INDUSTRY SITUATIONER (WHERE ARE WE?)

The Industry

- Banana is the leading fruit grown in the Philippines and a consistent top dollar earner.
- According to the 2002 Census of Agriculture, there are about 2,273,834 holdings of banana farms in the country.
- Banana is the most widely consumed and the largest produced fruit in the world.
- It is grown throughout the tropics and is used for a variety of purposes.
- The prospect of Philippine bananas in the domestic and foreign market is still promising.
- The Philippine banana industry covers four major commercial varieties which includesaba as the cooking type banana, and the table-type banana varieties such as Lacatan, Latundan, and Cavendish.
- The local banana industry can be categorized into two major groups: a) the multinationals and large local producers for export, and; b) the numerous small farms growing banana mainly for the local market.
- The exporters produce mainly are Cavendish, and their production areas are concentrated in Mindanao.

National Production

- In 2014, Philippines has an existing production area of 442,751 hectares that has produced a volume of 8,884,857 MT.
- Banana production increased by 2.76 % in 2014.
- Davao Region attained the highest production volume with 3,368,175 MT followed by Northern Mindanao with 1,781,044 MT and SOCCSKSARGEN with 1,203,369 MT.
- For area, Davao Region tops the list with 86,482 ha followed by 52,112 ha of Northern Mindanao and 33,732 ha of ARMM.
- Banana production on 1st quarter of 2015 was estimated at 2,136.40 thousand mt, 4.0 percent more than the 2,053.42 thousand mt output level in the same period last year.
- Several factors contributed to the increment, namely:
  - more bearing hills harvested (Cavendish variety) in Mindanao Agri- Traders Inc. in Caraga region and expansion of corporate farms in Northern Mindanao;
  - yields slightly recovered from the adverse effects of series of typhoons last year in Cagayan Valley, Central and Eastern Visayas; and
  - Additional area and bearing trees harvested in CAR, Davao Region and Western Visayas.
- Davao Region, the major producer of banana shared 37.7 percent or 805.89 thousand mt to the national total. Northern Mindanao followed with 460.62 thousand mt or 21.6 percent share and ARMM with 138.04 thousand mt or 6.5 percent
- Cavendish variety accounted for 53.0 percent of the total banana production in the country. Saba and lakatan stood next with 27.0 percent and 10.0 percent shares, respectively
On the 2nd quarter of 2015, the country produced 2,299.38 thousand mt of banana, 0.2 percent lower than the 2,303.48 thousand mt output level in the same period last year. The slight decrease in production was due to the following:

- hills not fully recovered from the adverse effects of typhoon “Glenda” in CALABARZON and Bicol Region and of typhoons “Ruby” and “Seniang” in Eastern Visayas;
- smaller fruits developed in Central Visayas and ARMM as an effect of dry spell; and
- lower yield and smaller area harvested in SOCCSKSARGEN.

Davao Region, the major producer of banana shared 38.6 percent or 888.08 thousand mt to the national total. Northern Mindanao and SOCCSKSARGEN followed with 17.4 percent and 12.2 percent shares, respectively.

Production of Cavendish variety accounted for 48 percent of the total banana production in the country. Saba and lakatan came next with 31 percent and 11 percent shares, respectively.

Davao Region, the major producer of banana shared 38.6 percent or 888.08 thousand mt to the national total. Northern Mindanao and SOCCSKSARGEN followed with 17.4 percent and 12.2 percent shares, respectively.

Bearing hills increased by 0.5 percent from last year’s 280,975,809 hills to 282,404,946 hills this year.

On the 3rd quarter of 2015, the country produced 2,338.89 thousand mt of banana, 3.0 percent higher than the 2,271.14 thousand mt output level in the same period of last year. Several factors contributed to the increment, namely:

- continuous recovery from typhoon “Glenda” in Bicol Region and CALABARZON and typhoon “Yolanda” in Central Visayas;
- increase in bearing hills harvested as observed in Zamboanga Peninsula, Northern Mindanao, Western Visayas and Ilocos Region; and
- bigger fruits developed in Central Luzon and Cagayan Valley due to sufficient rain during fruiting stage.

The top producer of banana was Davao Region at 879.78 thousand mt or 37.6 percent share to the national output.

This quarter production of Cavendish variety accounted nearly half of the total banana production in the country while Saba and Lakatan came next with 30 percent and 11 percent shares, respectively.

