

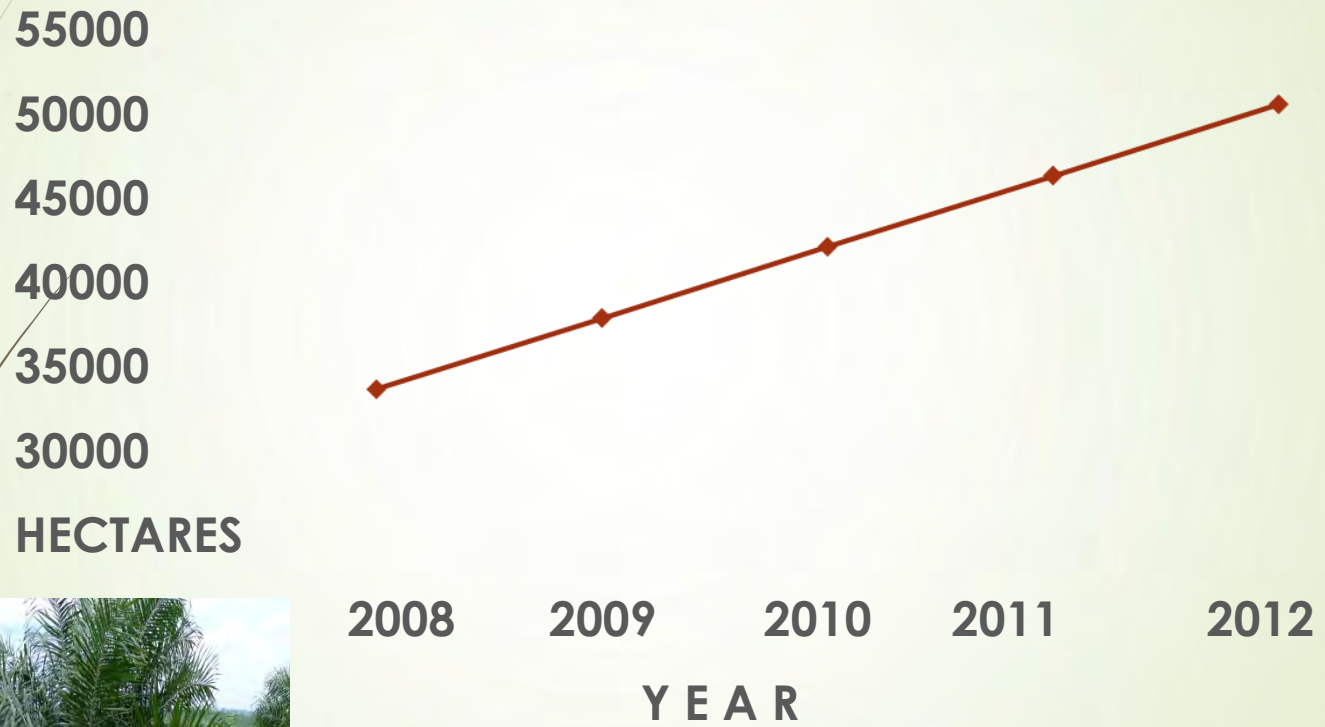
# **PHILIPPINE PALM OIL INDUSTRY ROAD MAP**

**2014-2023**



**Dr. Pons Batugal**  
**Director , Governing Board**  
**Philippine Coconut Authority**

## Oil Palm Production Area (has), Philippines, 2008-2012





# PRODUCTION STATISTICS

**Year 2012 – total area 56,641 ha**

**Production ↑ at average rate of 7.62% annually**

**Biggest expansion area:**

**Caraga Region - 35% of prod. area**  
**SOCSESRAGEN - 30% of prod. area**



# OIL MILLS

Philippines has 8 existing palm oil mills with a total rated capacity of 265 metric tons FFB per hour, owned by six companies –

- 1) Agumil Phil Inc. (AGPI),
- 2) PALM Inc.,
- 3) A. Brown Energy Resources Devt. (ABERDI),
- 4) Kenram Industrial and Development, Inc. (KIDI), and
- 5) Filipinas Palm Oil Plantation, Inc.
- 6) Univanich Carmen Palm Oil Mill

