

GLEANINGS FROM THE PRESS

COCONUT CRISIS CONTINUES

Coconut prices are as low as ever, and there has been no marked improvement on the prices which touched rockbottom in the last year; this is a very regrettable state of affairs because coconut is not merely one of the three main crops upon which the country relies for its foreign exchange, it is essentially an indigenous crop owned by the people of this country. It is also the domain of the middle class and the small man, for the bulk of Ceylon's coconut plantations come within the category of small-holdings.

Upon the coconut industry depends the immediate well-being of the rural areas. While disturbances in tea and rubber inevitably have their repercussions in the rural areas, when coconut is in trouble, the rural folk are plunged immediately into difficulties. Setbacks in coconut thus promptly and severely harm the life of the majority of the people, and those least able to bear the shocks of bad prices. To them it is not a question of foregoing profits but a basic problem of surviving at near starvation levels. With the added burden of high and rising costs of living a heavy strain has been cast upon the rural people in particular.

The situation in the coconut industry should have prompted much more attention and interest from the Government than it has been vouchsafed so far. Nothing appreciable has been done to relieve the distress in the coconut industry. The Ceylon Coconut Board has been re-constituted, but this has not shown any results in the form of better prices, nor has the Board showed itself to be in a position to promise results. This is all the more inexplicable when it is found on analysis that there is nothing intrinsically wrong with the industry; the world is as short of oils and fats as it ever was, and coconut being one of the finest sources of these essential commodities in world trade, the low prices being fetched do not appear to be warranted.

What makes a curious situation even more curious is the fact that the total quantities of coconut being exported have increased, proving that Ceylon coconut has not suddenly become an unwanted commodity on the world market. The inevitable deduction to be made is that coconut has become a victim of rings and rackets manipulated purely to keep the price down. There has been talk of these rings and rackets ever since coconut prices started their downward plunge, but nothing has been done to break them.

This emphasises the need for Government action. But, where the price drop should have been prevented, or at least checked before it fell too far, sufficient interest has not been shown nor the time found to study the situation and act. Even now, at this late stage, after so much damage has been done, the Government should make a serious attempt to obtain better prices for coconut. If the Government wants to, it can go all out to find new buyers under the numerous trade agreements signed in the last few months and for a start the services of the legations and embassies maintained abroad can be brought to bear upon this problem.

In coconut, as in tea and rubber, dependence on traditional buyers and sellers has laid these industries open to the danger that if the old customers fail the country, the industry is promptly depressed. If trade patterns are diversified and new markets found (while older ones are improved to meet competition) rings and rackets can be eliminated. In the case of coconut, this will mean that prices will look after themselves, once the manipulations of price fixers and other assorted parasites on the coconut industry are driven out of business.

(*Ceylon Daily News* of 24-8-61).