

Value Chain Analysis of Red Bulb Onion in Cagayan Valley, Northern Philippines

Ruby C. Sansano* and Josue A. Chua

Nueva Vizcaya State University, Philippines

*Correspondence

Department of Agribusiness,
College of Business and Economics,
Nueva Vizcaya State University,
Brgy. Don Mariano Perez,
Bayombong, Nueva Vizcaya 3700,
Philippines

T +63 78 321 2112

E ruby_c_sansano@yahoo.com.ph

Keywords

- Cagayan Valley
- red bulb onion
- Philippine Rural Development Program
- value chain analysis

Abstract

This value chain analysis was conducted from April to September 2014 to provide a development framework for growth and competitiveness of the red bulb onion industry in Cagayan Valley region, which will be the basis for the Nueva Vizcaya commodity investment plan under the Philippine Rural Development Program (PRDP). For the study, 126 respondents (i.e., 105 farmers, 4 *barangay* [village] agents, 14 wholesaler-retailers, 2 assemblers, and 1 configurator) were selected through tracer methodology. Onion production in the region is concentrated in the province of Nueva Vizcaya, specifically in the towns of Aritao, Bambang, and Dupax del Sur, where about 450 ha of rice land are planted with onions from October to March. The value chain map included five functions: input provision, production, transformation, marketing, and consumption. Three chains, one for each province, were studied to calculate the valued added by the different players in the chain. In general, the farmer got the highest share at 41% net profit margin of the valued added, followed by the assembler/shipper (13%), wholesaler-retailer (7%), configurator (6%), then the agent (5.35%). The value chains identified were either configurator-led, farmer-led, or trader-led. Several constraints threaten the industry: (1) high cost of imported seeds, (2) decreasing onion farmland; and (3) the combined effects of ASEAN Integration, onion smuggling, and importation. The red bulb onion industry in the region can only prosper if the organized farmers will be empowered to integrate backward and forward along the value chain.