

THE COCONUT INDUSTRY

W. R. N. NATHANAEL

GENERAL

1969 has in general been a poor year for the coconut industry, which took a tumble in respect of both production and prices. The quantum of exports too plunged downwards accompanied by a falling export earnings.

Ceylon's peak production of coconut estimated at 3,148 million nuts was recorded in 1964. The estimated production for 1969 is 2,616 million nuts representing a decrease of 16.9% from 1964 and 6.2% from the average production (of 2,789 million nuts) for the past 5 years. Further, the production figure for 1969 constitutes a decrease of 5.4% from the preceding year which has been estimated at 2,764 million nuts.

The reflection of the decrease in production in 1969 (from the preceding year) on the volume of exports amounts to 17.9%. In terms of the record and the average for the past 5 years the exports are lower by 44.3% and 24.4% respectively.

As regards the value of exports for 1969 a 1,000 nuts have averaged Rs. 248.80. The record for prices having been registered in 1968, this figure actually represents a decrease of 17.8% from both the previous year and the previous record. In terms of the average price from the past 5 years however, the 1969 value is higher by 17.1%.

Poor rainfall and the prolonged drought conditions that prevailed in most of the coconut growing areas during 1968 (combined probably with increasing senility of certain plantations) should account for the offset in overall production. It is unfortunate that a simultaneous drop in the export prices of all the coconut commodities has characterised the year under review. Some strategy to counter the plight is imperative and a systematic programme of replanting is doubtless a *sine qua non* if conditions of economic stalemate that loom large over the future of the coconut industry are to be averted.

Coconut Fertilizer Subsidy Scheme

The Commissioner of Coconut and Cocoa Rehabilitation has been responsible for the operation of the Coconut Fertilizer Subsidy Scheme. The response to the Coconut Fertilizer Subsidy Scheme since its inception has been very encouraging. Prior to the introduction of this Scheme in 1956, the quantity of fertilizer used on coconut lands was about ten to twelve thousand tons. The records show that this figure has progressively risen since then and is now equivalent to a five to six-fold increase over the original consumption level.

The fertilizer used during 1969 under the Subsidy Scheme was 60,281 tons excluding 1,380 tons of free fertilizer issued to owners of uneconomic citronella lands planted with coconut under the Citronella Subsidy Scheme.

Details pertaining to the issue of fertilizers under the Subsidy Scheme to permit holders during 1967, 1968 and 1969 are as follows:—

Details pertaining to Fertilizer Distribution	Estates (Over 20 acres)			Small-holdings (under 20 acres)			Co-operative Societies		
	1967	1968	1969	1967	1968	1969	1967	1968	1969
No. of Permit Holders	2,177	2,451	2,568	17,867	20,038	18,547	497	453	714
Acreage in respect of which applications were received	201,115	216,793	231,197	96,664	105,969	94,741	45,539	47,843	43,737
Quantity of Fertilizer applied for (tons)	38,475	43,296	48,010	28,013	31,583	30,762	13,093	13,347	12,394
Quantity of Fertilizer Actually drawn (tons)*	25,183	31,463	34,103	17,370	21,395	17,817	8,640	10,351	8,361

*Figures for 1969 do not include the 1,380 tons issued under the Citronella Subsidy Scheme.

The prices of the CRI Standard Fertilizer Mixtures issued during the year under the Subsidy Scheme, were as follows:—

Fertilizer Mixture	Price per Ton (Rs.)
General Mixture for young palms	482/-
C.R.I. Mixture 'A'	493/-
C.R.I. Mixture 'B'	498/-
C.R.I. Mixture 'C'	502/-

The policy under the Scheme has been for the Government to meet half the cost of the fertilizer used on coconut lands regardless of the size class of holding.

Desiccated Coconut

The laboratories set up by the Ceylon Coconut Board, for stepping up the scope of chemical and bacteriological control on desiccated coconut manufactured in Ceylon, continued to function effectively during 1969.

