

COMMODITIES

COCONUT

Production Falls and Prices Soar

Prices of both coconut oil and copra in the local market climbed almost 200 percent during the 12 months of 1983. Coconut oil prices

were up from Rs 9,700 a metric ton in January to Rs 25,842 by November 1983. (By February 1984 the wholesale price in Colombo was Rs 40,000 per metric ton). The price of coconut oil in November

1982 stood at Rs 9,500 per metric ton. The price of copra recorded an equally rapid increase to Rs.635 per 100 kgs. from January to Rs.1,631 per 100 kgs. in November 1983. The price of copra in November 1982 stood at Rs 569 per 100 kgs. The local market price of desiccated coconut also recorded noteworthy increases with the transacted price of DC moving up from Rs 9.75 per kg. in January to Rs 24.64 per kg.

EXPORTS OF COCONUT PRODUCTS JANUARY-NOVEMBER 1983/82

Product	Jan-Nov 1982	Volume (metric tons)		Value (Rs. Million)		
		Jan-Nov. 1983	Percent Change	Jan.-Nov. 1982	Jan-Nov. 1983	Percent Change
1. Coconut Oil	36,286	32,716	- 10	387.42	439.98	+ 20
2. D.C.	38,869	39,817	+ 2	548.49	871.37	+ 59
3. Copra	3,591	3,951	+ 12	52.27	66.54	+ 27
4. Fresh Nuts	7,105,802	5,696,275	- 10	23.65	20.80	- 12
5. Coconut Poonac (By Products)	23,350	-	-	63.82	-	-
6. Sub-Total Kernel Products	577.55	555.86 (Mil. Nut Equiv)	- 4	1,055.65	1,398.69	+ 32
7. Mattress Fibre	37,835	37,120	- 1	115.83	120.27	+ 04
8. Bristle Fibre	8,659	7,511	- 14	94.03	88.76	- 06
9. Twisted Fibre	26,286	27,056	+ 3	136.77	145.48	+ 006
10. Coir Yarn	1,094	1,233	+ 13	11.38	12.38	+ 09
11. Coir Twine	1,005	1,075	+ 7	17.98	19.54	+ 09
12. Sub-Total Fibre Products	74,979	73,995	- 1	375.99	386.53	+ 03
13. Coconut Shell Charcoal	26,492	29,610	+ 12	58.49	66.48	+ 14
14. Coconut Shell Flour	153	373	+ 144	0.52	1.24	+ 138
15. Coconut Shells	938	1,215	+ 29	1.24	2.24	+ 81
16. Coconut Shell	815	1,429	+ 75	16.69	32.53	+ 95
17. Sub-Total Shell Products	28,398	32,627	+ 15	76.94	102.49	+ 33
18. Coconut Ekels	6,253	9,937	+ 59	13.45	22.69	+ 69
19. Finished Products (Fibre)						
(a) Pcs	14,305,582	18,076,580	+ 26	26.81	40.91	+ 52
(b) Sqm.	54,497	41,637	- 24	6.88	4.95	- 26
20. Other By-Products						
(a) Rafters (L.ft)	303,561	431,607	+ 42	1.43	1.62	- 26
(b) Seedlings (Nos)	3,500	112	- 97	0.15	0.01	- 93
(c) King Coconuts (Nos)	13,165	3,014	- 77	0.14	0.06	- 57
(d) Seed Nuts (Nuts)	-	53,761	-	-	0.71	-
(e) Fibre Dust (kgs)	9,900	147,700	+1312	0.01	0.99	+9800
(f) Ekel Brooms (MT)	675	-	-	0.01	-	-
21. Sub-Total Non-Kernel Products	-	-	-	501.61	560.96	+ 12
22. Total Value of All Products	-	-	-	1,557.26	1,959.65	+ 26

Source: Coconut Development Authority

in November 1983. In November 1982 prices stood at Rs 8.75 per kg.

