The Philippine Rubber Industry to Be Top 5 in Asia

By Frederic Yang
Mabuhay Integrated Farms
Bridging Opportunities For Inclusive Growth

First introduced in the country in the early 1900’s in the island of Basilan By A pioneering American Plantation owner Dr James Strong, the rubber tree (heveabrasillensis) took root and thrived into one of region 9 and the Philippines most important commercial crops.

Fueled by a fast growing demand for natural rubber both in the domestic and international markets. Today, a hundred years after its introduction. Zamboanga Peninsula remains the country leading producer of natural rubber with Zamboanga Sibugay as the top leading province.
As of 2011 data from the Bureau of Agriculture Statistic reveal that the total area planted in the region reached 82,756.59 hectares. Total area planted in the country 161,734 hectares. It is said the rubber farming is more lucrative per hectare than most other agro industrial crops grown in the country. Besides giving a comparatively higher return on investment, rubber farming has numerous advantages such as:

• It is easy to grow and manage
• Its products are non perishable
• Virtually requires no irrigation and repetitive planting
• Requires minimal tillage
• Proven to be economically viable for small or large scale production
• Local and global markets for rubber are relatively stable
• Contributes directly and indirectly to both local and national economy
• Provides long term jobs
• It is environment friendly and enticing, which is essential to climate change
• It creates myriads of peripheral industries
• It creates jobs and reduce poverty in the countryside
• It promotes inclusive growth

In Terms of employment creation, It is estimated that in 2011, the industry generated 323,468 jobs (based on an estimate of two jobs to a hectare). This does not take into account as yet those that were generated from its allied and ancillary industries.
Besides, 85% of land holdings devoted to rubber are small farmers or agrarian reform communities. This indicates that most of the benefits derived from the rubber industry directly impact the poor and marginalized sectors of the Philippines society particularly in the countryside, even as it is also contributes substantially to overall national economic development. Small rubber holders who constitute the biggest bulk of the industry’s stakeholder have testified how rubber farming helped them attain a more improved quality of life for their families.

The industry also offers great potential for employment among the women sector specially in the area of rubber tapping. According to one report, only a meager 2.4 percent of rubber tappers in the country are female. In other rubber producing countries in Asia such as Malaysia, Sri Lanka and Vietnam, most of the tappers are women, who are believed to be finer tappers than their male counterparts.
The rubber industry therefore presents itself as a potent vehicle to bring about both women empowerment and sustainable inclusive economic growth for Filipinos as envision and pursued by the present dispensation under President Benigno Simeon Aquino III.

Given the consistent strong demand for natural rubber in the domestic and world markets, the industry is expected to grow even faster that by 2020 world consumption for natural rubber is projected to reach 13.8 million metric tons. Projected volume of production by then is 13.3 million metric tons which means there is going to be a substantial supply-demand gap of 500,000 metric tons.
The National Economic Research and Business Assistance Center (NERBAC) a business one stop-shop under the supervision of the Department of Trade and Industry has identified the following investment opportunities in the rubber industry:

1. Rubber plantation development/expansion
2. Bud wood or Clones multiplication gardens and nurseries for the supply of quality planting materials.
3. Supply of rubber plantation tools, equipment, chemicals and fertilizer
4. Trading of raw and semi processed rubber
5. Finished products
The Government recognizes the potentials of this industry to spur economic development in the countryside. Specially in non-traditional area such as Luzon and Visaya. Hence In consonance with the national government’s advocacy for Public Private Partnership and convergence, Local Government Units, National Government Agencies, Traders, Farmers, and other industry stakeholders have come together to help push the Philippine Rubber Industry forward.
The vision is to make the Philippines among the top rubber producing nations of the world and one of the top five in Asia. Various initiatives have been undertaken by the national government agencies to address the concern and needs of the industry. The Department Agriculture is crafting the Philippine Rubber Industry Roadmap. The DTI enrolled rubber under its National Industry Cluster Capacity Enhancement Program (NICCEP). The Board of Investment, an agency under the DTI is also crafting the Downstream Rubber Industry Roadmap, DOLE initiated its Rubber Rehabilitation Program. TESDA provides trainings and came up with program such as the National Competency On Rubber Tapping. Similar, initiatives are also being undertaken by the provincial and local government unit in Region II Region III, Calabarzon and other area of Luzon and the Visaya’s as well.
The business sector and the academe also are pitching in for the industry as well. Land Bank Of The Philippines thru its President and CEO Gilda E. Pico have personally signified her support to the industry by providing reliable financing channels for those in needs but also as a resilient partner in our quest for nationwide growth and stability.

