



**CALL TO ACTION**

- ✓ Ensure policies and practices that allow easy yet secure and monitored entry of new marketing players in the trading posts and in local production areas.
- ✓ For government managed trading posts, consider policies that resemble what disposers provide to farmers including but not limited to facilitating mutual aids, crop insurance, educational scholarships, and loans.
- ✓ Share of processors in the total volume of production is almost nil. Strengthen local research and development on vegetable processing; commercialization and market linkages for available processed products, and development and pilot-testing of cost-efficient machinery for processing.
- ✓ Sustain/Intensify efforts in reducing circuitous chains; encouraging vertical integration and shorter chains; create a TWG to study a bill supporting a program on direct marketing of products from farmers to consumers.

**MAJOR REFERENCES**

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**ABOUT THE MATERIAL**

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**UNDERSTANDING THE MARKET CHANNELS OF CONVENTIONAL HIGHLAND VEGETABLES: THE ROLE OF TRADING POSTS AND "DISPOSERS"**

By Cheryll C. Launio, Mary-an J. Altaki, Matyline Camfili-Talastas, and Normalyn T. Longay

**HIGHLIGHTS**

- ✓ Most farmers sell their produce in government and privately owned and managed vegetable trading posts - 10 in La Trinidad, Benguet, 1 in the Baguio City, and 1 in Bambang, Nueva Viscaya.
- ✓ The La Trinidad Vegetable Trading Post (LTVTP) handles the largest volume of wholesale trading overall, but the market share of trading posts varies by crop. The majority (68.85%) of vegetables traded at LTVTP go to around 19 places in the country through various short and long marketing channels.
- ✓ There are 2-7 marketing intermediaries in traditional marketing of conventional highland vegetables with almost zero cases of direct marketing from farmer to consumer, and less than 1% of the total volume of highland vegetables traded are directly marketed to retailers.
- ✓ The "disposers" serve as main intermediaries for farmers and buyers; they handle the highest volume of crops among all players (average of 25.71 tons/day during the peak and 11.25 tons/day during the lean season); they negotiate for the farmers and often decide the final price; and they also serve as financiers and input-providers, often paying the farmer in cash while on a consignment basis with the buyer.

**INTRODUCTION**

One major constraint or challenge identified in the Philippine vegetable industry is the inefficient value-chain-circuitous or redundant market channels, high marketing costs, high retail profits due to high risks, and greater market power (UNDP, 2006 as cited by Johnson, 2008; Fang-asan et al., 2009; Tagarino and Sim, 2015). Hence various government regimes have conceptualized wholesale markets and agricultural trading centers in different areas of the country. The latest Agripinoy Trading Centers (APTCs), for example, were conceptualized and established with the framework to strengthen the partnership and collaborative efforts for sustainable agriculture and in enhancing farmers' productivity and profitability (DA, 2011).

The value-chain analysis and mapping of selected highland vegetables in Luzon, Philippines aims to map core processes, main actors in the process, input, product, and information flows, the volume of products, and geographical flow, and relationships and linkages between actors in the value chain.

**DATA AND SOURCE**

This research brief is based on the findings of the DA-BAR-funded project "Highland Vegetable Value Chain Analysis for Use in Policy Formulation and Future Impact Evaluation of Trading Posts."

Primary data was used to achieve the objective of mapping the core process and main actors in the various value chain stages. Benguet farmers, traders, retailers in the trading posts, and public markets were interviewed tracing the market outlets in each chain player as best as possible including haulers and hired laborers to get the complete picture. A total of 1,429 value chain players were interviewed, 704 Benguet farmers, 183 assemblers/disposers, 179 wholesalers, 143 retailers, and 220 other actors. Farmer surveys were conducted covering seven major crops: fresh cabbage, broccoli, fresh chayote, Chinese cabbage, white potato, and garden pea. The study is limited in that the vegetable commodities marketed to the Visayas and Mindanao via "tawid-dagat" and wholesalers at the NCR were no longer traced.

### Major Trading Areas

**La Trinidad Vegetable Trading Post, LTVTP**

- Km. 5, La Trinidad, Benguet
- Area : 9,950 sq. m
- Wholesale trading; retail area; traders' area; farmers' area booths; cold storage; parking; cleaning/packaging
- Monthly rentals: Booth - Php7,551.00/mo, Bagsakan-Php3,937.00/mo
- Opens daily at 5AM-9PM



**Farmers Trading Area**

- Puguis, La Trinidad, Benguet
- Parking, waiting area, sometimes used for contract trading
- Opens daily, 24 hours

**Baguio Hangar Market**

- Baguio City
- Area : 2,116 sq. m
- Wholesale/retail trading
- Monthly rental: Php 8, 202.00 /stall
- Open daily, 5AM-9PM

**Backfill Trading area**

- Km. 5, La Trinidad, Benguet
- Area : more or less 4,000 sq.m
- Trading, parking, cleaning, repacking
- Monthly rentals: Php 5,000.00-15,000.00/stall; 150-250 parking
- Open daily, 24 hours

**Benguet Agripinoy Trading Center (BAPTC)**

- Puguis, La Trinidad, Benguet
- Area : 40,000 sq. m; 1,500 sq. m. road
- 3 spot trading bldgs., parking, lodging, washing, 12 cold storage, 163 stalls, 15 sq.m/stall, carrot area, 72 stalls, 20 sqm/stall
- Monthly rentals: Regular- 15 sqm/stall; Carrot area: 20 sqm/stall; regular: Php5,000.00/stall; carrot areas: Php 4,000.00/stall
- Open daily, 5AM-9PM



**Wagwagan Trading Area**

- Km. 5, La Trinidad, Benguet
- Trading, parking, cleaning, repacking
- Open daily, 24 hours

**Don Miguel Trading Area**

- Km. 5, La Trinidad, Benguet
- Trading, parking, cleaning, repacking
- Open daily, 24 hours



**Sunbeam Trading Area**

- Km. 5, La Trinidad, Benguet
- Trading, parking, cleaning, repacking
- Open daily, 24 hours

**AF Bahingawan (AFB) Trading Area**

- Km. 5, La Trinidad, Benguet
- Area : 3,000 sq.m
- Trading, washing
- Monthly rentals: Php 10,000.00-20,000/stall; 150-250 parking
- Open daily



**Palmaville (Puguis Realty Trading Corp.)**

- Puguis, La Trinidad, Benguet
- Trading, parking
- Monthly rentals: Php 10,000.00-20,000/stall
- Open daily, 24 hours

**Merryland Trading Post**

- Betag, La Trinidad, Benguet
- Area: more or less 4,000 sqm
- Trading, parking, warehouses
- Open daily, 9 hours



**Nueva Viscaya Agricultural Terminal (NVAT)**

- Bambang, Nueva Viscaya
- Area: more or less 4,000 sqm
- Trading, parking, warehouses
- Open daily, 9 hours



### Market share of LTVTP in total production reduced, but still highest for most crops

The bulk of highland vegetable trading in the Cordillera region happens in the La Trinidad Vegetable Trading Post (LTVTP). Aside from the main LTVTP, many other trading areas are located in the municipality, including the Benguet Agripinoy Trading Center (BAPTC), a multi-million-worth trading facility put up by the Department of Agriculture (DA) and sits on a 4.5-hectare land owned by Benguet State University (BSU). It hopes to serve as a trading area for conventional vegetables and organic and Good Agricultural Practices (GAP)-certified vegetables and fruits. It also has cold storage, washing, and processing facilities.

Moreover, the LTVTP is the top market outlet for most of the selected crops: 59% of cabbage, 69% of broccoli, 67% of fresh chayote, 43% of Chinese cabbage, 55% of white potato, and 47% of garden pea. The bulk of the volume of carrots (69%) is delivered to the Bahingawan trading post and 47% of garden pea is delivered to the Baguio Hangar market.