The prices of copra, coconut oil and desiccated coconut in the international market also recorded increases though not as much as in the local market. Sri Lanka's desiccated coconut was quoted CIF UK at US \$805 per metric ton in January and US \$ 1,436 per metric ton by November 1982. The price in November 1982 was US \$ 734 per metric ton. International coconut oil prices (CIF Europe) which were US \$ 435 per metric ton in January reached US \$ 884 metric ton by November 1983. The price in November 1982 was US \$ 416 per metric ton.

These dramatic price increases were the result of shortfalls in production by international suppliers and in the rapid upward trend in all vegetable oils and fats in international markets. Malaysian palm oil, soya bean, sunflower and rape seed oil all registered impressive price gains during 1983. Local coconut production affected by severe drought and lack of fertilizer in 1982/83 resulted in heavy production shortfalls. In 1983 coconut production was almost 100 million nuts below that of 1982. Production is estimated to have dropped by nearly 10 percent in 1983 to 2,270 million nuts from 2,521 million nuts in 1982. Coconut oil production also registered a heavy shortfall of almost 24 percent; from 102,485 million nuts in 1982 to 78,189 million tons in 1983. The fall in desiccated coconut production was not as sharp, coming down from 42,096 million tons in 1982 to 40,653 million tons in 1983.

These production trends also resulted in a drop in the volume of exports from 576 million tons in January—November 1982 to 556 million tons in January—November 1983. The lack of supplies deprived Sri Lanka of

taking advantage of the rising prices in international markets. However, despite the smaller quantities or volume of kernal products exported earnings, increased by as much as 32 percent from Rs. 1,056 in January—November 1982 to Rs. 1,309 in January—November 1983. The volume of exports of Desiccated Coconut and Copra showed a small increase while Coconut Oil and Fresh Nuts exports came down by as much as 10 percent in 1983.

Leading buyers of Sri Lanka's coconut oil in 1982 such as the United Kingdom, India, and China, who together purchased nearly 15,000 metric tons or over 40 percent of exports in 1982 obtained no supplies at all in 1983. The US, Italy and Holland, however, made big increases in their purchases during 1983.

Total earnings for all coconut products for the first 11 months of the year was 26 percent more than in 1982. Details are given in the table

International Markets

The shortage in the supply situation has kept pushing up prices of vegetable oils to unprecedented levels and has compelled India to seek supplies from abroad to meet its enormous domestic market. India's Commerce Minister recently announced government plans to import 150,000 tonnes of edible oil every month until prices stabilise. Of this coconut oil will account for 1,000 tonnes; the other oil to be imported being soya bean and palm oil. Sri Lanka exported 12,836 metric tonnes of coconut oil to India in 1982 and supplies ceased thereafter, but are now expected to resume again in 1984.

Meanwhile, both Philippines and Malaysia the world's largest producers and exporters of coconut oil and palm oil, respectively, are experiencing an unexpected boom in their export earnings. According to recent reports palm oil which sold at \$ 310 a tonne

at the end of January 1983 was fetching \$ 1,065 at the same time in 1984. Malaysia's additional earnings are expected to top a billion Malaysian dollars (US\$ 435 million).

In the Philippines too both coconut oil and copra had recorded a new high in prices. Indonesia which also produces substantial quantities of both coconut oil and palm oil are expected to reap windfall profits.

The cause for the new price hike is the low production resulting from unfavourable weather last year, which affected most Asian producers, including Sri Lanka. Stocks continued to be run down while demand was increasing. A further cause for high prices was the poor soya bean harvest in much of the US and cottonseed crop failures in other parts of the world, including South East Asia.

Among the other apparent reasons for the worldwide shortage of vegetable oils is that both India and Pakistan have been moving away from animal tallow as a major ingredient in household cooking. The agitation that broke out in India last year when it was discovered that a mainly Hindu country was importing beef tallow has pushed India's demand for imported vegetable oils to one million tonnes in 1984, from a mere 100,000 tons in 1975. The bulk of India's exports are expected to be Malaysian palm oil.

Pakistan too is expected to increase its imports of edible oils from 550,000 tonnes in 1983 to 650,000 tonnes in 1984; the bulk of which is likely to be Malaysian palm oil and US soya bean oil. Meanwhile, Philippines coconut oil production which was down 6.5% in 1983 is expected to drop a further 5-10% in 1984.