In all, 80 factories manufactured Desiccated Coconut during the year, and in order to ensure better control over bacterial contamination and quality, routine factory sampling was carried out on a 10 per cent basis,

for purposes of primary examination. Wherever the routine tests revealed salmonella contamination, a procedure of 100% resampling and examination was followed.

A total of 25,804 samples were examined in the Bacteriological Laboratory of the Board during the year and salmonella contaminations were detected only in under 0.5% of them. In all, 20 serotypes of salmonellae were identified in the samples examined but only four of them were found to be of frequent occurrence.

A total of 25,283 routine samples were tested in the Quality Control Laboratory of the Board during the year. They were examined for moisture content, colour, odour, grading, oil exudation, parings and specks. Out of the samples tested, 1,823 were found to be sub-standard in respect of one or more of the quality requirements. Approximately 7% of the routine samples examined for physical quality were subsequently resampled on higher percentages on account of their being found defective on the first examination.

Ceylon Oils and Fats Corporation

The Ceylon Oils and Fats Corporation celebrated the tenth anniversary of its incorporation in 1968. Though it has passed through many vicissitudes of fortune it is gratifying that a situation of commercial viability has been reached consequent on a complete re-organisation of the Corporation's Factory.

The vast improvement in profitability has been brought about by improving efficiencies in all the operating plants, increasing throughputs, and bringing into commercial production, plants that lay idle. Production in the Provender Plant has been increased from 1,000 tons per month in 1958 to 4,000 tons in July 1968. Work on a second Provender Plant was inaugurated during the year with a view to raising the monthly output of animal feeds to about 13,000 tons.

The continuous Solvent Extraction Plant was completely re-conditioned and modified to process 2,500 tons of oil cake (Poonac) per month regularly. The Corporation's efforts to recover oil by solvent extraction from dried coconut refuse ("Pol Kudu") continued to be a success. The Fatty Acids Complex was commissioned and brought into commercial production in January 1968.

The crude industrial oil solvent-extracted from coconut poonac and 'pol-kudu' was chemically split and processed further to produce white Distilled Fatty Acids and 88-90 per cent Technical Glycerine. Regular quantities of both these commodities were exported during the year.

There were seven private distilleries and one Co-operative distillery in the Kalutara District and the State Distillery at Seeduwa functioning in 1969. The distilleries in the Kalutara District tapped 151,242 palms and obtained 6,225,148 gallons of toddy and manufactured 748,255 proof gallons of arrack in 1968/69. For the State Distillery at Seeduwa 19,500 trees were tapped in the Chilaw District and 105,270 proof gallons of arrack were manufactured at the State Distillery by distilling 967,460 gallons of toddy in 1968/69.

The rates paid for the supply of a proof gallon of arrack to private distillers in Kalutara District for 1969 was Rs. 13.40 as against Rs. 11.36 for 1968. The rate paid for a gallon of pure toddy to the State Distillery in 1969 was Rs. 1.45 as against Rs. 1.30 per gallon in 1968. There has however been no marked improvement in the supply position of toddy.

The training of local tappers under the supervision of the Department of Rural Development and Cottage Industries was continued during the year. The main reason for the decline in the output of toddy is the dearth of skilled tappers.

Cyclone Relief Scheme

During the year a Relief Scheme was launched by Government to assist owners of cyclone damaged coconut lands in the Chilaw District to rehabilitate their holdings.

Assistance under the Scheme (restricted to owners of coconut holdings 10 acres and under in extent) included the following:—

- (i) Free Coconut Seedlings (including free transport) to replace the palms damaged by the cyclone.
- (ii) A grant of Rs. 1.50 for each seedling planted in accordance with instructions issued by the CRI; and
- (iii) Under the U.K. FFHC, Cyclone Relief Aid—10 pounds of free NPK (compound) fertilizer for each seedling planted.

