

## COCONUTS IN 1960

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**General.**—1960 was a year of mixed blessings for the Coconut Industry of Ceylon. As a result of the prolonged Jan.-March drought of 1959, the corresponding picks of 1960 *i.e.* First, Second and Third picks were very poor: in fact, the first pick for the year, the January/February bi-monthly pick was in most districts said to be the poorest in recent times for at least two decades. Not only was the number of nuts poor, but nut size as indicated by copra out-turn was alarming and in some as low as 1,500 nuts per candy compared to a normal 1,200.

Since then, in response to the favourable heavy and well distributed rains of the 1959 South-West Monsoonal period, crops picked up as from the Wesak pick of 1960, showed substantial increases over the corresponding picks of the previous year.

These increases were subsequently maintained, except in the fifth pick which appeared to be low, particularly on gravelly soils where there were heavy immature nut falls during the prolonged July/August dry spell.

**Coconut Board Sales Room.**—Before discussing statistics of Production and Exports as in previous years, it is relevant here to refer to the Coconut Board Sales Room, which is performing a very useful function in the marketing of copra and/or oil. Under its new Chairman, Mr. C. T. Van Geyzel, the Coconut Board has had another successful year of useful work for the coconut industry. In its new home at Duke Street, ample modern facilities have been provided for the convenience of bidders and brokers at the Auctions.

The major problem that has come under its purview in the course of the year is the question of Salmonella infestation of D.C. and efforts to introduce sanitation and simple yet improved methods to control any contamination from Factory to Shipper. The Hon. Minister of Commerce and Trade has accepted the Board's advice and Legislation, it is understood, is being framed for the improved manufacture of D.C. under

conditions free from infection and contamination with pathogenic organisms, and similarly sanitary measures at the point of shipping and shippers' stores.

Mr. W. R. Nathanael, the Chemist of the C.R.I. has served as a member of the D.C. Standards Committee which has been advising the Government on these matters.

It is hardly necessary to stress the importance of all parties interested in the future of this important industrial product of coconuts, taking all measures, legislative and otherwise towards this end, or else the result will be the loss of a valuable market for our industry which is labour intensive and on which some producers and workers in the Chilaw-Kurunegala districts depend.

**Coconut Producers' Co-operatives.**—Departing from the previous year's stereotyped reports, it is of interest to refer to the part that the Coconut Producers' Co-operative Societies play and must further play in the efficient integration of the Coconut Economy. During the period of the Second World War when the Commodity Purchase Department issued licences and Co-operatives were specially favoured, several Coconut Producers' Co-operatives were started, but only three survived the post-war period, namely, those of Marawila, Nattandiya and Sandalankawa. Those Societies of Mundel, Dungalaha, Veyangoda and Kurunegala went into liquidation; of the existing organisations the Marawila Society has been a model and has extended its activities to oil D.C., as well as to fibre. Credit facilities are afforded to members for the provision of Government Subsidised Manures which are purchased wholesale by the Society and distributed to members; the purchase value being reimbursed in the form of instalments from the crop supplied to the Society during the subsequent year.

Government had however given a large loan to the Coconut Producers' Co-operative Union to finance the defunct societies whose assets in machinery and buildings were lying idle.

It need hardly be stressed that a chain of such Co-operatives, perhaps linked with the Multiple Purpose Co-operatives scattered through the million acres of coconuts, with its 75 per cent small-holders below 20 acres, will and must play a major role in the rehabilitation of the Coconut Industry, increasing production of coconuts, and giving a fair deal to the coconut producer as against the coconut miller and coconut dealer.

## GOVERNMENT SUBSIDISED MANURE SCHEME

The Government subsidised manure scheme for the Rehabilitation of the Coconut plantations has shown a progressive response from its commencement in 1956 to 1959 as shown by the Table below:—

Year	<i>Value of manure used during the year</i> Rs.	<i>Value of Government Subsidy</i> Rs.	<i>Quantity of manure utilised by Estates</i> Tons	<i>Quantity of manure used by small-hol- dings</i> Tons	<i>Total extent manured</i> Acres
1956	9,914,367	4,026,133	17,666	13,654	311,589
1957	11,135,742	4,521,149	17,823	13,514	334,623
1958	11,158,879	4,578,139	18,983	15,775	350,000
1959	14,286,170	5,974,656	21,979	22,051	442,531

Unfortunately the data for 1960 will not be available for inclusion in this report.

