



# INVESTMENT GUIDE FOR PEANUT



SCAN ME

## WHY PEANUT?

- Peanut (*Arachis hypogaea L.*) is a popular crop in the Philippines. It is considered one of the major field legumes grown by farmers but its production has been low and erratic. It can be grown throughout the year provided inputs, especially the water requirement, is adequately available.
- Peanut is an inexpensive, high protein and energy food for human and livestock. It can be processed in to high-quality healthy vegetable oil for cooking. A concentrated food from peanut has more proteins, minerals and vitamins than beef liver, more fat than heavy cream, and more energy than sugar. It is also a good source of vitamin A and B.
- Peanut is ideal as a food ingredient because of its aroma, flavor, crunchy texture and high energy value. In production, it requires less nitrogen fertilizer because of its nitrogen-fixing nodules.
- Average farm gate prices for peanut (with and without shell, dry) increased by 4.64% and 4.75% in the period 2009-2019. On the other hand, the local peanut volume of production decreased by 0.52% in the same time period (PSA, 2020).
- The 2019 utilization per capita for peanut is 1 kg/year (PSA, 2020). The top forms consumed among the peanut products are boiled, roasted, fried, and peanut butter. The country imported 92,149 MT and exported 513 MT of peanut products<sup>1</sup> in 2019 (Trade Map by ITC, 2020).

## TOP 5 MAJOR PEANUT PRODUCING REGIONS IN 2019

The top major peanut producing regions are Region I with 11,914.50 MT, Region II with 3,109.58 MT, Region X with 2,595.21 MT, Region VI with 2,295.86 MT and Region III with 1,716.41 MT. At 40.66%, the Ilocos Region produced almost half of the country's total peanut production.

<sup>1</sup> Peanut is globally recognized as groundnut. Includes all tariff lines under 1202—Groundnuts, whether or not shelled or broken (excluding roasted or otherwise cooked); 1508 – Groundnut oil and its fractions, whether or not refined, but not chemically modified; 200811 – Groundnuts, prepared or preserved (excluding preserved with sugar); and 2305 – Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of groundnut oil





## MARKET POTENTIAL

- Peanuts have many uses. It can be eaten raw, used in recipes, made into solvents and oils, medicines, textile materials, peanut butter, as well as other areas of use such as cosmetics, nitroglycerin, plastics, dyes and paints. The potential investment options along the peanut value chain include seeds production, fresh and raw production, processing into butter and even oil, trading, consolidation and marketing.
- The peanut produced in the Philippines in 2019 is equivalent to 29,300.78 metric tons. However, the country in 2019 is 75.0% import dependent. Thus, PH is only 25.0% self-sufficient indicating inadequacy of food production to cope with the demand of the population (PSA, 2020). The shortage provides prospective investors and local peanut producers and processors the opportunity to capture the market concentrated by foreign sources.
- Demand for peanut is increasing as it is a nutritious snack and an ingredient for various Filipino dishes and confectioneries. Peanut oil is also extracted for food and industrial uses.
- Mama Sita's Holding Company, a premier company for mixes and sauces, vowed to locally support and out source local produce to sustain and maintain the quality of products. The company needs 20,000 kilos of peanut for sauces every month.

## SUMMARY OF ONE HECTARE AVERAGE COST AND RETURNS, 2019

Particulars	
Gross Returns (PhP/ha)	72,116
Total Costs (PhP/ha)	40,499
Net Returns (PhP/ha)	31,617
Net Profit-Cost Ratio	0.78
Cost per Kilogram (PhP)	24.20
Yield per Hectare (kg/ha)	1,674
Farmgate Price (PhP/kg)	43.09
Return on Investments (ROI, %)	78

Source: Philippine Statistics Authority, 2020



## BUYERS/PROCESSORS IN THE PHILIPPINES

BUYER	ADDRESS
Alboco Food Industry	Imelda Village, Blk 21, Lot 7, Tacloban City, Leyte
Edelyn's Homemade Nuts	620Purok 6, Sta. Rita Subdivision, Sta. Rita, Minalin, Pampanga
Edna and Rebecca's Banana Chips & Coated Peanut	20, Sitiolbaba, Batangas City, Batangas
FEB20 Enterprises /Mandaues Nutritious	Timog, Mandaue City, Cebu
John N' Mico Food Products	San Miguel, Mexico, Pampanga
La Carlota Food Enterprise	1 Jade Street, St. Francis Homes 3, San Pedro, Laguna
Lao Integrated Farm, Inc.	Purok 4, Brgy. Eman, Cotabato Rd., Bansalan, Davao del Sur
Lighthouse Cooperative	Lim Bldg., 39 Luna corner Taft Streets, Centro 2, Tuguegarao City
Lucille's Food Products	Sison Subdivision, Tagum, Davao del Norte
Mamas Yami Deli Foods	M.L. Quezon Street, Odiongan, Romblon
Marvelous Mountains Nature Farm	Lake Sebu, South Cotabato
Navarro Foods International, Inc.	Panducena St., BebeAnac, Masantol, Pampanga
Prifood Corporation	Paciano Rizal, Calamba, Laguna
R & N Natural Products	Pagadian City, Zamboanga del Sur
Newborn Food Products Inc.	#9 Serafia St., Balubaran, Valenzuela, Metro Manila
Boston Supplies Resources Corporation	846 W Service Rd, San Antonio, Parañaque, Metro Manila
Gourmet Healthy	Ph8581, San Jose St, Guadalupe Nuevo, Makati City
Vilma's Peanut Butter	Blk 22, Lot 47, Durian St., Southfairway Homes Classic Subdivision, Landayan, San Pedro, Laguna
Enrile Farmers Credit Coop.	Lanna, Enrile, Cagayan Valley
Mama Sita's Holding Company	131 F. Manalo Street, San Juan, Metro Manila