The Field Staff of the CRI Advisory Division was deployed for carrying out the inspections, fertilizer issues and distribution of seedlings under this Scheme, and the bulk of the work was satisfactorily completed by the end of the year. The records show that in all 911 applicants were issued 60,640 free seedlings and they were entitled to the cash subsidy and free fertilizer. Apart from these, 69 applicants were issued 17,502 seedlings, free of transport costs only, as they were owners of coconut lands over 10 acres in extent.

Asian Coconut Community

The First Session of the Asian Coconut Community was held at the Planters Association of Ceylon Building, from 2nd to 8th September. The meeting was organized by the Government of Ceylon in co-operation with the United Nations Economic Commission for Asia and the Far East (ECAFE).

The Session was attended by 37 representatives from the six member Governments (Ceylon, India, Indonesia, Malaysia, the Philippines, Thailand) and from the ECAFE, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the United Nations Development Programme (UNDP) and the Asian Development Bank (ADB).

Being an inaugural session, the meeting was devoted primarily to a consideration of administrative matters, particularly in respect of rules and procedure, budget and finances, location of the secretariat and the work programme of the Community.

In terms of the Agreement establishing the Community, it has been prescribed that the functions of the ACC shall be to promote, co-ordinate and harmonize all activities of the coconut industry with a view to achieving the maximum economic development of the industry.

Monthly Average Prices of Coconut Products (1969)

MONTH	Copra/Candy		C'oil per ton		D.C. per lb.		Poonac per ton	
	1968	1969	1968	1969	1968	1969	1968	1969
January ..	<i>Rs. c.</i> 237.58	<i>Rs. c.</i> 273.07	<i>Rs. c.</i> 1412.63	<i>Rs. c.</i> 1620.24	<i>Rs. c.</i> .62	<i>Rs. c.</i> .73	<i>Rs. c.</i> 377.11	<i>Rs. c.</i> 420.00
February ..	238.18	272.38	1419.75	1601.76	.64	.66	332.25	420.00
March ..	252.08	268.26	1505.68	1584.35	.82	.63	345.00	428.91
April ..	252.79	252.20	1508.42	1538.12	.83	.57	349.47	427.81
May ..	248.68	240.80	1494.21	1457.50	.82	.53	356.32	430.25
June ..	248.68	231.29	1498.81	1389.76	.84	.54	350.48	381.43
July ..	255.52	207.78	1537.50	1260.00	.92	.50	327.05	257.05
August ..	279.42	209.24	1586.14	1280.43	.95	.49	303.86	243.91
September ..	272.24	199.86	1529.76	1283.64	.91	.48	311.67	240.00
October ..	259.86	198.12	1537.86	1355.91	.76	.45	316.19	230.45
November ..	261.49	226.05	1563.86	1474.47	.65	.62	345.00	236.05
December ..	269.19	272.65	1596.25	1651.94	.74	.74	404.50	306.66
Average ..	256.31	237.64	1515.90	1458.18	.79	.58	343.24	335.21
% Decrease	—	7.3%	—	3.8%	—	26.6%	—	2.3%

Rainfall (Stations in Coconut growing areas)

Station	1968	1969	Average (1953-1968)
Lunuwila ..	69.61	73.49	79.27
Madampe ..	61.83	53.99*	64.29
Chilaw ..	51.38	57.34	62.86
Puttalam ..	41.54	44.63	46.93
Kurunegala ..	87.12	79.66	85.68

*1969 Dec. 31 rainfall is not included.

COCONUT PRODUCTION IN 1969

Production	Nut equivalent
1. Production in 1969	2,616 million nuts
2. Production in 1968	2,764
3. Aver. production for the last 5 years	2,789
4. Previous production record (1964)	3,148
5. Decrease from 1968	5.4%
6. Decrease from the last 5 years Aver.	6.2%
7. Decrease from previous record	16.9%

(1) Exports—by Volume

(a) Amount	Nut equivalent
1. Exports in 1969	905,658,058 nuts
2. Exports in 1968	1,103,081,730
3. Aver. for the last 5 years	1,197,358,346
4. Previous record (1964)	1,625,806,000

5. Decrease from 1968	17.9%
6. Decrease from last 5 years Aver.	24.4%
7. Decrease from previous record	44.3%

(b) *Distribution*

	<i>C. Oil</i>	<i>Copra</i>	<i>D.C.</i>	<i>Fresh Nuts</i>
1969 ..	49.5%	10.5%	38.8%	1.2%
1968 ..	46.5%	9.6%	43.2%	0.7%

(2) **Exports—by Value**

(a) *Amount*

Rs.

