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Philippines to boost palm oil sector across plantation, expansion, productivity to scale yield

27 February 2026 | News

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The Department of Agriculture DA is sharpening its focus on oil palm, confident that expanded plantations in Mindanao can curb imports, raise farm incomes, and strengthen the countryâ??s edible oil supply.

Agriculture Secretary Francisco P. Tiu Laurel Jr. signaled plans to significantly increase funding for the fledgling sector in 2027 after this yearâ??s proposed P1 billion allocation was slashed to just P79 million. The Department of Agriculture is now eyeing a P1.2 billion budget next year to bankroll fertilizer assistance, accelerate area expansion, and boost farm productivity, underscoring a renewed push to scale up the industry.

â??Letâ??s invest where farmers earn,â?• Tiu Laurel said during a strategy meeting, framing palm oil development as part of a broader push to align public spending with profitability data.

Oil palm yields average about 3.8 metric tons per hectare, compared with less than one metric ton per hectare for coconut. As a result, palm oil farmers earn at least double the roughly P90,000 that coconut farmers earn annually.

Philippine Coconut Authority Administrator Dexter Buted said the agency is laying the groundwork to develop the industry by cultivating planting materials locally.

â??The PCA is planning to establish oil palm nurseries in selected areas in the Caraga region through the importation of germinated seeds under government-to-government arrangements,â? Buted said, adding that the move is expected to significantly reduce the cost of imported planting materials.

Oil palm currently covers about 100,000 hectares nationwide, most of them in Mindanao. Despite rising local output, the Philippines continues to import substantial volumes of palm oil, leaving a supply gap that the DA aims to narrow.

Mindanao remains central to the strategy. The department is considering the University of Southern Mindanao in Kabacan, North Cotabato, as a base for reviving and scaling up a government-backed nursery, with high-quality, disease-free planting materials to be sourced from Malaysia.

Still, Tiu Laurel acknowledged gaps in sector data. â??We need to fix the data to optimize our investment in this crop,â? he said.

There are 11 palm oil mills and five refineries nationwide, including a modern P600 million facility in Sultan Kudarat backed by the Land Bank of the Philippines and the DA.

With cooking oil demand rising and imports weighing on the trade balance, the DAâ??s message is clear. Palm oil is poised for expansion