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*With the total of 265 MT per hour capacity, the country is capable of producing 1,559,910 MT of palm oil per year. If fully utilized, this production capacity requires a total of 86,660 hectares of oil palm plantation.*



# SUPPLY

**Local Supply** – 40,000 MT crude palm oil  
(Yr 2010)                      3,000 MT palm kernel oil  
*Entirely consumed in the domestic market*

## **Imports -**

Yr 2010: 225,000 MT valued at **PhP 6.7B**

Yr 2012: 500,000 MT valued at **PhP 17B**

Yr 2022: Projected import : **PhP 22 -27B**





# Oil Palm Nurseries

- **12 registered oil palm nurseries are operating in the country as of December 2012.**
- **Most of these nurseries are owned by big plantation companies located in Region 12 and Caraga region**
- **These companies have imported oil palm pre-germinated seeds/seedlings from Papua New Guinea, Thailand and Costa Rica.**



## POTENTIAL PRODUCTION AREAS

- **MORE THAN 1 Million HECTARES**
- **98% located in Mindanao particularly in Caraga region ( 39% )**
- **Emerging area is in Palawan with prospective area of 100,000 hectares**



# **Strength, Weaknesses, Opportunities and Threats of Oil Palm Industry**





# **STRENGTH of Oil Palm Industry**

- **Wide potential area for oil palm production**
- **Availability of production technologies and best practices that can be adopted**
- **Available technical expertise in the government and private sector**
- **Presence of research centers & academic institutions capable of conducting researches on oil palm**
- **Availability of low-cost labor for oil palm farm activities**
- **Existence of Palm Oil mills**
- **Out-growership scheme of plantation and mill owners**

WEAKNESSES	OPPORTUNITIES	THREATS
<p>Lack of comprehensive suitability assessment of existing and potential areas</p>	<p><b>Favourable climatic condition</b></p>	<ul style="list-style-type: none"> <li>• Unstable peace and order conditions in some areas</li> <li>• Lack of tenurial instruments</li> <li>• High investment cost</li> </ul>
<ul style="list-style-type: none"> <li>• Total dependence on imported planting materials</li> <li>• High cost of planting materials</li> </ul>	<ul style="list-style-type: none"> <li>• Access to imported seeds from Thailand, Indonesia, Malaysia, Latin America</li> <li>• PCA's available technology to produce hybrid planting materials</li> </ul>	<p>Existence of unaccredited F1/F2 nurseries</p>
<p>Inadequate road network especially in the rural areas and small growers' location</p>	<ul style="list-style-type: none"> <li>• Coordination/linkage with the LGUs, MRDP/PRDP, other government agencies</li> <li>• Oil millers plans to rehabilitate or maintain road network</li> </ul>	

WEAKNESSES	OPPORTUNITIES	THREATS
<p>Lack of information and education campaign</p>	<ul style="list-style-type: none"> <li>• Access to plantations that have the best technologies and practices</li> <li>• Willingness of private sector to share their technical expertise</li> </ul>	<p>Negative publicity of oil palm farming in the environment</p>
	<ul style="list-style-type: none"> <li>• Breeding program in Mindanao at USM, PCA and ASSCAT</li> <li>• Production of planting materials thru tissue culture</li> </ul>	<p>Research studies on oil palm has limited budget allocation</p>
	<ul style="list-style-type: none"> <li>• Job generation</li> <li>• Existence of Palm Oil mills</li> </ul>	<ul style="list-style-type: none"> <li>• High transportation cost of FFB from farm to mills</li> <li>• Great distance of the mills from the farms</li> </ul>

**WEAKNESSES**

**OPPORTUNITIES**

**THREATS**

**Fragmented  
production areas**

**Organization/consolidation of small landowners for economies of scale**

**Postharvest losses**

**Lack of technologies on food and non-food biomass utilization**

# PHILIPPINE PALM OIL INDUSTRY DEVELOPMENT VISION, MISSION, OBJECTIVES

## **Vision**

A dynamic, innovative and self-sufficient industry that **complements the Philippine Coconut Industry** and provides benefits to various stakeholders, and have enough vegetable oils for the country, and for export.

