

# IMPORTANCE OF COCONUT ASSOCIATIONS AND ADVOCACY INITIATIVES IN THE COCONUT INDUSTRY

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## The UCAP Organization

Seven coconut related organizations in the Philippines are federated into a single association, the United Coconut Associations of the Philippines (UCAP). As inter-sectoral association, UCAP does not take over the functions of its individual association members who also have their respective secretariats. However, it acts on areas of concern to the membership.

COCOFED (The Philippine Coconut Producers Federation) initiated and pushed for the organization of UCAP in 1966 having felt the need for closer dialogue between various conflicting coconut industry sectors. It was felt that in a forum like UCAP; the various industry groups can more effectively police their own members so that marketing, development and industrialization can be worked out in a more effective and orderly manner.

During its initial years, UCAP comprised only of three private sector members, namely, the copra producers, copra exporters, and oil millers; and government which was the Philippine Coconut Administration. Decades later, as the coconut processing industry advanced and new sectors were formed, membership expanded to 10 sector members: COCOFED, PCOPA (Philippine Coconut Oil Producers Association), APCD (Association of Philippine Coconut Desiccators), CORA (Coconut Oil Refiners Association), ACBI (The Association of Coconut Brokers, Inc), POMA

(Philippine Oleochemical Manufacturers Association), Philippine Coconut Authority, Philippine Coconut Research and Development Foundation (R&D), United Coconut Planters Bank, and VCO Philippines. The copra exporters group (Philippine Copra Exporters Association) ceased operation as the coconut oil milling industry grew and exportation of copra stopped. UCAP has now accepted associate members currently numbering 11 companies providing supplementary services to the industry like bulk shipping, cargo insurance, surveying, etc.

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The Philippine Coconut Authority provides the industry policy in consultation with the private sector. The forerunner of PCA, the Philippine Coconut Administration (Philcoa), was one of UCAP's incorporators. In fact, the first chairman of UCAP was the Administrator of Philcoa, the late Godofredo P. Reyes, Jr. who incidentally was the first Executive Director of APCC. Thus, the coconut industry private sector and government have had a long history of partnership and cooperation.

The Philippine Coconut Research and Development Foundation was established by COCOFED. It operates a central laboratory in Pasig City, Metro Manila. Previously, it purely funded coconut researches in various disciplines viz. agriculture/production, processing, marketing, nutrition and health, and policy, but decided to build its own laboratory so they could do their own studies. It also operates satellite laboratories in selected regions of the country. It is the only private laboratory in the country dedicated to the coconut industry.

The United Coconut Planters Bank (UCPB) was established for coconut industry stakeholders. Though it operates as a commercial bank, it reaches out to coconut farmers directly through the UCPB-CIIF (Coconut Industry Investment Fund) Finance and Development Corporation. Also known as Cofinance, it was created by UCPB to do development lending in view of the regulations that tend to limit the ability of commercial banks to undertake purely development lending activities. It has granted loans to families of coconut farmers in the country. Apart from the various credit facilities available to address the financial needs of coconut communities, Cofinance also provides training on capability building and values formation for coconut farmers' cooperatives.

## UCAP Advocacies

Despite conflicting interests among the various sectors comprising UCAP, the organization has existed for over

40 years, regularly providing services to the industry in general and to its members in particular. Such services include among others market monitoring and analysis, database development and maintenance, publishing, events organizations to include the monthly luncheons and sports tournaments, industry liaison, promotion of coconut products. Most often, UCAP serves as overall representative organization for coconut in various trade and industry meetings and consultations called by government. UCAP has been in the forefront on many issues affecting the coconut industry serving as the voice of the private sector. Regular interaction with authorities provided a means to articulate important points and industry positions.

Over the years, UCAP members have had harmonious relationship, aware of each other's situations, strengths and limitations. Sustain, develop, advance and protect the industry and stakeholders serve as common guiding principles for UCAP members; thus cooperation and support to the organization's programs and activities follows.

*Health benefits of coconut oil.* One of the most telling advocacy initiatives of UCAP is the promotion of the health benefits of coconut oil which was highly challenged in the '80s by the anti-coconut oil campaign in the U.S. UCAP responded with a three-pronged defense viz. (1) Legal, where UCAP contracted the services of Washington-based lobbyists to represent RP coco industry in U. S. Congress, Food & Drug Administration (FDA); (2) Research, where UCAP contracted medical doctors from New England Deaconess Hospital (NEDH), a Harvard Medical School affiliate, to do scientific research on coconut oil. A Philippine Parallel Research

Group headed by the late Dr. Conrado S. Dayrit, cardiologist, pharmacologist, was organized to replicate results of research conducted at NEDH; (3) PR/PA or public relations and public affairs, where UCAP set up a PR/PA office in Washington DC called the US Council for Coconut Research/Information (USCCRI) and engaged the services of a PR practitioner. The office responded to negative write-ups on CNO, and participated in conferences on fats & oils, nutrition and dietetics, as exhibitor.

The 3-front defense cost the industry P64 million at that time which was generated from UCAP check-off (cess) on coconut oil and copra exports in 1987-1992 and contributions from other UCAP sectors. We believe we succeeded in our campaign in that: (1) The US Nutrition Labeling and Education Act of 1990 did not disparage coconut oil. (2) Research showed coconut oil is healthy oil and that compounds from coconut oil fatty acids have important uses in medicine and nutrition. (3) The PR/PA effort provided damage control and created consumer awareness on the health attributes of CNO. (4) Many are now aware that not all saturated fats are bad for the health. Coconut oil is good for the health.

