



Supply Chain Analysis of the Palm Oil Industry in Selected Regions in Mindanao, Philippines

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Abstract

This study analyzes the existing supply chains of the palm oil industry among the selected regions in Mindanao, Philippines. The established methods in assessing the six key questions for supply chain studies were utilized in the study. Seventy-two (72) oil palm growers, 3 oil palm millers/processors, and all traders identified through tracing were chosen as respondents. Findings of the study may help identify crucial areas of concern along the oil palm supply chain and thereby formulate and recommend, if possible, policies and mechanisms to address the issues and problems identified. Results show that the palm oil supply chain is quite simple with very few identified and legal middlemen. Returns on expenses (ROE), net present value (NPV), and internal rate of return in oil palm investment were all favorable. Processors, as one of the major key player in the industry, have the upper hand along the chain. For one miller, the issue of cheap crude palm oil smuggling or technical smuggling is a critical problem in terms of outbound logistics, while for another company, the low supply of oil palm fresh fruit bunches (ffbs) available to them served as the most crucial problem for inbound logistics. Prompt action is needed as the country needs to prepare for the ASEAN economic integration, which implies stiff competition among its member countries for its common goods, particularly oil-based products.