be licensed with the relevant competent SPS authorities. The licensing is called SPS accreditation, and it refers to administrative procedures used for the operation of an import accreditation regime which requires the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body as a prior condition for importation into the country.
- Permits, also known as import or export clearances, are needed for each import and export shipment. All goods are subject to inspection when they arrive at the entry point (van der Meer & Marges, 2014).

E. NTMs in the Livestock and Poultry Subsectors

Figure E1 maps out the frequency of SPS measures, TBT measures, and other technical and non-technical measures in the livestock and poultry subsector.

Figure E1. Frequency of NTMs in the livestock and poultry subsector



Source: UNCTAD-TRAINS, (n.d).

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