**Prices of Coconut Products.**—1960 has been a tragic year for Coconut Prices as shown in the Table below. (Kindly supplied by the Ceylon Coconut Board):

### AVERAGE PRICES FOR COPRA, COCONUT OIL, D.C. AND POONAC DURING 1960

Month	<i>Copra per candy</i> Rs. Cts.	<i>Coconut Oil per ton</i> Rs. Cts.	<i>D.C. per lb.</i> Rs. Cts.	<i>Poonac per ton</i> Rs. Cts.
January .. ..	248.11	1,504.21	.58	292.63
February .. ..	245.25	1,480.74	.59	313.25
March .. ..	235.81	1,409.34	.55 <sup>3</sup> / <sub>4</sub>	313.69
April .. ..	216.19	1,261.84	.52	297.36
May .. ..	208.52	1,231.57	.51	304.21
June .. ..	185.28	1,032.58	.43.2	293.33
July .. ..	177.91	1,058.75	.43.8	282.75
August .. ..	174.14	1,048.00	.42	254.00
September .. ..	152.41	986.50	.39.8	209.37
October .. ..	153.25	996.19	.39.5	208.69
November .. ..	148.48	950.00	.33 <sup>1</sup> / <sub>2</sub>	183.00
December .. ..	136.26	876.42	.32.6	187.38

From a peak price of Rs. 248.00 prices gradually fell almost monthly reaching rock bottom of Rs. 136.00 in December, 1960. Prices of Coconut Oil, Desiccated Coconut and Poonac had a corresponding fall.

During January, 1961 there was a small recovery up to Rs. 148.00 a candy but any price below Rs. 175/- per candy should cause considerable concern to the producers with consequent loss to export earnings. Below Rs. 150/- a candy there is hardly a reasonable margin of profit. With high costs of labour and other factors most estates cannot produce copra below this price.

Furthermore small-holders who do not cure copra, but sell to dealers are at their mercy, and in a falling market price offers for nuts were ridiculously low. At Rs. 136/- a candy (the December price), dealers should have offered at least Rs. 90/- per 1,000 nuts, but rarely did producers receive more than Rs. 70/- to Rs. 80/-. Whatever the causes of this phenomenal fall in prices may be, other competing oils and certain Government Controls in purchasing countries have had considerable influence on copra prices, certain factors operating in U.S. have had their repercussions on the coconut oil market and in turn on the prices of copra.

In this connection the following extract from the "Review of Vegetable Oil and Oil Seeds" published by the Commonwealth Economic Committee (London 1960) should be of topical interest:

"Prices of Major Oil seeds in the U.S. have in recent years been faced with the problem of the disposal of surplus produce, notably soya bean oil and cotton seed oil; this problem has to some extent been solved by the Agricultural Trade Development and Assistance Act (Public Law 480) which permits commodities in surplus to be sold for foreign currencies through private commercial channels. In 1958 out of total shipments of 461,000 tons of cotton seed and soya bean oil some 361,000 tons or 78 per cent of the total were made under Public Law 480".

The matter was raised by the writer at a meeting of the Chilaw-Negombo Planters' Association last December, when the question of the release of the American Stock Pile of Oil and its effect on the Coconut Market was discussed. In this connection the writer stated that "if the manipulation of such a stockpile of oil and its release when coconut oil (or any other edible oil) reaches high prices, in order to make the law of supply and demand operate and bring down the price, this manoeuvre if done as alleged, would be the greatest disservice that U.S.A. could do to the primary producers in South East Asia. Indeed such a measure as a

tool of economic strategy will certainly nullify the effect of all direct and indirect aid that American funds generously granted intend to produce on the underdeveloped coconut producers of South East Asia".

## COCONUT PRODUCTION IN 1960

The Summary of Production of coconut and coconut products during 1960 compared to those in 1959 is given below : —

Table 'A'

### 1. PRODUCTION

1. Production in 1960	..	..	..	2,362 million nuts
2. Production in 1959	..	..	..	2,491 " "
3. Production average for the last 5 years	..	..	..	2,467 " "
4. Production record in 1955	..	..	..	2,746 " "
5. Decrease over 1959	..	..	..	5.2%
6. Decrease over last 5 years average	..	..	..	4.3%
7. Decrease over record of 1955	..	..	..	14.0%

### 2. EXPORTS

#### I. By Volume

(a) Amount	Nut Equivalent			
1. 1960	..	..	..	974,887,000
2. 1959	..	..	..	1,139,586,000
3. Average last 5 years	..	..	..	1,196,594,000
4. Previous record in 1955	..	..	..	1,541,902,000
5. Decrease over 1959	..	..	..	14.4%
6. Decrease over last 5 years	..	..	..	18.5%
7. Decrease over record of 1955	..	..	..	36.8%