### Benguet continues to supply highland vegetables to Visayas and Mindanao provinces

Figures 1 to 7 show the geographical flow of selected highland vegetables, confirming that Benguet highland vegetables continue to supply vegetables to Visayas and Mindanao provinces via "tawid-dagat" traders and "viajeros".

### The most common market channel is comprised of 4 market intermediaries

The dynamics of highland vegetable marketing involve 3 to as many as 8 intermediaries depending on the final destination and crop (Figures 8 to 14). The most common chain is comprised of farmers, "disposers" or assemblers, wholesalers or "buyers", terminal wholesalers or distributors, retailers, and consumers. Farmers directly transact with disposers and *bagsakan* stalls, while the wholesalers or their purchasers order also from disposers/assemblers. Other market players are contract buyers, trucker-wholesalers, purchasers, "fastbreakers," distribution companies, processors, co-assemblers/co-disposers, processors, trucker-wholesalers, haulers, washers, and packers.

It is also highly noted that the transfer of commodities from farmers to retailers is less than 1% or none at all as observed in the market channel flow where only 0.58% of broccoli is directly received by the retailer; 0.82% of the total volume of carrots traded are estimated to be directly marketed to retailers; 0.08% of Chinese cabbage, and 0.07% of the total garden pea volume is sold directly to individual buyers.

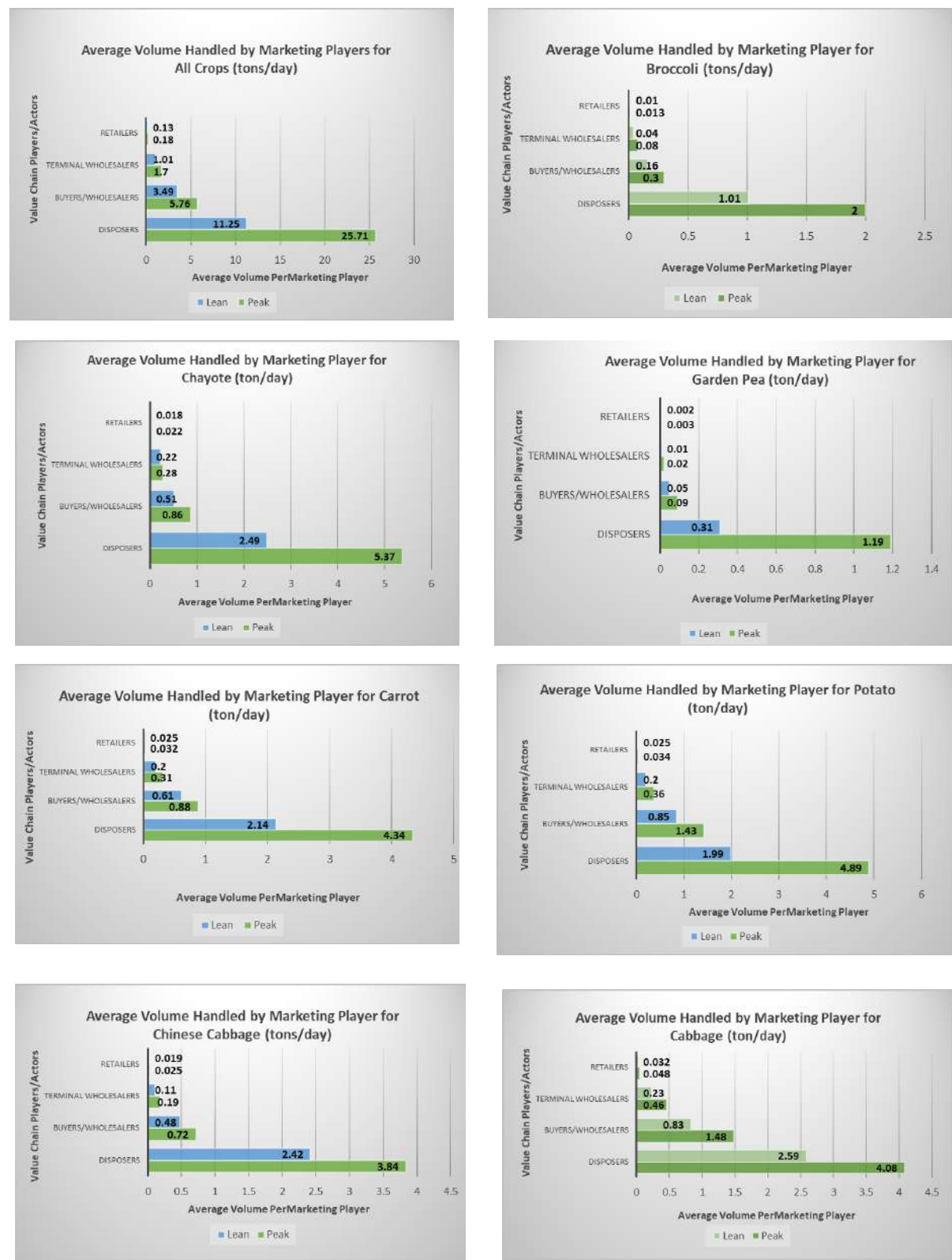
Aside from the spot market transactions, many buyers especially those supplying hotels and restaurants have regular orders with disposers. These regular or "contract" orders are sometimes supplied regularly by specific individual disposers or assemblers, or in cooperation with other disposers. Orders from wholesaler-distributor companies like the Global or Dizon farms and others who are supplying hotels, supermarkets, and other institutional buyers buy through a bidding process.



## FINDINGS

### The disposers handle the most volume per day; usually set the price; sometimes supply inputs

Considering all crops traded by the players, the average total volume of vegetables being handled by a disposer is 25.71 tons per day, buyers or wholesalers 5.76 tons per day, terminal wholesalers 1.70 tons/day and retailers 0.18 tons/day. The following are transacted directly through disposers: 90.91% of broccoli produce; 95.84% of fresh cabbage; 98.36% of carrot produce; 91.61% of chayote produce; 99.75% of Chinese cabbage; 96.31% of garden peas; and 98.28% of white potato. Sometimes, the disposers also serve as financiers or input suppliers to farmers and pay in cash for the farmer harvest, while selling the commodity on a consignment basis.