## **Mission**

To develop the Oil Palm Industry through gainful production, processing and marketing of oil palm products and by-products **to ensure food security, increased income and rural employment** through good agricultural and manufacturing practices and sustainable oil palm development.

## **Objectives**

**To meet the country's palm oil domestic requirements**, develop the countryside and provide employment to rural communities.



# SPECIFIC OBJECTIVES

- To increase yield, productivity through cost efficient technologies.
- To use under-productive and idle areas with a sustainable environment program so that by 2023, a total of about 353,000 hectares shall have been planted to oil palm.
- To increase milling capacity from 235 MT/hr to 1,590 MT/hr which entails the establishment of 79 milling plants each w/ a cap. of 20 MT/hr or bigger capacity mills by 2023.
- To increase the number of palm oil refineries as may be necessary.

# SPECIFIC OBJECTIVES

**To generate employment and enhance livelihood** activities in the countryside so that by the end of 2023, a total of about 300,000 farmers shall have benefited from industry development.

- **To identify the provinces, municipalities and barangays where oil palm planting shall be expanded** to guide the planners and builders of farm-to-market roads and research and training facilities.
- **To encourage and provide incentives to local or foreign investors** to provide their rural oil palm-growing communities with basic amenities such as housing, health facilities, schools and recreational centers in all Oil Palm regions.



# INDUSTRY DEVELOPMENT STRATEGIES

Strategies grouped into:

- **PRODUCTIVITY ENHANCEMENT**
- **INVESTMENT**
- **MARKET DEVELOPMENT**
- **BUSINESS ENABLING**

# Productivity Enhancement Strategy

Area of Concern	Strategy
1. Potential areas for oil palm production	<ul style="list-style-type: none"><li>• <b>Oil Palm Suitability Assessment thru GIS mapping</b></li><li>• <b>Conduct of regular land-banking activities to oil palm regions to identify/process/profile the potential production areas</b></li></ul>
2. Planting materials	<ul style="list-style-type: none"><li>• <b>Accreditation of private oil palm nurseries</b></li><li>• <b>Strict implementation of quarantine and certification rules and regulations</b></li><li>• <b>Production of hybrids from existing palms using DNA markers</b></li><li>• <b>Production of planting materials thru tissue culture</b></li><li>• <b>Implementation of “Plant Now Pay Later” scheme for planting materials and farm inputs</b></li></ul>

# Productivity Enhancement Strategy

Area of Concern	Strategy
<b>3. Plantation road network</b>	<ul style="list-style-type: none"><li>• <b>Construction/rehabilitation of farm to market and secondary roads</b></li><li>• <b>Adoption of mechanization, i.e. agricultural tramline</b></li></ul>
<b>4. Limited awareness on best production practices and technologies</b>	<ul style="list-style-type: none"><li>• <b>Capacity enhancement and capability building for farmers and extension workers</b></li><li>• <b>Production of IEC materials for farmers/out-growers</b></li><li>• <b>Conduct of farm-based researches through government-private-academe partnerships</b></li><li>• <b>Establishment and maintenance of Oil Palm website</b></li></ul>



# Productivity Enhancement Strategy

Area of Concern	Strategy
5. Postharvest operations	<ul style="list-style-type: none"><li>• Provision of hauling equipment as shared service facilities to the organized oil palm growers</li><li>• Establishment of new mills and processing facilities in strategic locations</li><li>• Research on the use of oil palm food and non-food biomass in small holders' farms and plantations</li></ul>
6. Out-growership scheme	Review of out-growership scheme by the government to determine weaknesses and recommend improvements