Indeed the stars seemed to be aligned perfectly for the Rubber Industry. A reflection of the current ebullient and bullish outlook of the Philippine economy. If there is any best time to invest in the Rubber Industry, It is now.
Rubber production possible in Luzon
By ZAC B. SARIAN
September 7, 2011, 3:13pm

MANILA, Philippines -- Rubber has been grown commercially in the Philippines for many years but this was only in Mindanao. Rubber is particularly profitable to grow at this time because the price in the world market (and in the Philippines) is really high.

But can farmers in Luzon grow this plantation crop? It can also be a profitable crop to grow in Luzon, according to Dr. Eugenio Alcala, a rubber planter himself and former head of Plantation Crops Department of the University of Southern Mindanao in Kabacan, North Cotabato.
• At the recent Agri-Kapihan, he revealed that there are actually a few farmers in Luzon who are making some money from rubber. In fact, together with Pol Rubia and Jerry Manaog of AANI, they visited the rubber farmers in Sta. Maria and Sta. Cruz, Laguna.

• He reported that in Sta. Maria, there are five growers who are already making good money from their rubber trees. One of them has 4,000 trees grown from seedlings (not grafted) that are already 15 years old. The fellow is very happy because he does not have any problem selling his harvest.

• Dr. Alcala learned that the buyers from the processing plant in Sta. Cruz go to pick up the cup lumps from the farmers. They pay P70 per kilo. They are already happy about the price although it is lower than the P95 per kilo obtaining in Mindanao.
• Including plantings in other towns of Laguna, there are already 200 hectares planted to rubber in Luzon. It was really a surprise for Dr. Alcala to discover the rubber farmers in Laguna. He could not imagine that there are planters in Luzon because many people, including people from the Department of Agriculture, thought that rubber is not suited in Luzon due to the strong typhoons that occur annually in the island.

• Dr. Alcala said that farmers should not be afraid of the typhoons. If there are trees that are felled by typhoons, there are more that survive. In fact two provinces in China – Hainan and Yunan – are also frequently visited by typhoons but they have wide areas planted to rubber. Between the two of them, they have 1.028 million hectares planted to rubber trees.
That’s much larger than the total area of 145,000 hectares planted to rubber in the Philippines, according to Dr. Alcala.

Is it viable to plant even just one hectare? Alcala said that a hectare of rubber trees that are more than 10 years old can yield P30,000 to P35,000 worth of cup lumps per month.
**Primming the Rubber Industry**

The rubber industry is considered as one of the high-impact agri-based industries in the country. While production is concentrated mainly in Mindanao, other regions in Luzon and Visayas have started recognizing the viability of the industry as a source of economic growth. There is therefore a need to reinforce enthusiasm among the stakeholders by not just providing them information on business opportunities but most importantly creating an avenue for them to directly touch base with the market and with potential partners.

SITTI ANA M. JAIN, PH.D.
DTI National Rubber Industry Cluster Manager

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**Committed to High Value Crops**

The Department of Agriculture family through the High Value Crops Development Program (HVCDP) is committed to establish, rehabilitate, and maintain production facilities to ensure good quality planting materials. Furthermore, the DA-HVCDP aims to increase investment through marketing involvement.

The DA-HVCDP will also support the operation of the rubber testing laboratory in WESMARC, Zamboanga Sibugay and other research and development activities such as Benchmarking on Industry Good Practices and Product Development Market-Based Research and Research on Disease Identification Techniques.