Geographical Flow of Selected Highland Vegetables

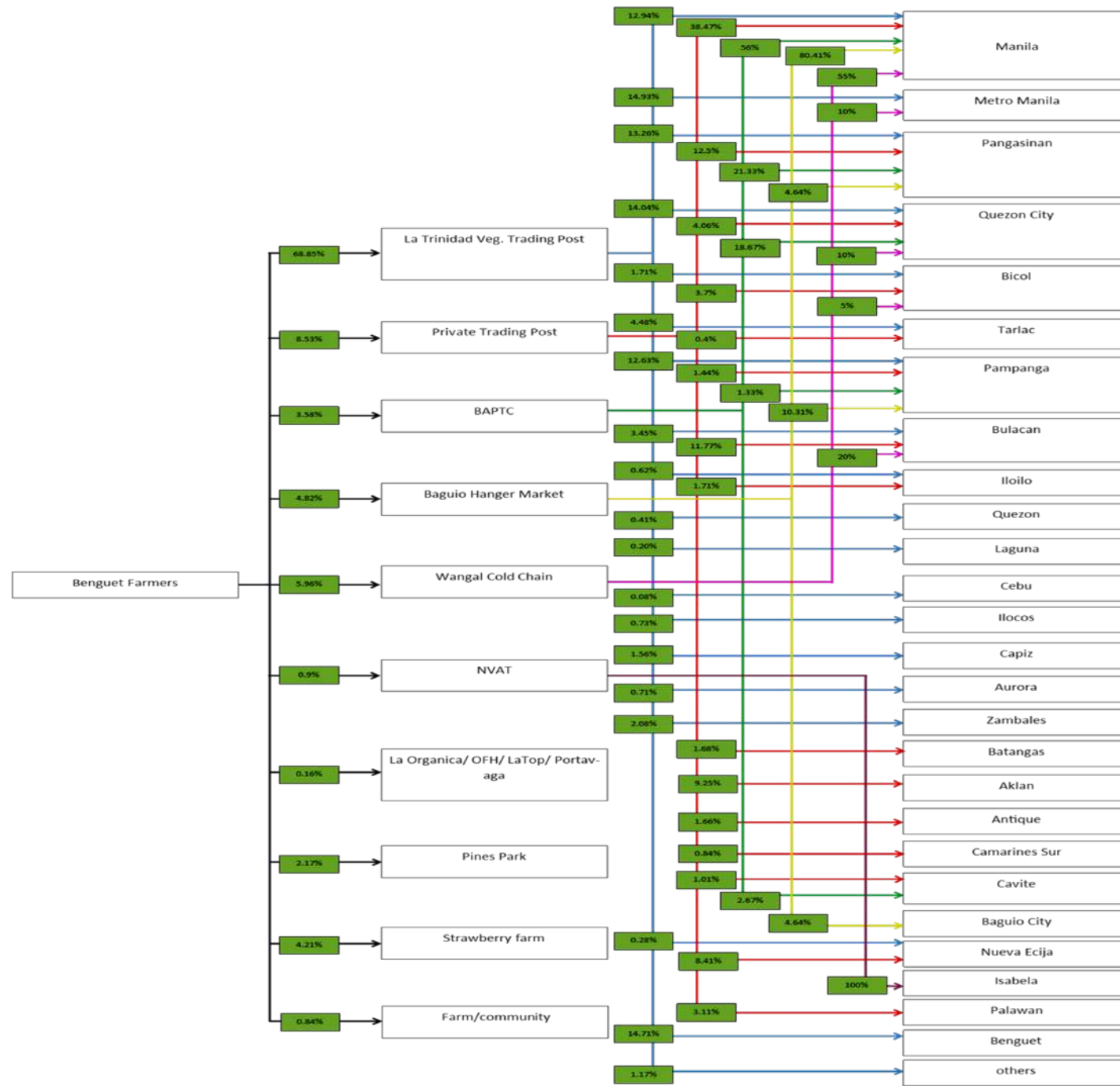


Figure 1. Geographical Flow of Broccoli, 2019

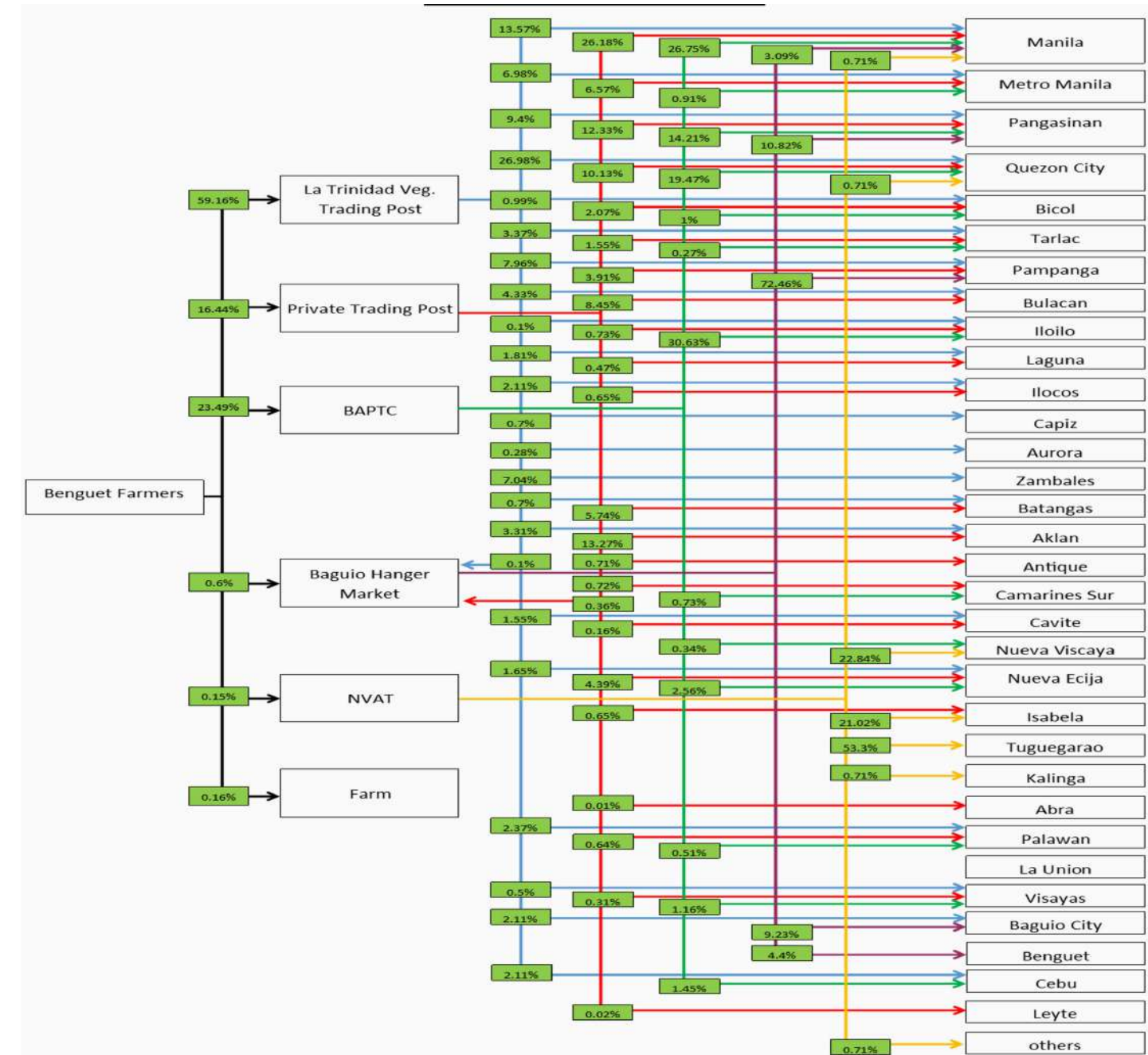


Figure 2. Geographical Flow of Cabbage, 2019