# Investment Strategy

Area of Concern	Strategy
1. Investment Promotion campaign	<ul style="list-style-type: none"><li>•Establishment of industry website for investment promotion</li><li>•Publication of investment brochures/profiles/ briefs for Oil palm development projects</li><li>•Conduct Palm Oil Congress/Summit</li></ul>
2. Land banking/ profiling activities	<ul style="list-style-type: none"><li>•Conduct regular land banking activities to identify/ process/profile the potential production areas</li><li>•Publication of area profile of ancestral domain/CADT / ARC for investment promotion</li><li>•Conduct of forum on Tenurial Issues in to identify policy issues that hinders the devt. of CADT and logged-over areas</li><li>•Lobby for the revision of EO 23 to pursue agricultural plantation development for CADT and former logging concession areas</li></ul>

# Market Development Strategy

Area of Concern	Strategy
1. Price	<p>Meeting among outgrower representative, oil millers and concerned government agencies regarding the prices offered to the outgrowers</p>
2. Market/trading information	<ul style="list-style-type: none"><li>•Market research, organize and strengthen farmers, processors, traders organizations- <b>industry cluster/value chain approach</b></li><li>•Agri and market information system and info dissemination</li><li>•Public-private participation (farmers &amp; processing firms) on trading i.e. supply transactions</li></ul>
3. Entrepreneurship	<p>Conduct of <b>capability building training on entrepreneurship/enterprise development</b></p>

# Business Enabling Strategy

Area of Concern	Strategy
1. High interest rates of financing institutions	<ul style="list-style-type: none"><li>•Promoting access to capital especially for smallholders through special financing windows for planting/replanting</li><li>•Credit services for collective purchases of farm inputs</li></ul>
2. Sustainable and regular financing for the industry development	<ul style="list-style-type: none"><li>•A special law that will allow the government to collect from millers some amount from their sale of palm oil and other future OP products to fund programs and projects for the development of the industry</li><li>•Meetings with DTI-BOI to secure incentives and with financial institutions to source domestic funding and NEDA for external financing</li></ul>

# Proposed Programs, Activities and Projects for the Palm Oil Industry, 2014-2023

<b>Program/ Activities/ Projects</b>	<b>Concept/Description</b>	<b>Output</b>
<b>1. Establishment of Database of Oil Palm Industry</b>	<b>This aims to have an organized mechanism for storing, managing and retrieving facts and figures which will provide inputs for analysis, forecasting and over-all strategic programming of the oil palm industry.</b>	<ul style="list-style-type: none"><li>• <b>Oil palm Industry Database</b></li><li>• <b>Oil Palm website (FAQ, investment, market information)</b></li></ul>
<b>2. Oil Palm Suitability Assessment</b>	<b>Suitability mapping on proposed potential areas for oil palm production thru GIS mapping to know the actual location, topography, slope, etc. of the area; to evaluate the proposed area – its ownership, land classification, crops planted, etc.</b>	<ul style="list-style-type: none"><li>• <b>Suitability map</b></li><li>• <b>Profile of the proposed area</b></li></ul>



# Proposed Programs, Activities and Projects for the Palm Oil Industry, 2014-2023

Program/ Activities/ Projects	Concept/Description	Output
<p><b>3.Implementation of “Plant Now Pay Later” scheme for the provision of planting materials and farm inputs to contract growers</b></p>	<p><b>This project will address the high cost of planting materials and fertilizers in oil palm plantation.</b></p>	<p><b>Provision of planting materials and fertilizers to farmers payable within the 2 year- harvesting period</b></p>
<p><b>4. Production of IEC materials</b></p>	<p><b>Mass production of IEC materials on basic facts about oil palm, plantation establishment, technologies and best practices, and investment brochures , etc.</b></p>	<p><b>Leaflets/brochures on Oil Palm Facts, Technologies and Investment prospects</b></p>

# Proposed Programs, Activities and Projects for the Palm Oil Industry, 2014-2023

Program/ Activities/ Projects	Concept/Description	Output
5. Establishment of Oil Palm Nurseries	Production of planting materials thru tissue culture and hybrid production from existing palms using DNA markers	<ul style="list-style-type: none"> <li>•Oil Palm Nursery and Breeding Center</li> <li>•Oil Palm nursery in different regions/provinces</li> </ul>
6. Plantation Establishment/ Expansion Project	Massive plantation establishment and expansion to address shortage of palm oil in the country	<p>353,000 hectares of oil palm in 2023</p> <p>1M in 2025/2030?</p>
7. Construction and/or Rehabilitation of Farm to Market Roads	Provision of a good road network from the plantations to the processing plants, to minimize postharvest losses and transportation cost	Established road network