## GOVERNMENT SUPPORT/SERVICES:

### Financial Support

- The Department of Agriculture (DA) through the Agricultural Competitiveness Enhancement Fund (ACEF) makes available loans with 2% interest per annum. The loan program is being administered by Land Bank of the Philippines (LBP).
- The Agricultural Credit Policy Council (ACPC) offers loan programs namely Expanded Sure Aid and Recovery Project (SURE COVID-19), Kapital Access for Young Agripreneurs (KAYA), and the Agri-Negosyo (ANYO) Loan Program. The said loan programs target farmers and fisherfolks, the youth, Overseas Filipino Workers (OFWs), and Micro, Small and Medium Enterprises as beneficiaries.
- Land Bank of the Philippines (LBP) offers loans for agricultural production and processing under its usual credit programs for small farmers.
- The Department of Science and Technology (DOST) provides loans through its Small Enterprise Technology Upgrading (SET-UP) Program.
- The Department of Trade and Industry (DTI) through the Small Business Corporation (SB Corp) offers varied loan packages for MSMEs under the Pondo sa Pagbabago at Pag-asenso (P3) Program.

### Technical/Non-Financial Support

- DA conducts trainings on production, marketing and entrepreneurship. The Department also provides processing equipment and/or supplies for feasible projects.



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- DA through the High Value Crops Development Program (HVCDP) provides technical support services in areas covering production, market development, extension support, education and training, and research and development. HVCDP also provides irrigation network services, as well as agricultural and fishery machinery, equipment and facilities support.
- DA through the Agribusiness and Marketing Assistance Service (AMAS) and its regional counterparts, the Agribusiness and Marketing Assistance Division (AMAD) provide webinars on agribusiness investment opportunities and market linking activities.
- DA through the Agricultural Training Institute (ATI) makes available technical trainings and seminars.
- Department of Science and Technology (DOST) facilitates extension of credit and loans to micro, small and medium enterprises (MSMEs) under its Small Enterprise Technology Upgrading Program (SETUP). The agency as well provides postharvest equipment and supplies.
- Department of Trade and Industry (DTI) provides market and trade promotions, as well as the provision of shared service facilities to qualified associations.

## REFERENCES

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Trade Map by International Trade Center accessed from <https://www.trademap.org/Index.aspx>





## ONE HECTARE AVERAGE COST OF PRODUCTION, 2019

ITEM		AMOUNT (in PhP per hectare)
<b>CASH COSTS</b>		<b>22,534</b>
	Seeds/planting materials	2,227
	Fertilizer	570
	Pesticides	37
	Hired Labor	15,063
	Land Tax	238
	Rentals	730
	Fuel and Oil	343
	Transport of inputs	80
	Interest in crop loan	657
	Transport cost of inputs	191
	Food expense	1,101
	Repairs	1,297
<b>NON-CASH COSTS</b>		<b>4,310</b>
	Seeds/planting materials	2,572
	Hired labor (paid in kind)	94
	Landlord's share	966
	Harvesters' share	678
<b>IMPUTED COSTS</b>		<b>13,655</b>
	Operator and family labor	6,615
	Exchange labor	248
	Depreciation	3,602
	Interest on operating capital	1,268
	Rental value of owned land	1,922
<b>TOTAL COSTS</b>		<b>40,499</b>
<b>GROSS RETURNS</b>		<b>72,116</b>
<b>GROSS RETURNS ABOVE CASH COSTS</b>		<b>49,582</b>
<b>GROSS RETURNS ABOVE CASH AND NON-CASH COSTS</b>		<b>45,272</b>
<b>NET RETURNS</b>		<b>31,617</b>
<b>NET PROFIT-COST RATIO</b>		<b>0.78</b>
<b>Cost per kilogram (PhP)</b>		<b>24.20</b>
<b>Yield per hectare (kg/ha)</b>		<b>1,674</b>
<b>Farmgate price (Php/kg)</b>		<b>43.09</b>

\* - Refers to maintenance costs only.  
Source: Philippine Statistics Authority, 2020