Geographical Flow of Selected Highland Vegetables

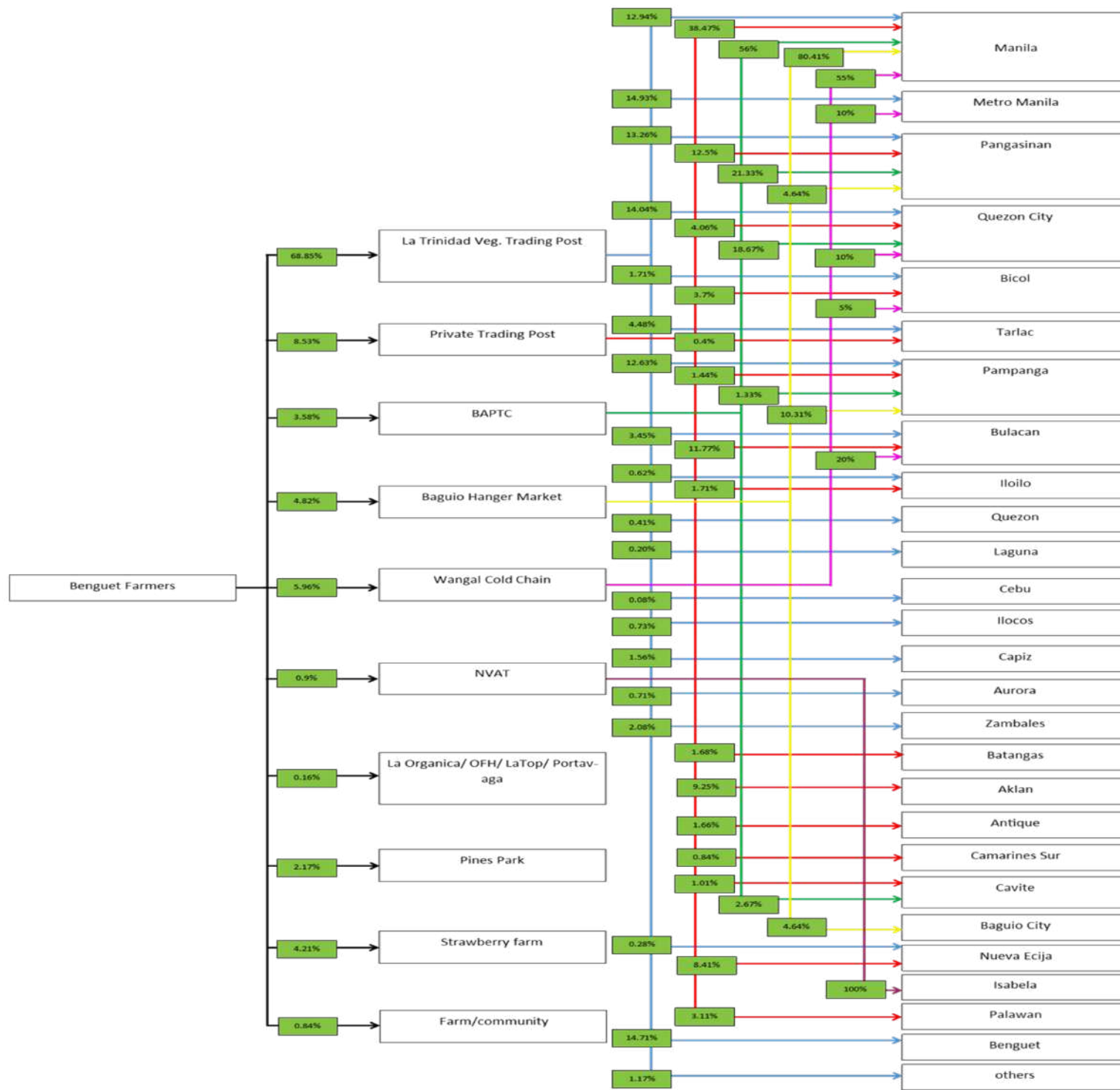


Figure 1. Geographical Flow of Broccoli, 2019

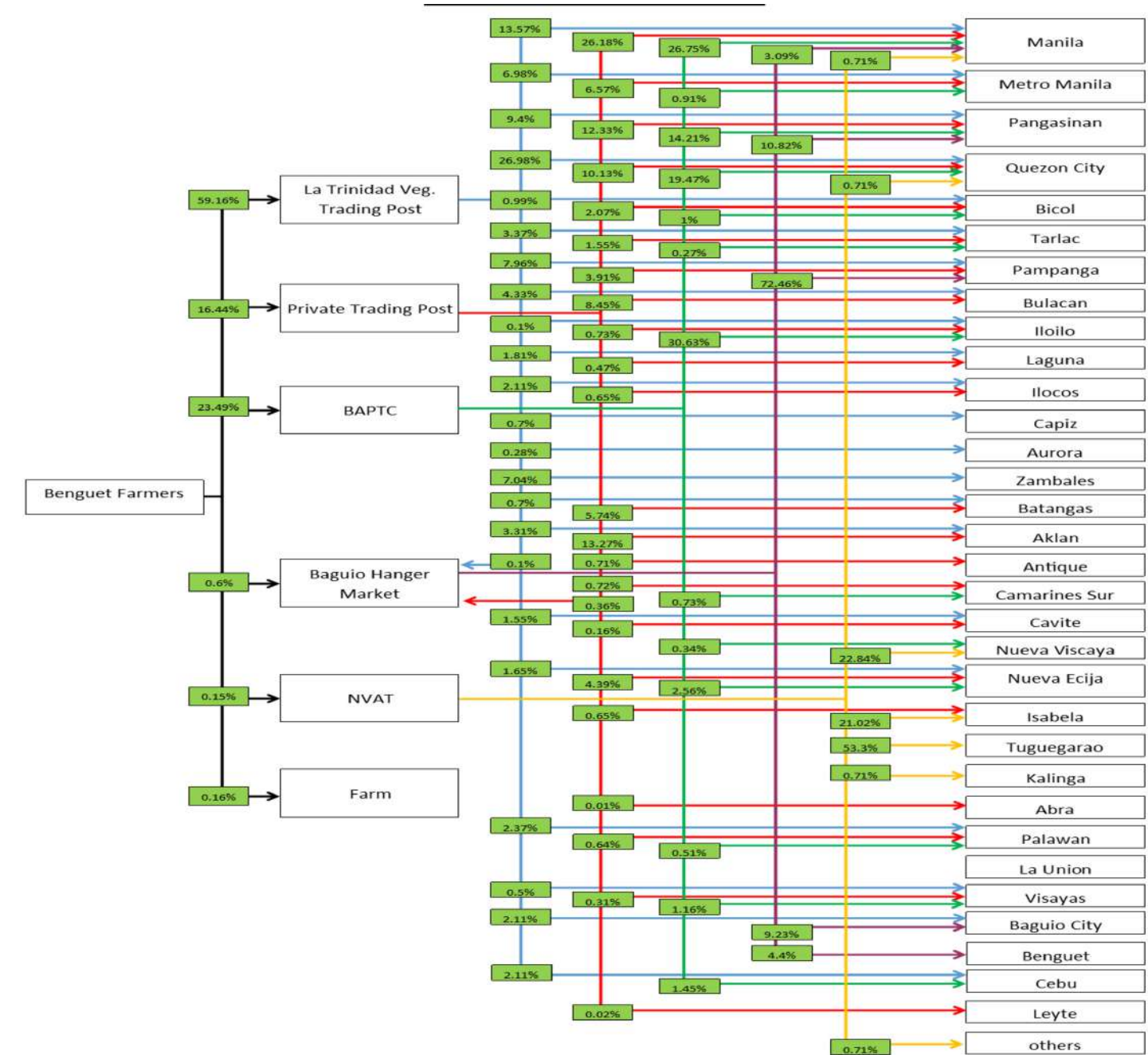


Figure 2. Geographical Flow of Cabbage, 2019

Geographical Flow of Selected Highland Vegetables

