

CHAPTER TWO

THE IMPORTANT FEATURES OF OUR COCONUT INDUSTRY

The coconut palms, which are found mainly in coastal areas, but the concentration of coconut palms in estate or small farm are found mostly in the west coastal areas of Johore, Selangor, the Bagan Datoh area of Perak, Province Wellesley and the east coast areas of Kelantan and Trengganu.

ACREAGE It is estimated that there are 520,000 acres under coconuts in Malaya, of which 16% are in estates and about 4/5 are small-holdings in which most of them are old and becoming increasingly uneconomic. Most of the small farms are not pure stands but contain other crops, like coffee, rubber and fruits. As mentioned earlier, in term of acreage coconut ranks as the third largest and important agricultural crop after rubber and rice, as seen in table I. Although the fact that the area of coconut under cultivation is showing, a downward trend, yet it still maintains its position as the third largest agricultural crop in term of acreage, next to rubber and rice.

EXPORT EARNINGS In term of export earnings, coconut products form the third largest domestic produce after rubber and tin, with reference to table II. The information given in the table is already outdated, yet it serves a useful purpose to justify the statement that export earnings from coconut products did for some years ago form the third largest domestic product.

TABLE I**ESTIMATED CULTIVATED AREA UNDER AGRICULTURE CROPS**

PERIOD	RUBBER (1)		OIL PALM (2)	COCONUT (3)	RICE
	THOUSAND ACRES				
1952	1,997	1,600	100	485	831
1953	2,030	1,606	108	485	834
1954	2,018	1,629	109	494	846
1955	2,015	1,650	111	495	892
1956	2,008	1,686	115	517	876
1957	2,011	1,710	116	518	897
1958	1,981	1,766	120	520	909
1959	1,942	1,841	126	520	924
1960	1,934	1,906	135	80 440	941
1961	1,937	1,986	141	80 430	953
1962	1,926	2,061	153	78 432	966

SOURCE DEPT. OF STATISTICS AND DEPT. OF AGRICULTURE

Note: (a)(1) Estate acreage is shown on the left-hand column and small holding acreage on the right. Estate acreage is known, while small holding is estimated only.

(2) The figure excludes 9,537 acres planted during the period 1961 to 1962 by FLDA under various oil palm schemes.

(3) From 1960, estates and small holding acreage are shown separate (with estate figure on the left column and small holding figure on the right).

(b) The total column has been deleted since there is some overlapping in the acreage for individual crops,

TABLE II**EXPORTS OF DOMESTIC PRODUCE, 1949 & 1953****(IN MILLION)**

DOMESTIC PRODUCE	1949	1953
RUBBER	578	698
TIN	241	351
COCONUT PRODUCTS	49	58
PALM OIL AND KERNELS	42	37
ALL OTHERS	53	142
TOTAL	943	1486

SOURCE: IBRD MISSION REPORT ON MALAYA, 1955, TABLE 2 Pg.No.

EMPLOYMENT Coconut industry also provides the third largest source of employment in our economy with tin sometimes rivalling for this position. In the 1957 population census, it was noted that for every fifteen (15) persons employed in our rubber industry ten (10) persons in rice industry, and there was one person employed in our coconut industry. The agricultural employment according to agricultural sector is depicted in table III.

TABLE III**AGRICULTURE EMPLOYMENT
(IN PERSONS)**

	1947	1957
RUBBER	509,436	614,487
RICE	470,692	398,295
COCONUT, COPRA, ETC.	39,519	39,739
PALM OIL	11,158	13,221

TOTAL: ECONOMICALLY ACTIVE POPULATION - 2,126,000 (1957 CENSUS)**SOURCE:** OFFICIAL YEAR BOOK, FEDERATION OF MALAYA, 1961

On revealing important fact that is obtained from the information in table III is that 1957 and 1947 employment figures are almost exactly the same which can be interpreted to mean that our coconut industry is stagnant. In term of acreage too we can also consider that the industry is also stagnant. With reference to table I, the figures for 1958 and 1960, were the same, and from the next year, acreage figure under coconut has dropped from 520,000 acres to 510,000 acres.