On the 4th quarter, the country produced 2,298.89 thousand mt of banana, 1.9 percent higher than the 2,256.82 thousand mt output in 2014. The growth in production were due to the following:

- bigger fruits were developed and sustained high demand in Maguindanao;
- increase in number of bearing hills and expansion areas in Compostela Valley, Davao del Sur, Davao del Norte, Davao City, Davao Oriental, Bukidnon and Zamboanga del Norte; and
- increase in yield due to moderate rains during the fruiting stage in Oriental Mindoro.

On the other hand, decrease in production were noted in some areas due to the following:

- effect of Typhoon “Lando” in Cagayan Valley; and
- drop in yield due to effect of drought in North Cotabato.

Davao Region registered the highest production at 881.27 thousand mt during this period. Cavendish variety accounted 51.4 percent share of the total banana production in the country. Saba and lakatan came next with 27.7 percent and 10.4 percent shares, respectively.

For the summary, in 2015, Philippines have an existing production area of 443,273 hectares that produced a volume of 9,083,499 MT.

(Source: Philippine Statistics Authority- Bureau of Agricultural Statistics)
SWOT ANALYSIS

Strengths

- High demand for fresh and processed product
- Can be grown in marginal areas
- Low input requirement
- Multi-purpose cultivar (fiber, leaves, male bud, stem)
- Can be grown organically
- Suitability of the area to banana production
- Availability of supply whole year round
- High potential for the export market

Weaknesses

- Lack of quality standards for both fresh and processed products
- Poor cultural management and handling processes
- Susceptibility to diseases and cannot withstand adverse environmental condition.
- Lack of entrepreneurial skill by the farmer
- Lack of marketing strategies

Opportunities

- Improved human nutrition
- Increase economic return
- High demand in the international market for processed product
- High demand in the domestic market as snack food

Threats

- Pest and Diseases
- Natural Calamities
- Market competition

ISSUES CONFRONTING THE BANANA INDUSTRY

- Risk due to adverse climatic condition/climate change
- Occurrence of banana pests and diseases like Bunch top, Fusarium, Sigatoka
- Reduction of postharvest losses
- Lack of quality standards for both fresh and processed
- Expansion of market volume by strong product promotion
- Inefficient/poor by-product utilization
KEY INDUSTRY PLAYERS

- The export banana industry, once dominated by multi-national corporations (MNC) is one of the most profitable and best organized agricultural sub-sectors.
- As early as 1974, the MNC together with their Filipino partners and sub-suppliers had formed the Pilipino Banana Growers and Exporters Association, Inc. (PBGEA) to serve as the central coordinating agency for the development and the advancement of the banana export industry.
- PBGEA acts as the self-regulatory forum for the players in the industry to guarantee compliance to international quality standards, continued competitiveness in the global market, commit and actively support research for technological advancements and to look after the welfare of all workers in export industry.
- With the emergence of independent or unaffiliated growers, there was a need to organize another group called the Mindanao Banana Farmers and Exporters Association (MBFEA) composed of small to medium-sized Cavendish banana farmers and exporters who are not members nor contracted by the multinational companies. Both PBGEA and MBFEA have been active in promoting the interest of their members.
- Other key players include: a) Foundation for Agrarian Reform Cooperatives in Mindanao, Inc. (FARMCOOP); b) Federation of Cooperatives in Mindanao; c) Sibulan Organic Banana Growers Multi-Purpose Cooperative (SOBAGROMCO); and d) National Banana Industry Development Council (NABIDCO).
- Several cooperatives for the banana industry formed the Federation of Cooperatives in Mindanao (FEDCO) which supervises the member banana cooperatives to make them capable to directly deal with foreign buyers. It serves as an effective marketing arm of the banana growers which opened direct international buyers to small players in the industry.

INDUSTRY SHARED VISION

Vision

The Philippines as a leading banana product exporter contributing towards food security and improvement of the socio-status of all stakeholders

Mission

Integrating the industry efforts in the areas of production, distribution and marketing and providing stakeholders the opportunity to maximize credit
PROFILES OF MAIN BANANA TYPES

CAVENDISH

Production Profile

- In 2014, Philippines has an existing production area of 84,133 hectares that produced a volume of 4,448,460 MT.
- Banana Cavendish production increase by 5.16 percent
- In 2014, Davao Region is the highest producer of cavendish, amounting to 2,537,740 MT followed by Northern Mindanao with a production of 1,148,625 MT and SOCCSKSARGEN with a production of 522,133 MT.
- For area, Davao Region tops the list with 47,092 ha followed by 17,168 ha of Northern Mindanao and 11,784 ha of SOCCSKSARGEN
- For 2015 production of Cavendish is 4,566,907 MT. However, there is still no available data yet for the area planted/harvested.