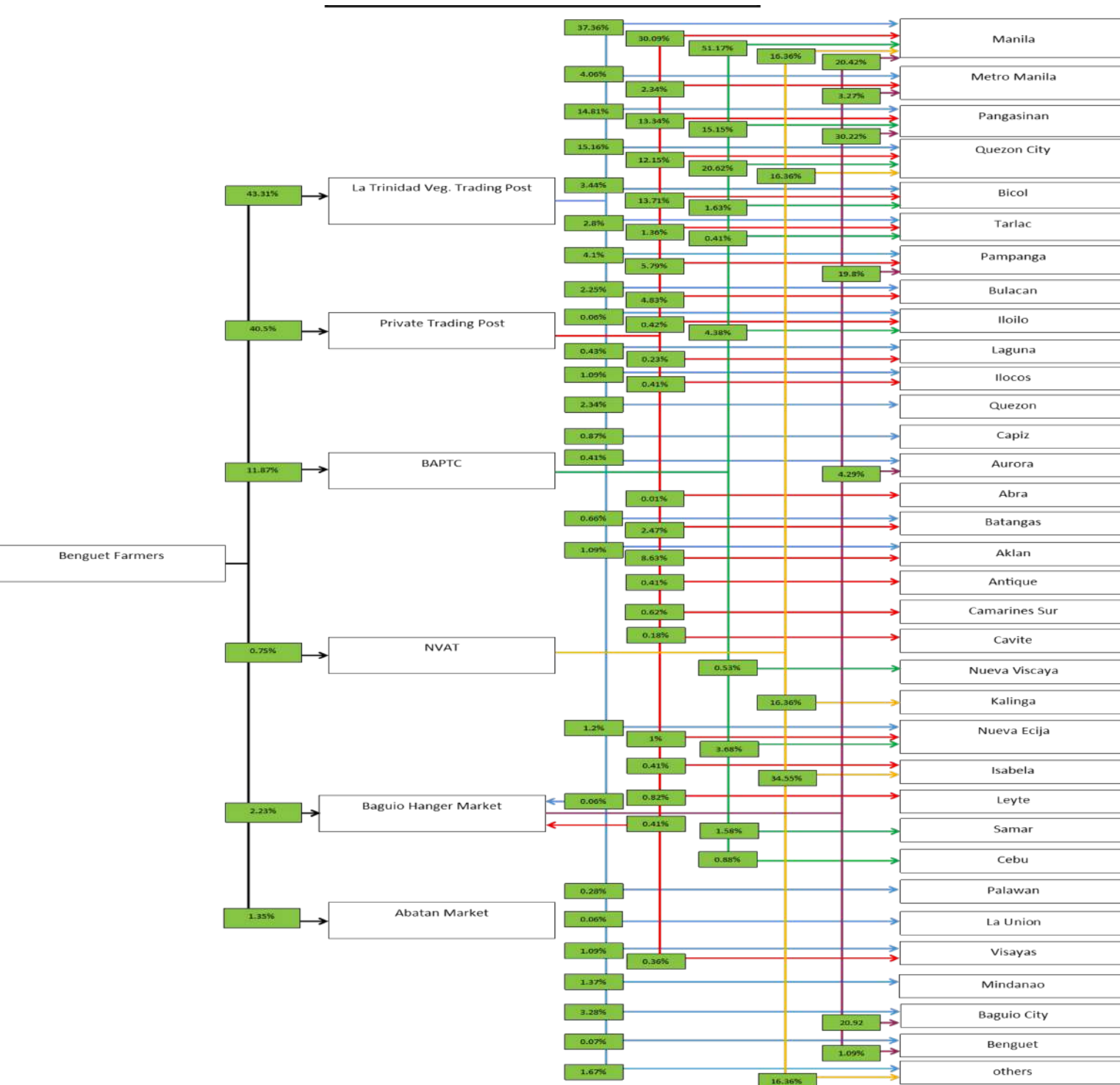


Figure 3. Geographical Flow of Chinese Cabbage, 2019

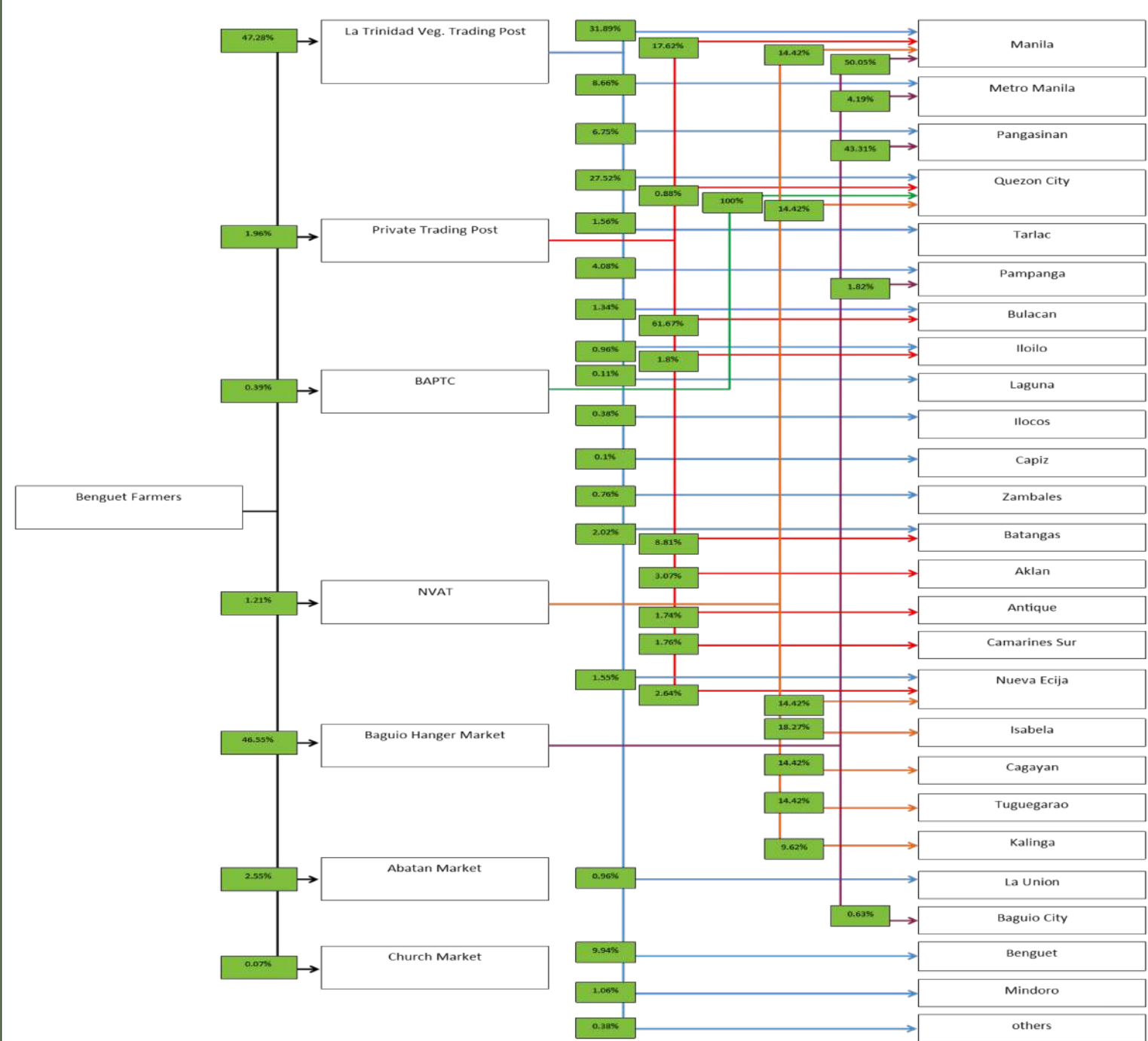


Figure 4. Geographical Flow of Garden Pea, 2019

Geographical Flow of Selected Highland Vegetables