1. 1969	225,328,217
2. 1968	333,819,816
3. Aver. for the last 5 years	251,412,849
4. Previous record (1968)	333,819,816
5. Decrease from 1968	32.5%
6. Decrease from last 5 years Aver.	10.4%
7. Decrease from previous record (1968)	32.5%

(b) *Distribution*

	<i>C. Oil</i>	<i>Copra</i>	<i>D.C.</i>	<i>Fresh Nuts</i>
1969 ..	47.8%	11.5%	38.8%	1.9%
1968 ..	39.8%	10.1%	49.1%	1.0%

Average value of Exports

Rs.c. per 1,000 nuts

1. 1969	248.80
2. 1968	302.62
3. Aver. for last 5 years	212.48
4. Previous record 1968	302.62
5. Decrease from 1968	17.8%
6. Increase over 5 years average	17.1%
7. Decrease from previous record (1968)	17.8%

Exports of Coconut Products—1969

<i>Item</i>	<i>Quantity</i>	<i>Value</i> <i>(Rs.)</i>	<i>Nut</i> <i>Equivalent</i>
Fresh Nuts	10,332,030 (No)	4,221,841	10,332,030
D.C.	1,018,422 (cwt.)	87,401,136	351,355,590
Coconut Oil	1,104,518 (cwt.)	107,696,106	448,710,438
Copra	381,040 (cwt.)	26,009,134	95,260,000
Total	2,503,980 (cwt.)	225,328,217	905,658,058
C. Poonac	Nil	Nil	Nil
Mattress Fibre	1,180,263 (cwt.)	25,389,703	—
Bristle Fibre	506,717 (cwt.)	24,643,561	—
Total Fibre	1,686,980 (cwt.)	50,033,264	—
GRAND TOTAL	4,190,960 (cwt.)	275,361,481	—

Percentage Distribution of all products by value

	<i>C. Oil</i>	<i>Copra</i>	<i>D.C.</i>	<i>Fresh Nuts</i>	<i>Fibre</i>
1969 ..	39.1	9.5	31.7	1.5	18.2
1968 ..	34.5	8.8	42.5	0.9	13.3

Copra Sales

				<i>Candies</i>
Total copra sales in 1969	530,462

Conversion Rates

1 Ton of Copra	=	5,000 nuts
1 Ton of C'Oil	=	8,125 nuts
1 Ton of D.C.	=	6,900 nuts

BITTER HARVEST FROM THE GREEN REVOLUTION

The point about the Green Revolution is that while the technical possibility of abolishing hunger now exists, the organisational ability to take full advantage of it and control its social implications is usually missing. As FAO experts keep on stressing, the system of land tenure, pricing, storage, and marketing are often inadequate. But because they are all inextricably part of the social fabric, and because often powerful vested interests can hold up change—it is significant that the one part of the world where the Green Revolution has not caught on at all is South America, which can probably boast the most reactionary governments of all in the Third World—the revolution has brought into sharp relief the social and political obstacles to development.

Equally, international trading relationships leave much to be desired. There is something inherently absurd about a situation in which farmers in under-developed countries are desperately trying to boost their production while American and European producers are equally desperately trying to ward off the effects of gluts.

In the long term the most rational course would be to end protection for farmers in developed countries, and encourage the Green Revolution to the point where the Third World's agricultural surpluses can find a ready market in rich countries. Western technology has created the Green Revolution ; but are Western governments prepared to accept the economic logic which is now unfolding ?

Peter Kellner.