



INVESTMENT GUIDE FOR ONION



SCAN ME

WHY ONION?

- Demand for onion is always present since it is a universally known condiments used in various cuisines.
- Onion is extensively being cultivated in the Philippines, in fact, it is being grown in 22 provinces within the country. The most common varieties being grown are the red creole, yellow granex, and the shallots or the multipliers.
- Onion production in the country is on an increasing trend with a slight decrease from 2017 to 2018.
- Farm gate price for onion is on an increasing trend with an annual average rate of 2% to 7% from 2015 to 2019.
- Profitability is very attractive with Return on Investment of 147% for onion multiplier and 197% for bulb onion (red) (PSA, 2019)

TOP 5 MAJOR ONION PRODUCING REGIONS IN 2019

The top major onion producing regions in the country are Region III with 13, 8795.26 MT, Region I with 38, 827.62 MT, Region IV-B with 35, 055.30 MT, Region II with 8, 880.36 MT, and Region VI with 419.00 MT.

Department of Agriculture
Agribusiness and Marketing Assistance Service
Agribusiness Promotion Division





MARKET POTENTIAL

- The Philippines has a comparative advantage in producing onions for export over temperate countries (Roperos and Donato, 1997).
- Locally produced onions especially the red varieties are bought and consumed mostly by households. In the Value Chain Analysis prepared by DA-PRDP, it was stated that about 75% of locally produced onions are sold in wet markets while the other 15% and 10% directly goes to the supermarkets and fast food chains, hotels, restaurants, and processors respectively.
- Metro Manila is the largest single market for onions in the Philippines primarily due to its growing population.
- Local supply of onion cannot meet the demand as can be observed from the consistent increase in the country's importation of the said commodity.

SUMMARY OF ONE HECTARE AVERAGE COST AND RETURNS, 2019

Particulars	
Gross Returns (PhP/ha)	348,000
Total Costs (PhP/ha)	110,369
Net Returns (PhP/ha)	237,681
Net Profit-Cost Ratio	2.15
Cost per Kilogram (PhP)	9.63
Yield per Hectare (kg/ha)	11,464
Farmgate Price (PhP/kg)	29
Return on Investments (ROI, %)	215.31

Source: Philippine Statistics Authority, 2020



BUYERS IN THE PHILIPPINES

BUYER	ADDRESS
HML Foods Corporation	HML Building #558 F. Lotivio Street, Bagumbayan, Daraga Albay 4501, Philippines
Cormel Foods	54A Castro St., Brgy. 16, San Jacinto, Laoag City, Ilocos Norte
Farmtec Foods, Incorporated	1124 Cityland Shaw Tower, Shaw Boulevard corner St. Francis St., 1552 Mandaluyong City, Philippines; Plant Office: 112 JP Rizal St., Sabutan, Silang, Cavite, Philippines
Hi-Las Marketing Corporation	KKK Processing Plant Bldg. CRB Road, FTI Complex, Taguig City, Philippines
Kitchen Witchery Food Ventures Incorporated	53 B. Serrano St., Corner 7th Avenue, Grace Park, Caloocan City, Philippines





GOVERNMENT SUPPORT/SERVICES:

Financial Services

- Provision of loan with zero to minimal interests through the following institutions:
 - Land Bank of the Philippines (LBP), in partnership with the Department of Agriculture (DA) and Department of Finance (DOF), provides financial services to the onion industry primarily under the Food Supply Chain Program.
- Agricultural Credit Policy Council (ACPC)
 - Production Loan Easy Access (PLEA)
 - Survival and Recovery Assistance Program (SURE)
 - Agri-Negosyo ANYO Loan Program
 - Kapital Access for Young Agripreneurs (KAYA) Program

Technical/Non-Financial Support

- Technical assistance through the different agencies under the Department of Agriculture:
 - DA High Value Crops Development Program (HVCDP) accessing and acquiring good quality planting materials and inputs, establishment of hanger storage facilities.
 - Bureau of Agricultural Research (BAR) supported the project “Enhancing the Productivity of Yellow Onion towards Commercialization for the Export Market”.





- Agricultural Training Institute (ATI) is tasked to train a pool of experts who will in turn be tapped to conduct trainings of farmers on Good Agricultural Practices (GAP) on onion.
- Bureau of Plant Industry (BPI) is the lead agency of the shallot onion program.
- Bureau of Agricultural and Fisheries Product Standards (BAFPS) is the agency that accredits the exporters for GAP compliance.
- Municipal Local Government Units (MLGUs) and Provincial Local Government Units (PLGUs) in key onion producing provinces provide capacity building support, planting material subsidies, and cost contribution in the set-up of onion hanger storage facilities.

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ONE HECTARE AVERAGE COST OF PRODUCTION, 2019

PARTICULARS	AMOUNT
A. Labor (P250/MD); (P300/MAD)	49,750.00
Seed bedding	
Seedbed preparation (5 MD) Plot preparation (3 MD)	1,250.00
Plot preparation (3 MD)	750.00
Seed sowing (2 MD)	500.00
Collection & placement of rice hull on plot (5MD)	1,250.00
Care & maintenance of seedlings	750.00
Weeding of seedbed (10 MD)	2,500.00
Daily watering of seedbed (5 MD)	1,250.00
Plowing (3 MAD)	900.00
Harrowing (2 MAD)	600.00
Manure application (15 MD)	3,750.00
Pulling of seedlings (15 MD)	3,750.00
Planting (30 MD)	7,500.00
Irrigation (10 MD)	2,500.00
Side dressing (10 MD)	2,500.00
Spraying (10 MD)	2,500.00
Weeding (30 MD)	7,500.00
Harvesting (20 MD)	5,000.00
Miscellaneous activities (20 MD) (bagging, cleaning, sorting, final bagging)	5,000.00
B. Materials	60,618.53
Seeds (400 kgs)	15,000.00
Animal Manure (100 bags) Fertilizer:	20,000.00
14-14-14 (3 bags)	3,441.63
16-20-0 (2 bags)	1,989.78
0-0-60 (3 bags)	4,047.00
Urea (1 bag)	1,140.12
Chemical sprays	5,000.00
Fuel and oil	5,000.00
Miscellaneous activities (20 MD) (harvesting, hauling, etc.)	5,000.00
Grand Total	110,368.53
Gross Income (12,000 kgs at P29/kg)	348,000.00
Net Income	237,631.47

Note: 1. Prices are taken from the Philippine Statistics Authority as cited in the references.
2. Cost of land is not included in the computation.