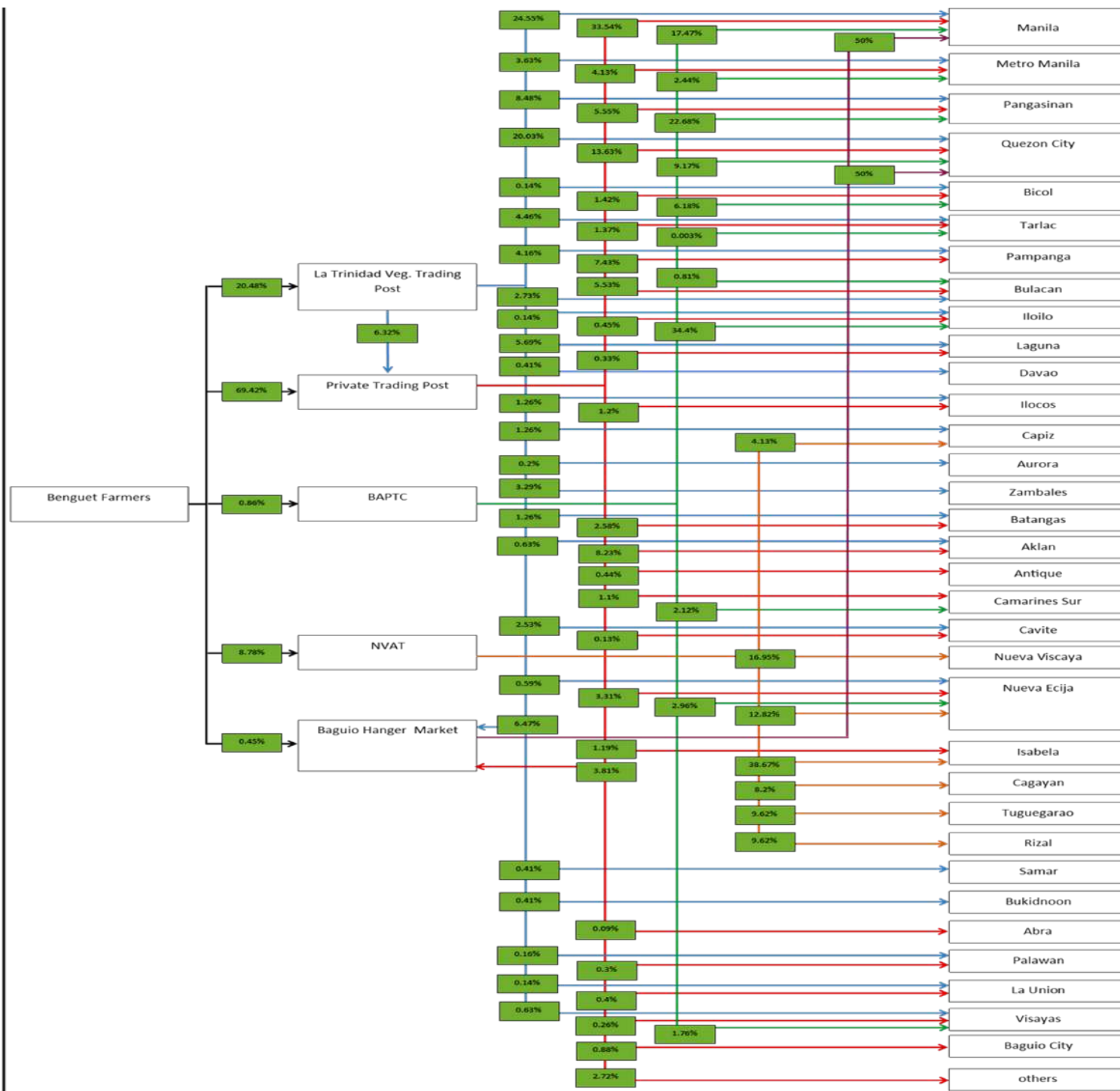


Figure 5. Geographical Flow of Carrot

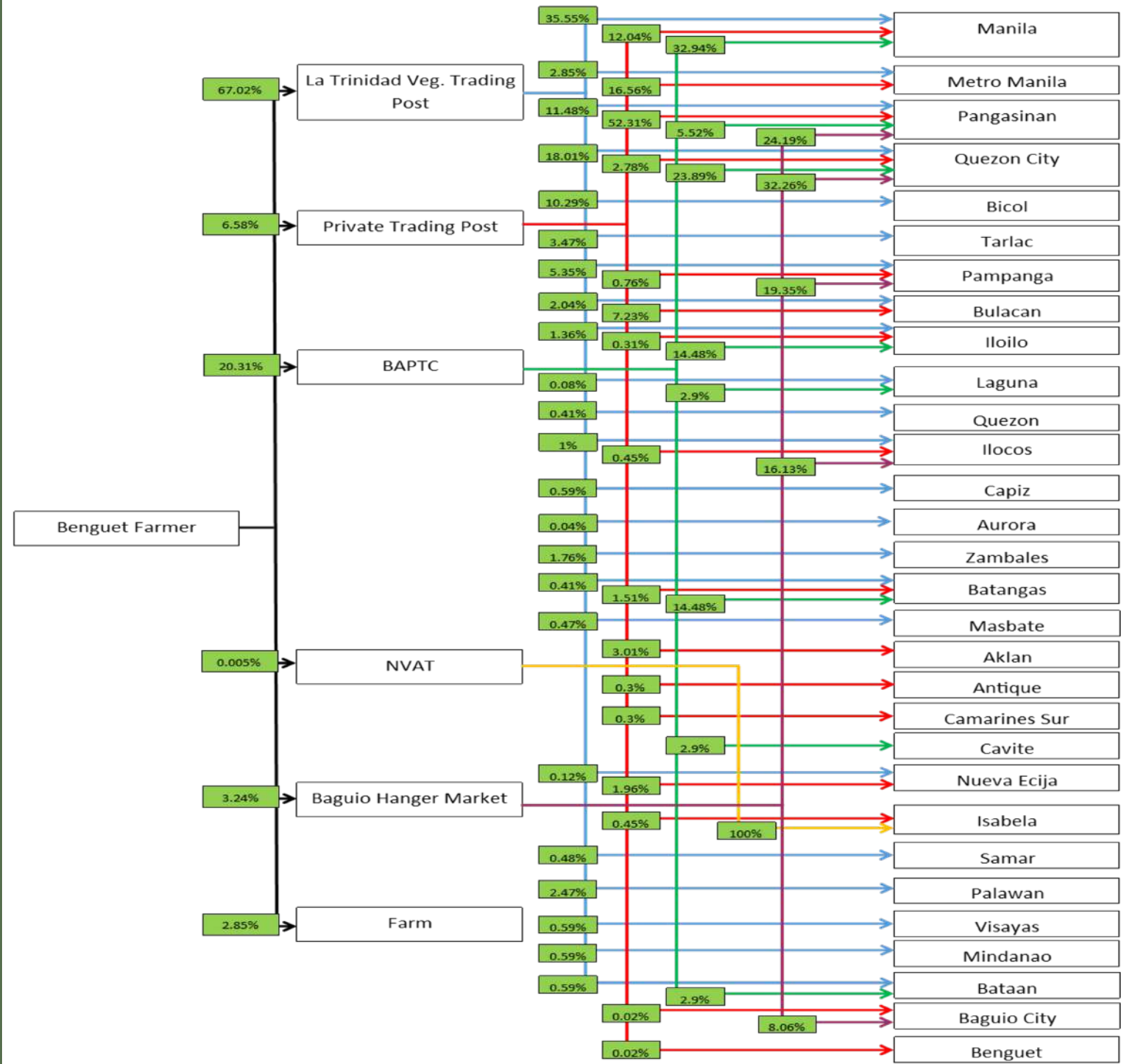


Figure 6. Geographical Flow of Chayote





Actor Mapping and Volume Analysis of Selected Highland Vegetables

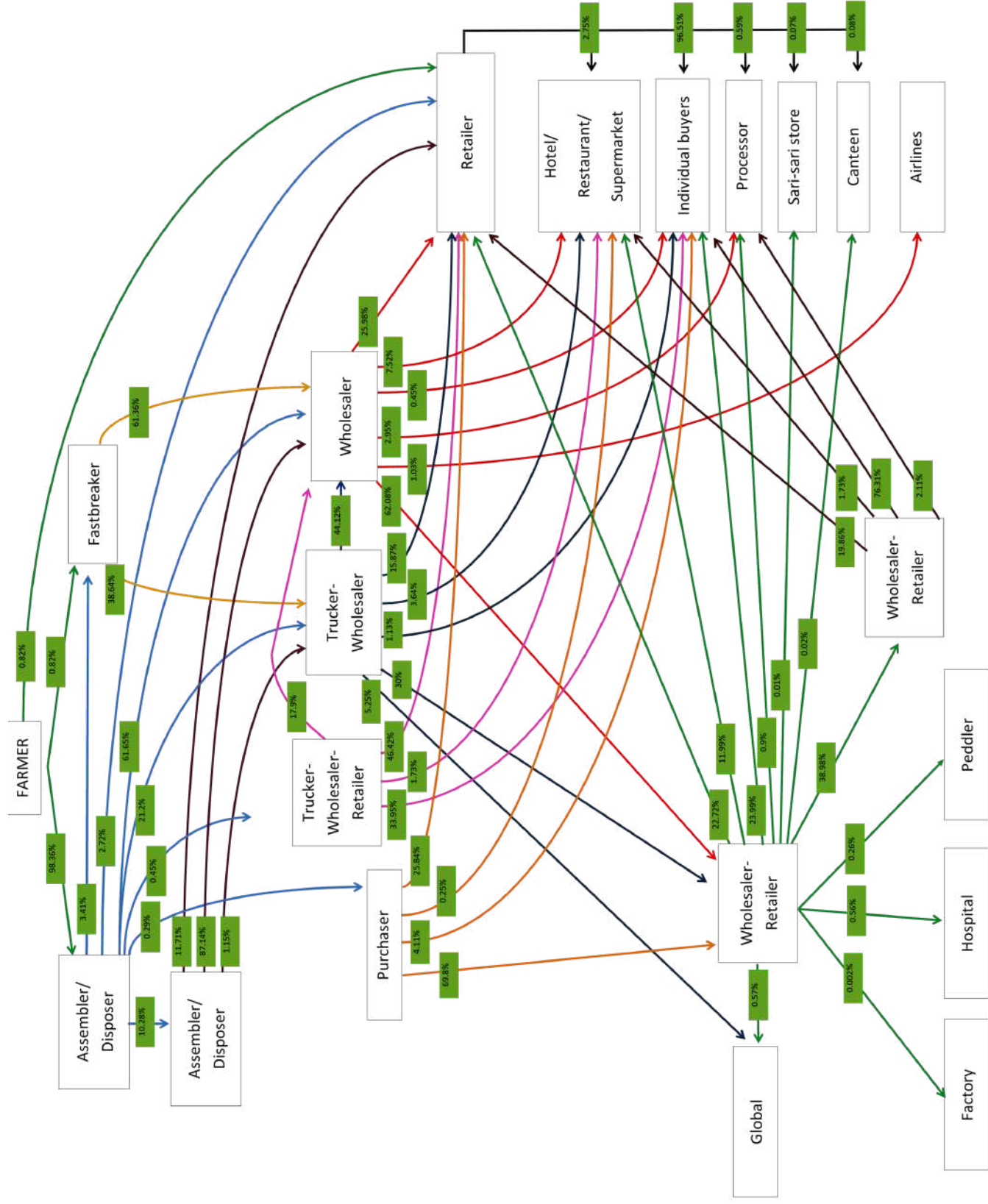


