

Finland firm eyes construction of \$200M rubber plant in Mindanao

By Louise Maureen Simeon

(philstar.com) | Updated January 10, 2017 - 8:22pm



*The Philippine Rubber Research Institute said the country's P12-billion rubber industry remains to be underdeveloped compared to other Association of Southeast Asian Nations countries such as Thailand and Malaysia. **File***

MANILA, Philippines — A Finnish company is targeting to put up a \$200-million rubber manufacturing plant in Mindanao in the next two years to boost the country's local production, the Department of Agriculture (DA) said.

DA-attached agency Philippine Rubber Research Institute (PRRI) said tire manufacturer Black Donuts Engineering Inc. from Finland are eyeing the construction of a 50-hectare rubber manufacturing plant in Davao.

"We have a potential investor from Finland who is planning to put up an investment in manufacturing plant for rubber tires," PRRI Executive Director Rodolfo Galang told reporters in a chance interview Tuesday.

"They have set the timeline of two years and if the assessment would turn out positively, they would put up the investment," he added.

The plant would cater to domestic consumption for the production of tires for cars, pick-up trucks and other small vehicles.

The rubber manufacturing plant would have the capacity to produce four million tires per year. One tire averages 10 kilograms and is composed of 40 percent natural rubber.

This would translate to about 16,000 metric tons (MT) more of rubber to be planted and produced annually.

Galang said the private company will visit Davao for an ocular inspection of possible land and plant areas.

"We have enough requirement which is 110,000 metric tons a year. Domestic consumption is around 30,000 metric tons while the rest is for export," he added.

Galang emphasized that the Finnish company targeted Davao to be the potential area considering its economic value for agriculture and trade.

"Davao is becoming the center of Mindanao. They have the port, the airport, they have a lot of flights," he said.

Data from the Philippine Statistics Authority (PSA) showed that of the total production, majority comes from Zamboanga Peninsula and the Soccsksargen.

Currently, there are only 25 manufacturing and processing plants nationwide, majority of which are allotted for tires production.

Galang said the country's P12-billion rubber industry remains to be underdeveloped compared to other Association of Southeast Asian Nations countries such as Thailand and Malaysia.

This is due to the inadequate supply of quality planting materials deterring efforts in production expansion, low productivity and poor handling resulting in low-quality rubber.

Galang added that poor rural infrastructures, less investments from private and public sectors and lack of marketing and promotional initiatives in the global market also affect the lagging performance of the country's rubber industry.