



Excerpts from the keynote address of Uron Salum, Executive Director, International Coconut Community

## Tender coconut water, VCO and Coconut sugar are the emerging products with positive growth rate: Uron Salum

The global importance of the Tree of Life is certified by the growth in volumes and values of Coconut products presently on the global market and domestic consumption in producing countries. Statistics indicate collective export value of Coconut and Coconut products reaching nearly US\$10 billion. In total aggregate value adding domestic consumption and utilization could easily double this amount. Indonesia and India consume up to 80% of products whilst exporting as little as 20% whilst the Philippines is the opposite.

Global export value figures relating to the commercial utilization of the whole nut: Kernel US\$5.6, Water US\$ 2.7, Shell US\$0.87, and Husk US\$0.24.

Emerging high value products of Coconut also indicate increasing annual export values viz desiccated coconut US\$0.86, fresh coconuts US\$0.54, coconut milk US\$0.37, copra US\$0.17, copra meal US\$0.13 and coconut sugar US\$0.16, mostly from Indonesia.

Coconut water, virgin coconut oil and coconut sugar are amongst new emerging products showing positive growth in the last decade.



**A 'sea change' in newer and much higher value products are seen in the global markets in both the edible and non-edible categories. Products of coconut are making 'a Come-Back' from the 30 odd products 15 years ago to over 120 different lines and growing year by year.**



It is the concern of the international community that coconut production statistics indicate a slow down and a sure decline amidst the good news of the sea change and coconut making a come-back economically after a half century of being acclaimed as a 'dying' commodity of a 'sunset industry'.

Industry participants, especially in the processing segment, have taken bold moves to invest heavily in the upgrade, improvement and increase in capacity at the factories for greater throughput, with two of the largest in Indonesia building capacity to maximize at four million nuts per day process and already running production line of 50% of that capacity.

There is a steady growth and global export volumes in the last few years. A 'sea change' in newer and much higher value products are seen in the global markets in both the edible and non-edible categories. Products of coconut are making 'a Come-Back', from the 30 odd products 15 years ago to over 120 different lines and growing year by year.

Coconut though small player demonstrated and its contribution to the vegetable oils market as last on the list with only 1% alongside olive oil. Yet it still worries the opposing oils as indicated in the recent upsurge in negative claims against the healthy status of coconut oil. What if Coconut grew its quota to 5%? Imagine the 'war' on coconut oil, yet the Community ought to take on this challenge and seriously commence large scale planting because statistics already indicate declining coconut production that would threaten consistent or adequate supply of raw material for the industry going forward.

It is important to understand the manner in which price movements have on the livelihood of coconut farmers. Their role is critical as the major suppliers of 90% of raw material in fresh coconuts, coconut

sap and other parts of coconut. Mostly the CIF price set in Rotterdam is used as the basis to calculate the farm gate price paid to growers for the de-husked mature nut. By using this formula or method it will usually mean paying the lowest price possible. But when fresh nuts are purchased for processing into higher value products such as the VCO, DC, Milk and even White Copra then the baseline used should be higher assuring increased benefit to farmers making farms a lot more viable.

Coconut Oil (CNO) and Palm Kernel Oil (PKO) are the only two Lauric Oils amongst all vegetable oils that contain monolaurin that provides the health properties that are good for human consumption. Choice by consumers between the two oils is guided by the price difference and they would always choose the cheaper therefore if CNO has a high premium in price over PKO the consumers choice would affect market for coconut oils.

An interesting situation exists to the benefit of the industry is the price movement and behaviour for other products including non-edible such as charcoal, activated carbon, charcoal briquette as well as coconut water, DC and at times coconut milk and coco sugar, are not affected by CIF Rotterdam prices.

The Community urges processors and producers of high value products to 'share your success with the suppliers of your raw material to encourage these growers to replant to replace senile palms, plant new coconut lands, improve their farm management practices and remain in the industry to strengthen coconut livelihoods for future generations.

It is therefore pertinent on the industry to review the status of the overall value and supply chain situation to turn it around for the shared benefit of all who are engaged productively in both the food and non-food chains. Only then we are able to ascertain or determine what the true value of one coconut is at any one time. Such transparency in benefits and benefit streams will sustain and grow the industry. ■