Figure 11. Actor Mapping and Volume Analysis of Fresh Carrot

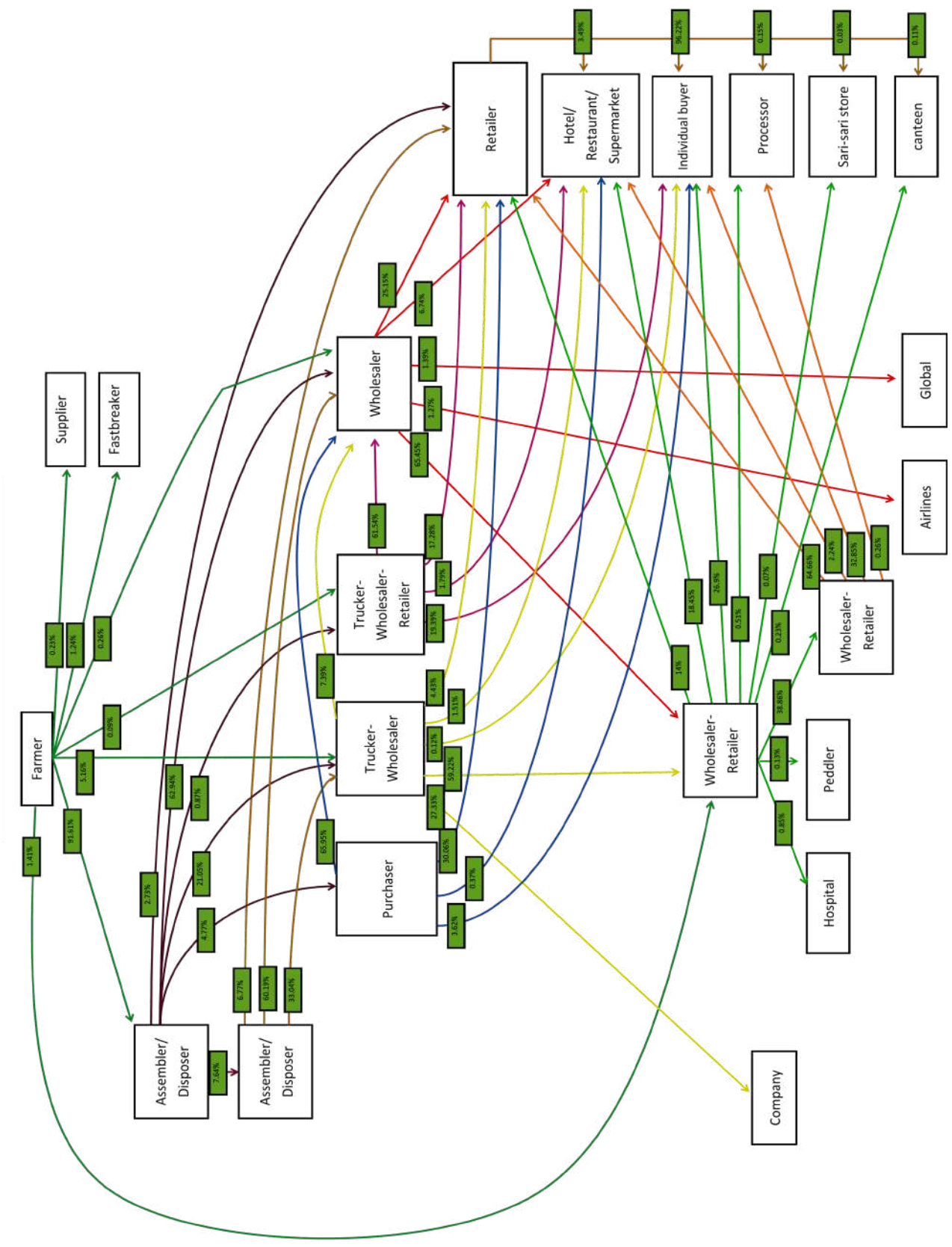


Figure 12. Actor Mapping and Volume Analysis of Chayote

**Actor Mapping and Volume Analysis of Selected Highland Vegetables**

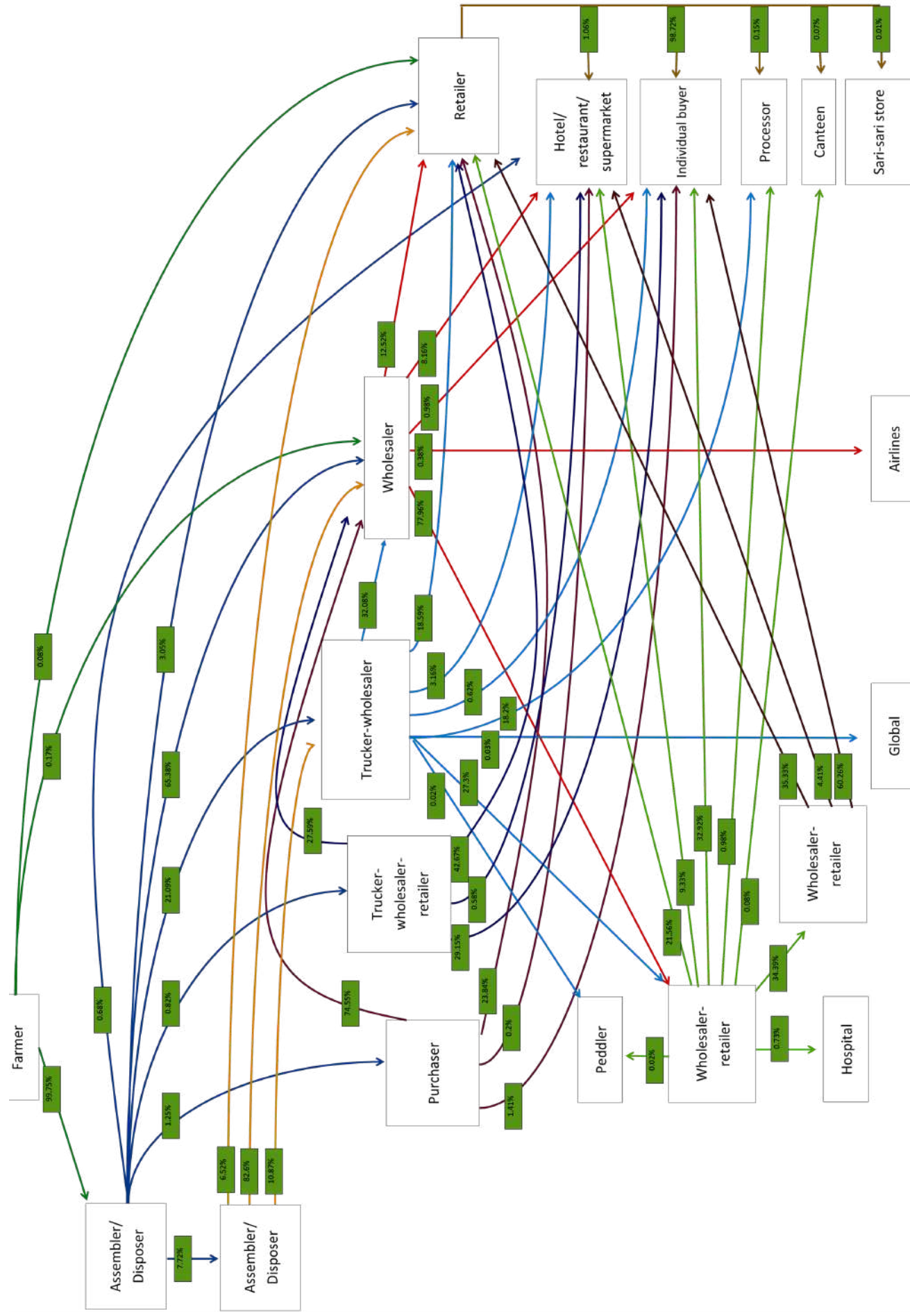


