

COCONUT INDUSTRY NEEDS LONG TERM DEVELOPMENT PLAN

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Sri Lanka's coconut production during the year 2010 fell down by 536 million nuts year on year to stand at 2317 million nuts, marking the lowest annual production recorded in nearly 15 years(Table, 1). This was a shortfall of 18.8% when compared with the 2009 production of 2853 million nuts. Multiple of reasons were attributed at that time for the drop in the production. Among them ranked “changing climatic conditions”, “lack of adequate fertilizer”, “using of coconut lands for other activities” etc.



According to CRI, on average the sector should produce 2700 million nuts per year. Owing to the production shortfall in 2010, the coconut prices even reached to Rs. 60 a nut in the local market.

In Sri Lanka 3 sectors are competing to buy coconuts. Among them are nuts purchased for culinary work, desiccated coconut production and also for producing cooking oil. Sri Lanka's highest nut production has been recorded in the year 2004, which saw the production of 3000 million nuts.. Then, who is to be blamed? Do we have a long term development plan for this industry?

Global Demand Skyrockets

Are coconut fans ruining a good thing? With the rising popularity of coconut-based health and beauty products, the demand for coconuts has skyrocketed — and producers might not be able to keep up.

Apparently, aging trees in coconut-producing countries like the Philippines, Indonesia, India and Sri Lanka are simply past their prime.

Today's coconut trees were planted more than 50 years ago, according to Hiroyuki Konoma, the regional representative for Asia and the Pacific at the Food and Agriculture Organization (FAO) of the United Nations. That puts them 20-plus years past their peak production time.

We're talking billions of coconuts here. India produces about 16 billion coconuts a year for domestic use alone, according to the FAO, and more than \$1 billion worth of coconuts are exported from the Philippines annually to the U.S. And yet, production growth is 8 percent behind demand growth.

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Not all is lost, however. More than a dozen countries from Asia and the Pacific gathered in Bangkok on Nov. 1 to discuss plans to rehabilitate the coconut industry. With the right replanting initiatives, the industry could recover "within a few years," according to Romulo Arancon, the executive director of the Asian and Pacific Coconut Community.

It's not as simple as just planting more trees. An article from the FAO stressed that "technical and financial assistance would be needed" to plant the estimated 1.1 million acres in Indonesia alone, while producers — mostly small-scale farmers — are looking for ways to improve yield, including using hybrid varieties of seeds.

Recovering the coconut tree population has important implications for the farmers who rely on them as well as the coastlines they protect, the FAO emphasized. If production falls by the wayside, the effects could be devastating — way beyond the coconut-crazy consumers abroad.

Long term perspective

The sharp rise in coconut prices has again created a crisis. The government's response in 2010 had been to sell coconut produced in government plantations at a low price and to import coconuts to bring down prices in coconut. The same story this year as well. Neither of these are solutions to the problem. They are palliatives that cannot resolve the fundamental problem of inadequate production to meet consumer demand. Selling a limited amount of coconut at low prices will benefit a few consumers and unlikely to influence market prices by much. The import of coconuts may even worsen the crisis.

It had also been reported earlier that the problem we witness today was predicted a long time ago. Sri Lanka's coconut production has been on the decline for decades (Table 1), while consumption was increasing with the increasing population. Consequently the exportable surplus of coconut products, mainly coconut oil, was declining. It was a matter of time when domestic consumption would exceed local production. The shock of high consumer prices should not have been a surprise (Table 3).

In the last decade coconut the trend of declining coconut production was evident. In 2000 production was somewhat above 3000 million nuts at 3092 million nuts. It declined in the subsequent years to reach a low 2400 million nuts in 2002. Then there was a slight upward trend that took production up to around 2900 million nuts in 2008. Once again in 2009 production dipped to a little over 2700 nuts. This was however, marginally above the consumption level of approximately 2250 million nuts. Last year's coconut production of 2,940 million nuts was also marginally more than the consumption of 2,481 million nuts in that year, which had left an export surplus of 15.61 %, as a % of production (Table 1). Since coconut production has a seasonal cycle it is felt mostly at the end of the year when production declines.

It is likely that there would always been an improvement in the supply of coconuts when production peaks during the April -June season every year when the highest harvest of coconut is gathered. The story of Yields are, however, different (Table 2); they are on the ascend.