SWOT Analysis

Strengths

- Poised for export expansion
- Ability to respond with rising demand
- Prime banana export

Weaknesses

- Susceptible to disease
- High labor cost

Opportunities

- Expanding market demand
- Proximity to regional markets
- Development of new markets and a unique Filipino brand

Threats

- Climate change
- Agrarian reform issues
**Strategies and Support Programs**

As one of the prime bananas for export, our main focus is in regulatory services and value addition. Hence, these key result areas and programs:

<table>
<thead>
<tr>
<th>Key Result Areas</th>
<th>Action Programs</th>
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<tbody>
<tr>
<td><strong>Regulatory Services</strong></td>
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<td>Conduct of pest and disease mapping and monitoring</td>
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<td>- Prevention of spread of identified diseases</td>
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LAKATAN

Production Profile

- In 2014, Philippines has an existing production area of 56,395 hectares that produced a volume of 954,856 MT.
- Lakatan production increase by 2.67 percent.
- In 2014, SOCCSKSARGEN is the highest producer of lakatan, amounting to 230,828 MT followed by Davao Region with a production of 218,791 MT and Northern Mindanao with a production of 168,898 MT.
- For area, Davao Region tops the list with 11,287 ha followed by 6,820 ha of SOCCSKSARGEN and 6,724 ha of Northern Mindanao.
- For 2015 production of Lakatan is 970,469 MT. However, there is still no available data yet for the area planted/harvested.

SWOT Analysis

Strengths

- High demand in local market
- Good intercrop
- High yield and good price

Weaknesses

- Poor cultural management followed by growers
- Lack of information on pre- and post-harvest technologies
- Lack of quality fruit standards
- Poor and expensive transport system

Opportunities

- Increase demand in the local and international market
- High potential for export
- Appreciation of the market for high quality fruits
- High economic return

Threats

- High pesticide use
- Climate change
- Virus diseases & other pests
- Land use/conversion
Lakatan is one of the table bananas being offered in every Filipino local market, thus the focus of our interventions is expansion while achieving quality harvest.

**Key Result Areas**

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<tr>
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| Establishment/rehabilitation of tissue culture laboratories | - Invest in tissue culture laboratories  
|                                                          | - Promote accreditation of tissue culture laboratories |
| Training on proper handling of plantlets and provision of IEC materials | - Conduct trainings  
|                                                          | - Reproduce and distribute IEC materials to farmers |

**Regulatory Services**

| Conduct of pest and disease mapping and monitoring | - Monitoring and management of pest and diseases  
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**Farm Production : Enhance farm efficiency and investments**

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**Policies**

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SABA/CARDABA

Production Profile

- In 2014, Philippines has an existing production area of **182,416** hectares that produced a volume of **2,567,495 MT**.
- Saba/Cardaba production increase by 0.41 percent.
- In 2014, Davao Region is the highest producer of saba, amounting to 522,808 MT followed by SOCCSKSARGEN with a production of 369,172 MT and Northern Mindanao with a production of 302,445 MT.
- For area, Davao Region tops the list with 22,110 ha followed by 17,393 ha of CALABARZON and 17,274 ha of Western Visayas.
- For 2015 production of Saba/ Cardaba is **2,626,809 MT**. However, there is still no available data yet for the area planted/harvested.

SWOT Analysis

**Strengths**

- High yield potential and year round production
- Suitable intercrop
- High demand for fresh and processed products

**Weaknesses**

- Short supply of raw materials for processing
- Low adoption of improved technologies
- Primitive marketing practices
- High susceptibility to Bugtok disease and typhoon damage

**Opportunities**

- Flexibility to diversify product
- Increasing export market
- Emerging demand for new products
- With diverse other uses: fibers, leaves, buds, stem

**Threats**

- Emergence of competitors from Africa
- Climate change
- Emerging insect pest and diseases

**Strategies and Support Programs**

For saba, we are also focusing on expansion with quality on both fresh and processed products to take advantage of our lead in the chips/snack market.
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