In turn, we enjoin industry stakeholders to develop a unified plan to sustain the rubber industry, formulate and adapt by product quality standards.

PROCESO J. ALCALA
Secretary
Department of Agriculture
Laying the Groundwork

The rubber industry is among the 32 industries that the DTI through its Regional Operations Development Group (RODG) is targeting to develop in the next three to four years given their high potential to accelerate the country’s economic growth. Rubber production, in particular, can provide jobs in several parts of the country. While production is primarily in Mindanao, there are already start-ups in Luzon and the Visayas.

Indeed, it is about time that a conscious effort be mounted to fortify the country’s rubber industry to take advantage of an expected increase in demand such as expanding the production requirements. Development and intervention strategies also include expanding rubber plantation areas to achieve higher rubber output, enabling industry players’ capacity to improve product quality, providing access to market and investment opportunities, and conducting studies to determine how to provide further support for the rubber industry.

GREGORY L. DOMINGO
Secretary
Department of Trade and Industry

Robust Public-Private Partnership

Trust that the Department of Trade and Industry will pursue with zeal and dedication, in close coordination with other government agencies and the private sector like PHL, a more holistic growth that will radiate not only into the rubber producing regions but throughout the country for economic, social, and political advancement.
Partner in Growth and Stability

By "Bridging Opportunities for Inclusive Growth" through the application and upgrading of technology from one association to another and within trade relations, as well as providing reliable financial channels for those in need, the future of the rubber industry will most certainly remain bright for the people engaged in its production and trade.

And just as rubber is a viable and reliable commodity for many industries here and abroad, LANDBANK shall be just as resilient a partner in your quest for nationwide growth and stability.

Jesul E. Pico
GILDA E. PICO
President and CEO
LandBank of the Philippines
# Mabuhay Integrated Farms
## Financial Analysis
### Rubber Tree Production

**Annex**

1 Hectare = 500 Trees  
1 kilo/tree/month  
Price latex/kilo= P 80  
Seedling= P 75  
Land Preparation = P 10,000  
Planting cost P 10.00/tree  
Maintenance Cost : P60,000/yr  
Weeding/Pruning  
Fertilization, etc.

<table>
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<tr>
<th>Sales</th>
<th>500,000.00</th>
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<tbody>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Land Preparation</td>
<td>10,000.00</td>
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<tr>
<td>Seedlings 500 x P75</td>
<td>35,000.00</td>
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<tr>
<td>Planting Cost P10.00/tree</td>
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<tr>
<td>Fertilizer x 2 bags x 5 years</td>
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<tr>
<td>Maintenance Cost P60,000 x 5 years</td>
<td>300,000.00</td>
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<td>20% tappers or harvest cost</td>
<td>100,000.00</td>
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<td><strong>Total Cost</strong></td>
<td><strong>462,000.00</strong></td>
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<tr>
<th>Net Profit 1st harvest</th>
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<tr>
<td>ROI Sales/cost</td>
<td>0.082251 108.23%</td>
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### 6th year

<table>
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<th>Sales</th>
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<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Land Preparation</td>
<td>0.00</td>
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<tr>
<td>Seedlings 500 x P75</td>
<td>0.00</td>
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<tr>
<td>Planting Cost P10.00/tree</td>
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<tr>
<td>Fertilizer x 2 bags x 1 year</td>
<td>2,400.00</td>
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<tr>
<td>Maintenance Cost P60,000 x 1 year</td>
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<td>20% tappers or harvest cost</td>
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<td><strong>Total Cost</strong></td>
<td><strong>158,400.00</strong></td>
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<th>28,466.67 Months</th>
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<tr>
<td>ROI Sales/cost</td>
<td>2.16 215.66% 216%</td>
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**NOTE**

Harvest from 7Th year to Tenth Year remain constant and increases on the Tenth and so forth as Latex yields increases at maturity usually on the Tenth year and price of latex increases as well with expenses remain to be cost of maintenance and tappers cost latex yields estimated at 45 years with hard wood as products to be sold at end of productive years.