# Proposed Programs, Activities and Projects for the Palm Oil Industry, 2014-2023

Program/Activities/ Projects	Concept/Description	Output
8. Training on Oil Palm Technology	Extension workers, farmers/outgrowers and other industry players will be trained on different oil palm technologies, best practices and entrepreneurship/enterprise development	Skilled oil palm extension workers and farmers/outgrowers
9. Provision of hauling facilities as shared service facility	This project will address the high cost of hauling of oil palm from the farm to the processing plant.	Established SSF on hauling facilities

# Proposed Programs, Activities and Projects for the Palm Oil Industry, 2014-2023

Program/Activities/Projects	Concept/Description	Output
<p>10. Conduct of Forum on Tenurial Policy Issues</p>	<p>This activity will provide a forum to discuss and document the policy issues that hinders the development of the palm oil industry.</p>	<ul style="list-style-type: none"> <li>• Document policy issues and submit policy papers</li> <li>• Lobby for the revision of EO 23 in order to develop the CADT and former logging concession areas for plantation devt.</li> </ul>
<p>11. Formulation of Special law/ordinances/Memo circular for the development of the industry</p>	<p>Prepare operating policies/MC for the outgrowers, processors, market and research and development which will guide the general directions in which the industry is expected to move</p>	<ul style="list-style-type: none"> <li>• Appointment of Director representing the Oil Palm industry in the PCA Board</li> <li>• A Special law that will allow govt. to collect from millers some amount to fund prog.&amp; projects of the industry</li> <li>• MC on strict implementation of quarantine and certification rules &amp; regulations</li> <li>• Policy on out-growership schemes of the plantation &amp; mill owners</li> </ul>



# WAY FORWARD

**Why should we grow more oil palm?**

**Where do we go from here?**



# Comparative advantage over other vegetable oil crops

- **Most efficient vegetable oil crop**
- **Easy to plant and maintain**
- **Simplified post-harvest handling**
- **Can be planted in idle grasslands, bush lands and logged over secondary forests**
- **Suitable in less productive lands than most other crops**