#### (b) Distribution

	Coconut Oil	Copra	Fresh Nuts	D.C.
1959	.. 49.5	.. 18.7	—	31.8
1960	.. 46.2	.. 14.9	—	38.8

#### II. By Value

(a) Amount				
1. 1960	..	..	..	183,426,715
2. 1959	..	..	..	243,839,482
3. Average last 5 years	..	..	..	202,168,552
4. Previous record in 1951	..	..	..	322,827,380
5. Decrease over last 5 years average	..	..	..	9.3%
6. Decrease over 1959	..	..	..	24.8%
7. Decrease over record in 1951	..	..	..	43.2%

(b) *Distribution*

			Coconut Oil	Copra	Desic. C/Nuts	Nuts
1959	..	..	48.1	21.1	30.8	—
1960	..	..	43.4	17.5	39.1	—

**III. Average Value of Exports per 1,000 nuts**

1. 1960	..	..	..	..	188.15
2. 1959	..	..	..	..	213.97
3. Average for last 5 years	..	..	..	..	172.46
4. Record in 1951	..	..	..	..	258.29
5. Decrease over 1959	..	..	..	..	12.1%
6. Increase over last 5 years average	..	..	..	..	9.1%
7. Decrease over record in 1951	..	..	..	..	27.2%

Estimated production is calculated from the exports of Copra, D.C. and Oil using the conventional conversion factors and adding the estimated local consumption based on 140 nuts per head of population.

While the figures for exports are reliable the figure for local consumption may need revision in the light of reliable consumer surveys conducted on statistical lines adopting modern sampling techniques.

A further complication is an estimate of local consumption of coconut oil in industrial utilisation as margarine, hydrogenated fats and soap in Ceylon. It is well known that a large organisation with branches the world over with international reputation is manufacturing soap and margarine under well-known trade names and another oil milling firm (a Rupee Company) is manufacturing soap and hardened fats packeted in popular form as a cooking fat.

An analysis of data of copra sold spot and forward at Ceylon Coconut Board Sales Room compared with the volume of exports of oil and copra, is revealing and gives a clue to the extent of local consumption of coconut oil in industry and/or other forms.

Table 'B' gives a statement of the copra sold at the Coconut Board Sales Room during the period 1958 to 1960 for each year, and the actual amounts of (a) copra exported; (b) oil exported in copra equivalent and (c) the difference between copra sold at the Sales Room and that utilised as exports in terms of oil and copra (the copra equivalent of exports).

This difference should represent the quantum of copra locally utilised for (a) consumption as edible and/or cooking oils; (b) in the manufacture of industrial products such as soap, margarine and hardened fats.

Table 'B'

	<i>Copra Sold Sales Room Spot &amp; Forward</i>	(a) <i>Copra Exported</i>	(b) <i>Oil Ex- ported in Copra Equivalent</i>	(c) <i>Balance Copra* Locally Utilised</i>
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
1958 ..	99,044.10	27,700	72,085	740.90 (deficit)
1959 ..	150,378.82	42,609	112,808	5,037.18 (deficit)
1960 ..	132,726.19	29,117	90,168	13,441.19

**Conversion rates**

1 ton of oil	=	8,125 nuts (61.5% oil impression)
1 ton of copra	=	5,000 nuts (1,250 per candy)
1 ton of oil	=	1.625 tons of copra

\*Balance unexported is presumably utilised locally after conversion to oil as food, soap, margarine and hardened fats.

So far as 1960 is concerned 13,441 tons (53,764 candies) of copra were utilised locally. In actual utilisation during the year this amount needs some revision as copra purchased at the Sales Room, say in November and December may not be converted to oil and utilised, say as soap or margarine in industry, until January/February, 1961.

None the less for 1958 and 1959 instead of a nett consumption locally the figures show a deficit an explanation for which anomaly is reserved for a later occasion. Yet whatever the explanation there is a very large increase in local consumption in processed forms, amounting to the equivalent of 13,441 tons or 53,764 candies during 1960. In this connection what effect the establishment of the factory of Messrs. Lever Bros. (Ceylon) for manufacturing margarine, and the undoubted increase in local consumption of packeted hardened cooking fats such as COVO and white coconut oil bottled and sold by a well-known Ceylonese Firm, has had on this relatively high local industrial consumption deserves study, as it represents 10 per cent of the total copra sold at the Sales Room.

**Coconuts in 1960: Production and Exports.**—Comments have already been made on the price trends of export coconut products in 1960 and an evaluation of possible economic and other factors.

Some notes on the volume of production in 1960 and a study of production trends is of topical interest in the light of National Planning of Ceylon's largest national agricultural asset — the one million acres of coconuts of which 70 per cent is owned by small holders.