What are the causes of the secular decline in coconut production? First of all it must be realized that the bulk of coconut production (about 75 percent) are produced in home gardens. Productivity is quite high on some of these garden plots but the capacity to increase production is limited by space, lack of high yielding plants and an inadequate thrust in promoting such production. Coconut production has declined owing to the felling of coconut trees for housing and industrial uses. The land area under cultivation has declined from around 444,000 hectares to about 360,000 hectares between 2000 and 2010. Most of the coconut area lost has been in the Kurunegala, Gampaha and Puttalam districts. There has been an increase in the cultivated areas in Badulla, Moneragala and Sabaragamuwa, but the extent of new cultivation has been inadequate to offset the area lost. This shrinkage in area cultivated is undoubtedly a prime cause for the reduction in coconut output. The lower relative profitability of coconut in comparison to other land uses have been a reason for coconut lands being put to other uses.

It would be quite inadequate to explain away the crisis in coconut production in terms of only the reduction in the extent cultivated. There are other underlying causes that have affected lower production and productivity. Diseases have affected coconut production in certain areas such as the wilts in Kalpitiya, Puttlam and Weligama in the South. Further much of the coconut lands consist of senile plantations. There have been inadequate replanting and under planting in coconut to ensure a more virile coconut profile. The profitability of coconut cultivation could have been enhanced had there been more intercropping on coconut lands. This has failed owing to the shortages of labour on the estates and small holdings. Inadequate resources for research in coconut have been a factor in Sri Lanka's productivity falling behind that of India.

The research output at the Coconut Research Institute at Lunuwila has been reasonable. Further, it must be recognized that research in a perennial crop takes much time and that there are peculiar conditions associated with coconut research such as the possibility of cross breeding owing to wind pollination. There has to be a long term perspective on coconut research and far better funding is needed to attract high calibre of research scientists to the field.

Temporary palliatives to tide over the current coconut price crisis could be more harmful than helpful in resolving the fundamental issues confronting the industry. The import of coconut from abroad carries with it risks of crop diseases as has happened in the past. Increases in prices though a burden on the consumer could be an incentive for increasing fertilizer use, improvement of soil conditions and replanting. The import of coconut is therefore not in the interests of increasing production and productivity in coconut.

Conclusion

A long term strategy and plan is needed to boost coconut production. There have been several studies that have pointed out the needed new directions to resuscitate the coconut industry and research in the Coconut Research Institute. These require to be implemented rather than the immediate resolution of the problem of consumers.

Table 1; Some statistics on Coconut industry's performance in Sri Lanka (2003 – 2012)

Year	Total Coconut Production(Mn.Nuts)	Export of Kernel Products(Mn Nuts)	Domestic consumption (Mn. Nuts)	Population (Mn)	Exports surplus, % of production
2003	2,562	558	1,922	19.20	21.78
2004	2,591	657	1,934	19.40	25.36
2005	2,515	500	2,047	19.60	19.88
2006	2,785	563	2,222	19.90	20.21
2007	2,869	418	2,451	20.01	14.56
2008	2909	472	2,437	20.20	16.23
2009	2,762	493	2,269	20.40	17.85
2010	2,317	361	1,956	20.65	13.97
2011	2,808	481	2,327	20.87	17.13
2012	2,940	459	2,481	21.08	15.61

Table 2: Actual yield distribution of coconut in Sri Lanka (Million nuts)

	Month	2011 Million Nuts	2012 Million Nuts	2013 Million Nuts
1	January	192	217	392
2	February	192	266	
3	March	232	419	475
4	April	237	377	
5	May	231	406	
6	June	249	307	

7	July	243	153	
8	August	234	196	
9	September	233	153	
10	October	232	130	
11	November	235	158	
12	December	218	158	
	Total from industries	2727	2940	
	Adjustments from previous year	81		
	Total yield for the year	2808	2940	

Table3 : Farm gate prices of nut Rs./nut

Fresh Nut			
Month	Price/ Nut (Rs.) 2012	Price/ Nut (Rs.) 2013	% Change
January	23	26	+11
February	21	28	+31
March	22	28	+26
April	22	26	+18
May	21	26	+26
June	20	28	+42
July	17		
August	20		
September	21		
October	22		
November	27		
December	26		

Source : Coconut Statistics, CDA and CRI Cost of Production Survey D