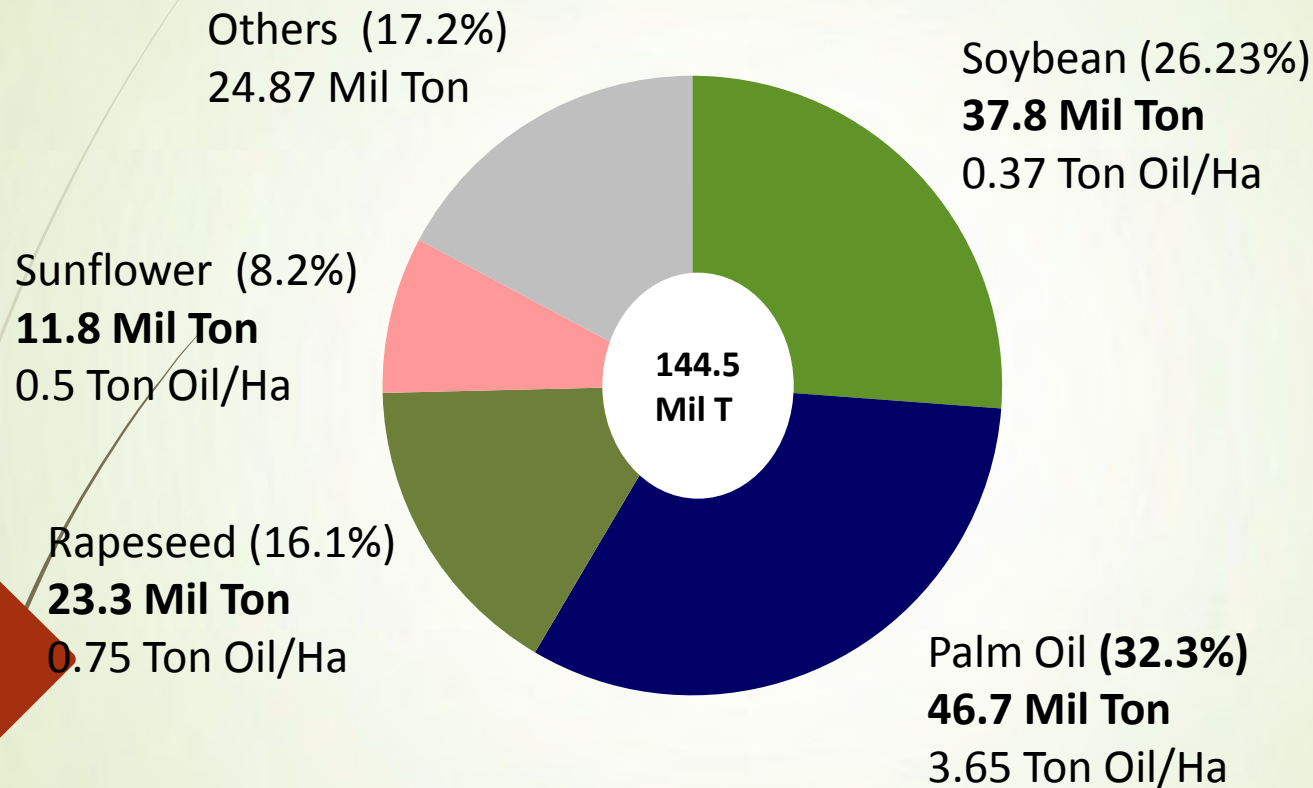


# Comparative advantage

- **Less pesticide use than other commercial crops**
- **Commercial harvest in 28 months**
- **Early and long years of income**
- **High ROI, short payback period**
- **Generate employment and income for poor people**
- **Wipe out the large Philippine imports**

