

COCONUT IN 1957

By Col. O. B. FORBES

Chairman, British Ceylon Corporation Limited.



It is a matter for great regret that the coconut crop for 1957 turned out even worse than had been anticipated and expressed in terms of nuts the export figure for 1957 shows a shortfall on 1956 of 467 million nuts and in comparison with 1955 a shortfall of 578 million nuts. It is interesting to see now the shortage of nuts has hit the three major exports 1957 with 1955—Coconut Oil shows a drop of 45%, Copra a drop of 50%, Desiccated Coconut a drop of 16% only. The Customs value of the desiccated coconut exported for 1955 and 1957 is practically the same. The high price of D/Nut is responsible for fewer nuts being turned

into copra and some of the hardships being suffered by the oil millers is obviously due to the benefits being received by the D/Nut miller.

The high price of nuts will almost certainly have had some effect on the cost of living and on the consumption of nuts. Last year's shortage of crop must be blamed entirely on the weather. We can only hope that there will be some improvement from the end of May onwards. The export of coconuts has already been prohibited. I doubt if the complete prohibition of the export of either copra and/or D/Nuts is the answer to the problem, but some form of rationing of exports during the short crop season might be to the advantage of all.

The last three years' export figures for Ceylon coconut products have been :—

	1955	1956	1957
Coconut Oil	97,226 tons	84,920 tons	54,073 tons
Copra	68,353 tons	57,726 tons	34,767 tons
Desiccated Coconut	57,863 tons	63,744 tons	48,899 tons
Poonac	5,339 tons	133 tons	nil
Coconuts	10,917,502 nuts	11,047,411 nuts	11,548,678 nuts

The Customs valuation figures (i.e., the f.o.b. price) for these exports were :—

	1955	1956	1957
Coconut Oil	Rs. 113,290,831	Rs. 99,220,458	Rs. 67,920,238
Copra .. ..	.. 57,281,096	.. 48,989,236	.. 33,343,064
Desiccated Coconut .. ..	.. 54,806,465	.. 64,836,491	.. 54,846,306
Poonac .. ..	.. 1,757,109	.. 50,507	.. nil
Coconuts .. ..	.. 2,950,157	.. 2,800,753	.. 3,148,367
	<hr/> Rs. 230,085,658	<hr/> Rs. 215,897,445	<hr/> Rs. 159,257,978

Expressed in terms of nuts these export figures show :—

	1955	1956	1957
Coconut Oil	789,961,250 nuts	689,975,000 nuts	439,343,125 nuts
Copra	341,765,000 nuts	288,630,000 nuts	173,835,000 nuts
Desiccated Coconut	398,254,700 nuts	439,833,600 nuts	337,403,100 nuts
Coconuts	10,917,502 nuts	11,047,411 nuts	11,548,678 nuts
	<u>1,540,898,452 nuts</u>	<u>1,429,486,011 nuts</u>	<u>962,129,903 nuts</u>

I informed you last year of the pending change in the conversion figure to nuts. The 1957 figures have been converted at the rate of —1 ton oil = 8,125 nuts, 1 ton copra = 5,000 nuts, 1 ton D/C nut = 6,900 nuts. For proper comparison the 1955 and 1956 figures in the 1956 review which were converted at the old rate, have been brought into line at the new rates in this report.

We next come to internal consumption. The Consumer Survey of the internal consumption of coconuts made in 1954 by the Central Bank of Ceylon is still, as far as we are aware, the last word on the subject. The Ceylon Coconut Board has not accepted the suggestion which we made last year that this was an obvious outlet for some of their activity. We do not however, that the population of Ceylon is still increasing and recent figures show that it has now topped the 9 million mark. If the previous guess of a yearly consumption of 131 nuts per head—for all uses—is anywhere near correct, internal consumption for last year was 1,179 million nuts and, therefore, what we feared might happen in a bad cropping year has come about namely your internal consumption figure has overtaken your export figure. The need to grow more coconuts becomes more insistent than ever.

The average export prices of Coconut Oil, Copra and Desiccated Coconut for the last three years have been :—

COCONUT OIL PER TON—

	1955	1956	1957
Average	Rs. 945·66	Rs. 979·88	Rs. 1,038·00
Highest	Jan. .. 1,057·00	May .. 1,050·00	Dec. .. 1,151·00
Lowest	May .. 903·00	July .. 912·50	June .. 968·00

COPRA PER CANDY (560 LBS.)—

	1955	1956	1957
Average	Rs. 145·83	Rs. 159·32	Rs. 182·95
Highest	Jan. .. 164·00	Dec. .. 188·25	Mar. .. 199·60
Lowest	May .. 139·00	Feb. .. 143·94	Oct. .. 167·16

DESICCATED COCONUT PER LB.—

	1955	1956	1957
Average	Cts. 35·30	Cts. 41·00	Cts. 43·00
Highest	Jan. .. 39·50	Dec. .. 51·00	Jan. .. 49·00
Lowest	Mar. .. 33·50	Feb. .. 34·00	June .. 40·00

It must again be stressed that the averages above are arrived at from the daily price quotation and are, therefore, only the simple arithmetic average for the year or month. (Figures kindly supplied by the Ceylon Chamber of Commerce).