1960 production (exports and local consumption) was slightly less than in 1959, just 5 per cent. Unfortunately the first two crops of the year felt the impact of 1959 droughts at the beginning of the year following on the cumulative effects of droughts of previous years.

However, by volume, exports showed an even greater fall compared to 1959 of 14 per cent, which may however be offset by the 10 per cent of the total copra sold at the Sales Room locally utilised industrially as referred to in the course of this review. When this is considered, the nett gain to National Income by coconut production may not show a nett loss — perhaps a small gain, and this is a subject which may prove of academic interest to economists and one which they may evaluate.

On the distribution of volume of exports coconut oil yet holds pride of place, 46 per cent compared to 40 per cent in 1959 while in 1960 D.C. has gained by 7 per cent increase from 31.8 per cent in 1959 to 38.8 per cent in 1960 and this in spite of the *Salmonella* scare.

**Value of Exports.**—It is in the value of exports that a fall of nearly 25 per cent is significant during the year. Towards the latter half of the year the fall may have been over 50 per cent or more compared to the previous year, and unless copra prices are stabilised at about Rs. 175/- a candy, the economic prospects of the coconut industry and the effect on the National economy have to be viewed with considerable alarm.

The relative position of oil and D.C. in earning exchange is roughly proportional to the volume of exports.

I may be pardoned repetition if I again record that the only method of at least stabilising the National Income derived from Coconuts per capita of population in the near future is by increasing production by sustained manuring, and in the distant future (say 20 years hence) by regular programme of *replanting* as envisaged by the seedling supply programme of the C.R.I. Also by the opening up of new areas of crown jungle as stressed by the Hon. Minister of Agriculture, Land, Irrigation and Power. In this context the appointment of a Coconut Sub-Committee by the Hon. Minister as a unit of the Ministry's Planning Committee is to be welcomed. Unless concerted measures are adopted it is not unlikely

that 25 years hence the importation of coconuts for local consumption to feed a population pressure may become an economic necessity.

**Coir and Coir Products.**—The economic importance of the Coir Fibre Industry (and even the Coir Yarn industry of the South), is not fully realised in the context of the Coconut Economy of Ceylon until one studies the value of exports of fibre (Mattress and Bristle Fibre) given below when compared with the value of exports of copra, oil and D.C.—

	Quantity	Value
		Rs.
Mattress Fibre (Cwts.) .. ..	1,215,272	28,613,125
Bristle Fibre .. ..	489,237	24,331,051
Total Fibre (Cwts.) .. ..	1,704,509	52,944,176
Copra (Tons) .. ..	29,117	32,180,705
Oil .. ..	55,488	79,575,256
D.C. .. ..	54,845	71,667,500

It is revealing to note that the value of coir fibre exceeds that of the value of copra exported.

In the contexts of its economy — fibre mills have sprung up in the Chilaw/Negombo and Colombo Districts, but with the rise in price of fibre, mills have been established in as distant places as Puttalam, Kurunegala and Ganewatte.

This industry is labour intensive, requires little capital and supplies a lucrative market for excess coconut husks which cannot be buried. In fact during the early part of 1960 husks fetched as much as Rs. 15/- per 1,000.

Prices tend to fluctuate, but have been reasonably controlled by the Fair Price Scheme.

In this connection the economic disposal of the mountains of coir fibre dust in the proximity of Fibre Mills is a problem and proposals have been made for its utilisation as a Hard Board, for which purpose a Government Sponsored Hard Board Corporation was established.

**Export Duties on Coconut Products.**—The question of differential export duties on coconut products as between Copra and Coconut Oil has been the subject of controversy in the press. There has been in this connection suggestions of a total ban of copra exports, so that the entire production of copra can be milled in Ceylon.

It should be mentioned that out of the total exports only 14.9 per cent was exported as copra in 1960. The wider issues of economic and social consequences of a total ban of copra on the coconut economy need careful study before such a fiscal measure is implemented.

There has also been an agitation for a reduction of the incidence of export duties on coconut products as a relief to the Coconut Industry consequent to the fall in the price of coconut products. It should be mentioned that duties were increased in July, 1959 following the increase in prices at that time. The duty on copra was increased to Rs. 245/- per ton from Rs. 185/- per ton and on oil raised to Rs. 180/- from Rs. 135/- per ton, and on D.C. from Rs. 95/- to Rs. 135/- per ton.

The duty of Rs. 200/- per ton on poonac was not changed and has been a deterrent to the export of poonac. This may be a blessing in disguise as the needs of the local Dairy Industry fostered by the National Milk Board may have been met from this source.

*(Reprinted from the Annual Report of the Planters' Association of Ceylon).*