The health issue on coconut oil lately has resurfaced with changes in US FDA food regulations. The new rule, which came into effect January 01, 2006, requires a declaration of *trans* fatty acids (*trans* fats) on the information facts panel of food labels. *Trans* fats are artificially altered unsaturated oils which our body is unable to metabolize for lack of proper enzymes, thus make these "artificial" fats unhealthy. It is found in fats that had undergone partial hydrogenation, in margarine, shortening, and in

products where they are used like cakes, cookies, chips, pastries, etc.

However, while food labels have separate listings for *trans* fats and saturated fats, many still consider both as equivalents; thus advice to reduce if not eliminate consumption of *trans* fats also goes for saturated fats, which unfortunately includes coconut oil. This stigma on coconut oil remains a challenge to hurdle. The real score is that coconut oil does not contain *trans* fats because it is naturally saturated. It is a natural replacement for unsaturated oils presently used in margarine and shortening production.

The reality, however, is that in a globalized market, vegetable oils are increasingly seen to complement one another particularly in food uses, mainly on account of concerns on *trans* fats. Thus food manufacturers prefer blended oils and fats to reduce the level of *trans* fats in food products. Overcoming the negative label on coconut oil therefore means coconut oil being made a significant part of a cocktail of fats and oils in the reformulated food products with low or zero *trans* fats.

However, some companies are developing processes that would avoid the hydrogenation to produce healthy oils without the *trans* fats. One company in Europe has developed a process, which is now in commercial scale that uses enzymatic technology to interesterify oils and hone their properties in food products. According to the company, enzymatic rearrangement is recognized as a "healthy and natural way to alter the characteristics of oils and fats". Meanwhile, agriculture companies continue to develop varieties of soybeans, sunflower seed that are able to produce oils that are low in *trans* fats.

Successes have been made although some field tests are still being done.

In the meantime, more research-based information and dissemination campaign about the health attributes of coconut oil as well as an education campaign on *trans* fats and saturated fats are still needed. Hardliners, especially the medical doctors and other medical practitioners, need solid evidences before they can be convinced about the benefits of coconut oil.

*Environment protection.* Apart from the coconut oil's health benefits, UCAP promotes clean environment. It played an important role in the passage of a law that prohibits the use of hard alkyl benzene in detergents and surfactants produced, utilized and marketed in the country; it supported proposals to pass the Biodiesel Act of 2006. Presently it supports proposals to increase further the coco biodiesel content of diesel fuel blend from the current 2 percent up to 5 percent. With increased use of biodiesel, apart from cleaner air, the coconut industry will increase consumption of coconut in the domestic market.

Indirectly too, the industry contributes in modest way in the promotion of clean environment in other countries via our coco-biodiesel export. A setback though is that coconut oil-based biodiesel is yet hardly known in many countries, especially its superior attributes exclusive only to coco-biodiesel viz. unique solvency quality, high cetane number of 68 providing better ignition and good acceleration, and lower NOx emission.

Apart from clean air, UCAP also promotes clean water via the use of coco-fatty alcohol-based surfactants for soaps and detergents. This follows our

earlier advocacy on the banning of hard alkyl benzene in surfactants. As before, this would require a new legislation.

### **Enhance competitiveness of coconut products globally.**

On trade issues, UCAP promotes efforts to increase competitiveness of coconut products in the international market. Most recently, UCAP intervened in proposals to reduce import duty of refined coconut oil in Korea to zero under the ASEAN-KOREA FTA to level playing the field with Indonesian origin coconut oil. Through proper representations in government, a corresponding Executive Order will be issued shortly. This aside, UCAP continues to participate in discussions on RP/ASEAN FTA's with India, Australia & New Zealand, China, EU as well as on WTO to safeguard industry interests. This is done through membership in relevant government committees especially in the Department of Agriculture.

UCAP membership in international organizations such as the National Institute of Oilseed Products (US), the Federation of Oils, Seeds and Fats Association (London), and the ASEAN Vegetable Oils Club (Malaysia) keep us abreast in developments in other fats and oils and other trade issues relevant to coconut oil and products. They provide a bigger venue for the industry to articulate positions on certain issues affecting coconut oil and products exports.

### **Concluding Statements**

Coconut associations certainly perform special functions for the coconut industry as a whole and the membership in particular. For instance, this era of globalized market environment

has opened up many issues for debate, which relevant coconut associations can thoroughly study and discuss with the members.

Policy makers in general prefer to deal with associations, recognizing that associations make for an ideal venue for policy discussions and facilitate communication as well as policy formulation. Oftentimes, associations perform oversight functions when policies are implemented. This provides the metrics on the effectiveness of policies and a useful tool in addressing gaps between policies and implementation.

Associations take on important role in advocacy, be it on policy/legislative proposals as discussed earlier, on the benefits of certain products; on issues restrictive to trade and other unfair trade practices, on promoting product standards, among others.

Coconut advocacies in general are largely on coconut oil because presently, it is the biggest revenue generator of the industry and has established market worldwide. We certainly do not want to lose our market share. However, this does not mean other products should be relegated to the sidelines. As example, the debate on food vs. fuel issue has given rise to the development of renewable fuels derived from third generation feedstock such as biomass which the coconut has a lot to offer.

Finally, advocacy programs can be costly. Perhaps an organization like APCC will be able to support proposals for new advocacy initiatives or provide assistance to ongoing undertakings.

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