Copra Sales have been Restarted

As noted in the previous review, compulsory sales of all copra intended for export either as copra or coconut oil were restarted on 1st March, 1957, and have continued since. The total quantity sold between 1-3-57 and 31-12-57 amounted to 456,199 candies.

The net exports of copra and oil for the period March/December 1957, were in terms of copra 411,483 candies. Allowing for free licences for stocks in hand on 1st March, and unshipped stocks at 31st December, and bearing in mind that copra used in the manufacture of oil consumed locally does not of necessity have to go through the sales room, it seems that the side of the sales room is working satisfactorily. It is regretted that the same cannot be said as far as price regulation is concerned. It is quite apparent that anyone can go into the sales room and particularly during the small sales we have been having, with the expenditure of a very few rupees put the day's price of copra up to a figure which is entirely out of parity with any other market and quite often does not represent the true price at which the bulk of the business is done. The Indian copra buyer we know has the protection of his government in the prices he pays.

Export Duties are Unchanged

Ceylon export duties remained unchanged throughout 1957. Rates were :—

Coconut Oil	.. ..	Rs. 135 per ton
Copra	.. ..	.. 185 per ton
Desiccated Coconut	.. ..	.. 95 per ton
Poonac	.. ..	.. 200 per ton
Coconuts	.. ..	.. 65 per 1000 nuts

At above rates of duty the Ceylon oil miller receives a preferential advantage over the copra shipper of Rs. 20/77 per candy of copra or Rs. 165/73 per ton of oil. The copra shipments for 1957 were 34,767 tons in all and out of this total 33,888 tons went to India. 33,888 tons of copra represents 10,427 tons of oil and 5,200 tons of poonac. The poonac, remember, is still in the copra and is an entirely free and unrequired export. The Indian Government unlike the Ceylon Government, is a firm believer in encouraging its own manufacturing interests and a most unwilling exporter of the raw material required to keep the manufacturing interests and a So for some years now the Indian dice have been heavily loaded in favour of the copra and against the oil importer. Up to mid-May, 1957, the preference the Indian miller enjoyed was Rs. 35·05 per candy of copra or Rs. 233/75 per ton of oil, which completely nullifies the preference the Ceylon Government allows its manufacturers as detailed above.

In the budget presented at the end of May, 1957, the Indian Government faced with the necessity of keeping their second five-year plan going, had to clamp down on imports wherever possible. This was done by stricter licensing of imports, and increased import duties and internal excise duties.

Prior to May, 1957 the Indian duties were :—

Coconut Oil	.. 21% on a tariff value of Rs. 75·00 per cwt. = Rs. 315·00 per ton
Copra	.. 5% on a tariff value of Rs. 50·00 per ton = Rs. 81·25 per ton of oil.

The new duties after May, 1957 are :—

Coconut Oil	.. 25% on a tariff value of Rs. 67·50 per cwt. = Rs. 337·50 per ton
Plus an internal excise duty of	= Rs. 112·00 per ton

Rs. 449·50 per ton

Copra	5% on a tariff value of Rs. 45.00 per ton	= Rs. 73.25 per ton of oil
Plus an internal excise duty of		= Rs. 112.00 per ton of oil
		<u>Rs. 185.25 per ton of oil.</u>

The excise duty of Rs. 112/- per ton on oil manufactured from imported copra and on oil imported as oil is common to both. The adjustments in the tariff values make the overall preference against the oil miller Rs. 264/25 instead of Rs. 233/75 per ton. As long as present conditions exist the price of copra is under the complete domination of the Indian buyer—genuine or speculative. For the six months' period from 1st April 1958, the Indian Government banned the importation of all edible oils with the dual object of conserving exchange and encouraging her own milling industry.

A Ceylon Government mission was sent to New Delhi following the imposition of the ban, and some temporary measures of relief were obtained; but it is evident that the Indian Government proposes to follow the trend in most other countries today—to process the country's raw materials as far as possible in the country.

No Glut of Poonac in Market

The fall in the total quantity of coconut oil produced and copra exported was naturally reflected in the quantity of poonac available. Never throughout the year was there any glut of it on the market in spite of the fact that it was obvious that the high price was curtailing consumption. The export duty of Rs. 200 a ton on top of the high local price was responsible for the fact that for the first time in our memory there was not a pound exported. We are under the impression also that little, if any, was used as a filler for artificial fertiliser. It is still only possible to guess at the amount of coconut oil actually used internally. If we maintain last year's guess of 42,000 tons we get a total production of poonac of 48,000 tons—21,000 tons from internal oil plus 27,000 tons from exported oil. This be it noted, is 15,000 tons less than the estimated figure for 1956. After an opening price of Rs. 452 per ton leading to the all time high of Rs. 510 per ton on 20th February, 1957, the market fluctuated between Rs. 400 and Rs. 500 per ton until April, after which with increasing supplies available a steady decline set in and the year closed with the price at Rs. 270. With copra in shorter supply than ever after the turn of the year, there has since been some increase.