PIKING INDUSTRY But the most terrifying fact is that the coconut industry is not only suffering from stagnation but is also dying. This industry is declining disastrously as an important agricultural crop, as revealed in terms of copra production and revenue earning power. The comparative figure for copra production are appended in table IV.

TABLE IV COPRA PRODUCTION, 1954 - 1963 (IN '000 TONS)

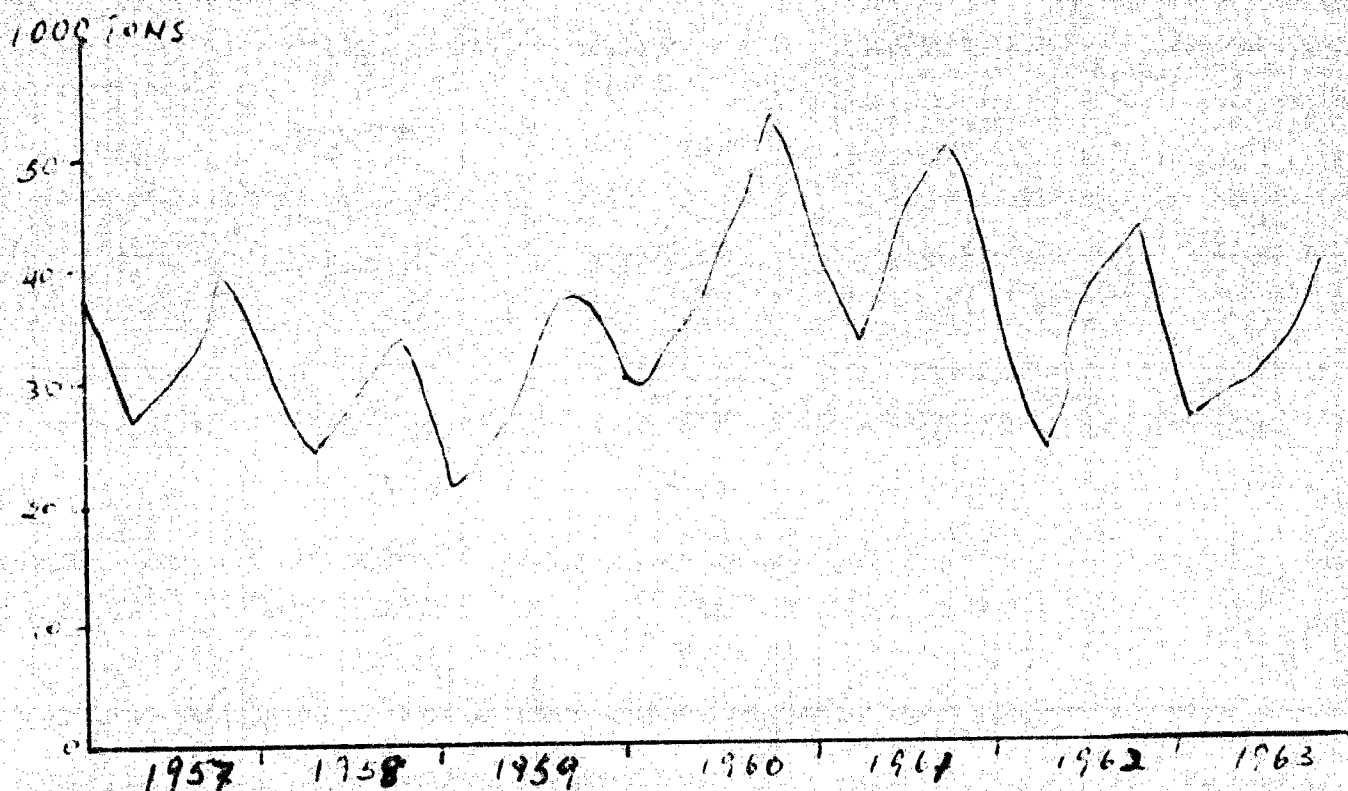
PERIOD	ESTATE	SMALL HOLDING (1)	TOTAL
1954	39,864	124,295	164,159
1955	40,464	103,524	143,988
1956	39,009	115,045	154,054
1957	35,843	94,435	130,278
1958	34,820	73,303	108,123
1959	33,079	92,386	125,465
1960	32,309	140,650	172,959
1961	34,628	127,644	162,272
1962	33,989	99,674	133,623
1963	32,931	104,579	137,510

SOURCE: MONTHLY STATISTICAL BULLETIN OF THE STATES OF MALAYA, MARCH 1964.