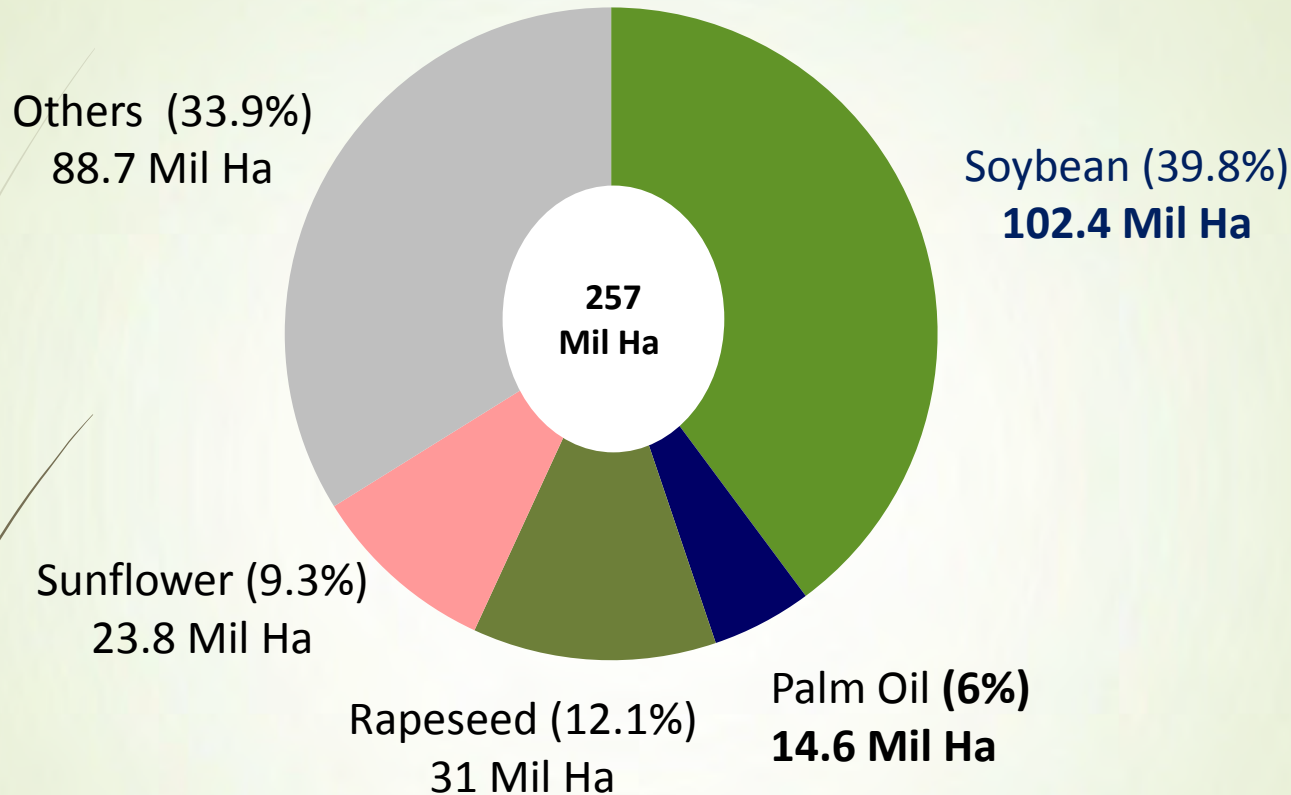


# Oil Palm: The most efficient crop among the four major vegetable oil crops



**World vegetable oil production in 2010. Source: Oil World, European Biodiesel Board and Agricultural Development of Indonesia.**

# Oil Palm uses less area than the four other major oil crops



**Worldwide area and percent share of vegetable oil crops in 2010. Source: Oil World, European Biodiesel Board and Agricultural Development of Indonesia.**

## Potential areas for expansion

<b>Regions</b>	<b>2012</b>	<b>2025/2030</b>
<b>I-IVB Luzon-Palawan</b>	<b>4,600 (8.4%)</b>	<b>100,000</b>
VII- Central Vis.	6,506 (11.9%)	7,000
IX – Western Min.	320 (0.6%)	102,000
<b>X – Northern Min</b>	<b>1,820 (3.3%)</b>	<b>154,000</b>
XI – Southern Min.	1,960(3.6%)	104,000
XII – SOCSARGEN	18,200(33.2%)	112,000
<b>XIII – CARAGA</b>	<b>18,102 (33.1%)</b>	<b>384,000</b>
ARMM	3,240(5.9%)	103,000
<b>TOTAL</b>	<b>54,748(100.0%)</b>	<b>1,066,000</b>

# Tribal Lands in Palawan



# AREAS FOR PLANTATION DEVELOPMENT

## Province of Palawan

TOWN	AREA (Hectares) Net Area (0-18% slope)
RIZAL	29,000
QUEZON	33,000
BATARASA	15,000
ABORLAN	32,000
PUERTO PRINCESA CITY	22,000
<b>GRAND TOTAL</b>	<b>122,000</b>



# Next steps

- Update the Philippine Oil Palm Roadmap
- Identify specific sites for expanding oil palm plantings
- Delineation mapping of identified sites
- Publish Oil Palm Training Manual and train technicians





# Next Steps

- Assess the economic and environmental constraints to oil palm growing and ways of addressing them -
  - Oil Palm Dialogue, September 2, Puerto Princesa City, Palawan
- Business matching involving land owners and Investors
  - a) Malaysia Palm Oil conference and Plantation Forum – Manila, Aug. 6-7
  - b) Philippine Oil Palm Congress, Aug.19-20, General Santos City, Cotabato
  - c) Palawan Coconut and Oil Palm Summit – September 10, Puerto Princesa City
  - d) Palawan field visit of investors to available tribal lands for coconut and oil palm growing, September 2-5 and September 8-9, 2015





**THANK YOU**

**ACKNOWLEDGMENT**

**Malaysian Palm Oil Council**

**Philippine Coconut Authority**