Figure 13. Actor Mapping and Volume Analysis of White potato

**Actor Mapping and Volume Analysis of Garden Pea**

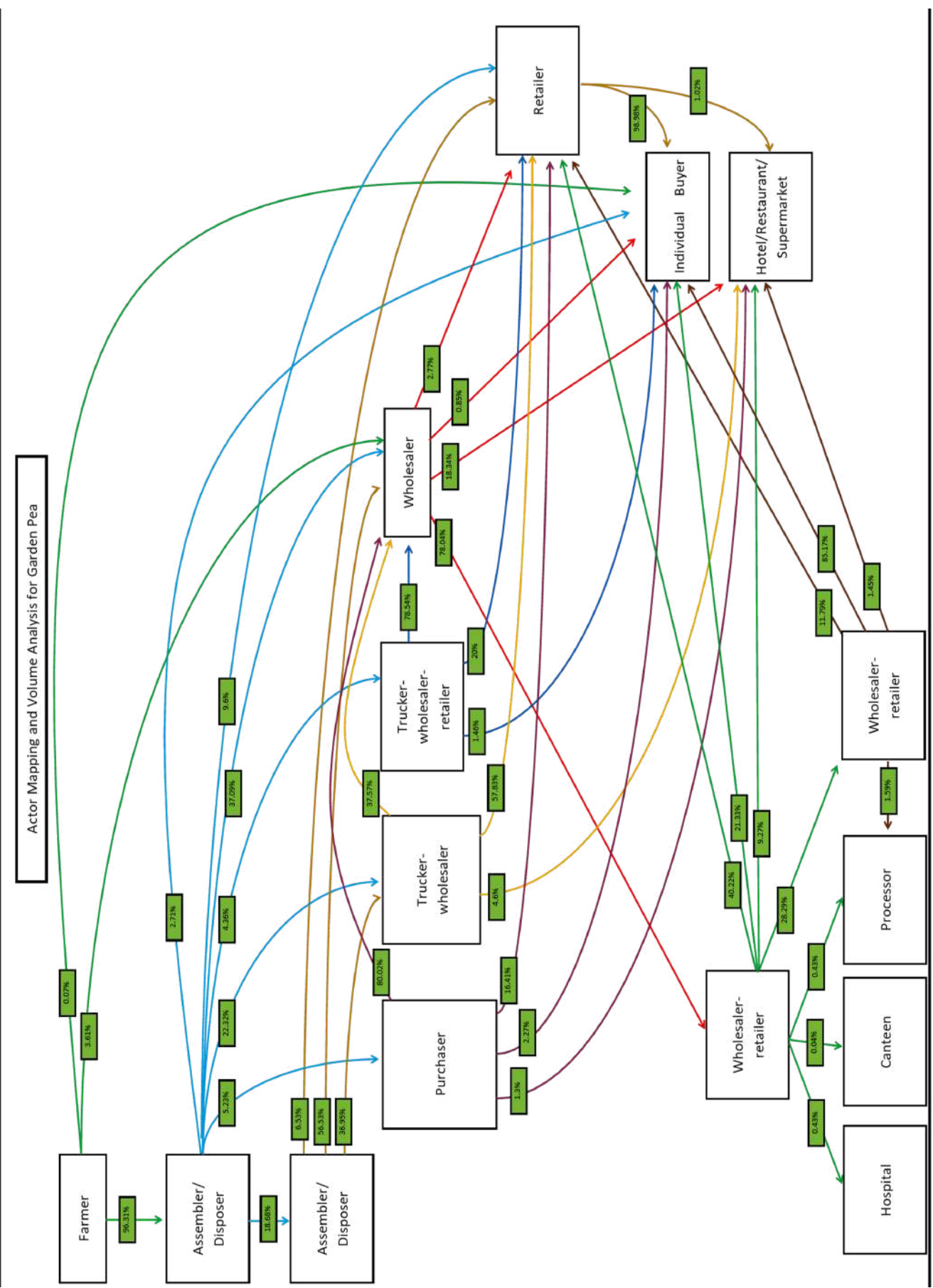


Figure 14. Actor Mapping and Volume Analysis of Garden Pea