(1) Note. Includes only commercial production of copra and not production for the purpose of domestic milling in 'Kampungs.

From the table, it can be said that there is no steady increase in copra production but rather fluctuates as depicted in figure I. On the whole there is a tendency for copra production taking a downward trend. The overall production of copra in Malaya during 1963 was virtually the same as for the previous years, but it tends to decline after reaching a peak of 172,959 tons in 1960, a slight decrease in respect of estates being partly offset by an increase from small holdings. A similar trend is expected in the future due to the appreciable fall in acreage of estates under coconut and a continuing trend to replant areas of coconuts with oil palms.

FIGURE I - GRAPH SHOWING COPRA PRODUCTION 1957 - 1963



SOURCE: MONTHLY STATISTICAL BULLETIN OF THE MALAY STATES,
MARCH 1964, Pg.9

PRODUCTION AND EXPORT ANALYSIS

According to the Bank Negara (Central Bank Report of Malaysia) 1963 "exports of copra very depending on the vagaries of copra supplies from Indonesia and to a lesser extent the Philippines;". In 1963, it is claimed that Malaya exported 26,100 tons of copra valued at about \$1.3m a considerable decrease in both quality and value when compared with exports of 37,000 tons valued at \$35.9m in 1961. Export of coconut oil from Malaya also declined from 33,870 tons valued at \$22.2m in 1962 to 30,000 tons valued at about \$22m in 1963. A more comprehensive and comparative analysis is shown in table V.

TABLE V**NET EXPORTS OF COPRA & COCONUT OIL**

PERIOD	C O P R A		COCONUT OIL (CRUDE & REFINED)	
	NET EXPORTS		NET EXPORTS	
	TONS ('000)	5 MILLION	TONS ('000)	5 MILLION
1954	(-) 13,760	(-) 6.8	60,720	55.4
1955	(-) 25,216	(-) 9.5	70,009	50.1
1956	(-) 48,341	(-) 20.7	80,613	55.2
1957	(-) 28,523	(-) 11.0	64,824	46.2
1958	(-) 29,333	(-) 11.8	48,646	39.0
1959	2,068	2.4	27,149	28.5
1960	35,132	21.7	26,630	22.6
1961	4,641	5.3	40,620	26.4
1962	(-) 5,085	0.3	31,856	20.5
1963	4,290	4.7	27,840	20.5

NOTE: (-) indicates net imports.

SOURCE: MONTHLY STATISTICAL BULLETIN OF THE STATE OF MALAYA, MARCH 1964

From the data in table V, we at once can say that Malaya, for many years, being a net importer of copra and a net exporter of coconut oil. The years between 1954 - 1958 appeared to be the worst years which showed a downward fall in the export of copra and an unsteady year for the coconut oil in term of volume as well as in value, because in that period that was a world wide recession. In 1959, recovery was noticeable in the export of copra due to some improvement in international trade.

Between 1954 and 1958, imports of copra exceeded exports of copra. This can mean two things in this study :-

Firstly, local production of copra was not enough to meet the local demand by oil mills. In such that large quantity of foreign copra has to be imported. As a result of inadequacy of local production of copra certain mills were operated at reduced capacity and some were obliged to close down, probably because of high cost of transportation. After 1958 there was a gradual revival of local supply of copra to meet local demand from oil mills, and from 1959 onwards there is a slight favourable balance of trade in copra.

Secondly, it can mean that more copra were being processed into oil locally and hence less copra was exported abroad. In other words, more of the copra were required by local mills to turn into oil for local consumption, in order to meet the local demand.

It can also be argued that due to the general decline of copra production, exports of coconut oil also tend to drop. It is a likelihood that such phenomenon will prevail in the future unless there is a rapid increase in copra production locally. Otherwise, Malaya will become a net importer of copra as well as a net importer of coconut oil.