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COCONUT DEVELOPMENT AUTHORITY GEARED TO ENHANCE PRODUCTION, VALUE ADDITION

A BRIGHTER FUTURE FOR COCONUT CULTIVATION

The coconut industry has seen unprecedented growth due to many value-added products even though low coconut production has put a strain on the consumers and industrialists. The Coconut Development Authority (CDA) operating under the State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion has been committed to ensuring the quality of coconut-based products in the market while promoting production.

The export earnings from the industry reached US\$ 661 million last year and the CDA is exploring the possibility of increasing export earnings while regulating the industry.

CDA Chairman Keerthi Sri Weerasinghe in an interview with the *Daily News* says the coconut products market is forecast to witness a Compound Annual Growth Rate (CAGR) of 9.65 percent during the period 2020-2025. The Government has planned to establish a Specialized Export Processing Zone for coconut-related industries with an investment of US\$ one billion.

Excerpts from the interview:

Q: Coconut prices in the market are on the rise and the general idea in the country is that the coconut industry is on a downward trend. What are your views on the industry's present situation?

A: The export income accrued from coconut-based products has not dropped though the people feel that the coconut industry is on a downward trend with soaring coconut prices due to the shortage of coconut for consumption. Coconut is a seasonal crop and higher production cannot be expected during the off season.

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The country's coconut production per year is 3,000 million nuts and 70 percent of the production goes for local consumption while 28 percent is for export. Only two percent is used for coconut oil production for the local market.

As coconut-based industries demands more nuts, the Authority has adopted a two-pronged approach to augment the production.

Under this programme, President Gotabaya Rajapaksa inaugurated a crash programme to plant 100,000 saplings around the country on July 10. The CDA together with the Coconut Cultivation Board and the Coconut Research Institute has drawn up a plan to plant 10 million coconut saplings a year.

Q: Will the ban on chemical fertilizer imports adversely affect the industry and the annual production?

A: Organic fertilizer is the best for coconut cultivation as organic fertilizer contains Nitrogen which is an essential component for the growth of coconut trees. We will implement a programme for manufacturing organic fertilizer required for coconut cultivation.

Potassium derived from natural sources will also be imported to meet the Potassium requirement for the cultivation. Phosphate needed for the cultivation can be obtained from the Eppawala Phosphate deposit.

Q: Coconut production has been dwindling due to a number of reasons including partitioning of coconut lands and improper maintenance of coconut cultivations. How are you going to tackle this situation?



CDA Chairman Keerthi Sri Weerasinghe

A: Partitioning of coconut lands will not be allowed. A permit should be taken from the authorities concerned for the felling of a coconut tree. Coconut production can easily be doubled within a very short period if the cultivation is properly looked after. Water and fertilizer are the main inputs required in coconut production. Nursery owners will be given monetary assistance and training and the Government will purchase seedlings for a certain period.

Funds have already been allocated for the implementation of a crash programme to augment production on the directive of the President. We are promoting the use of the drip irrigation system in coconut cultivation as proper irrigation and sufficient drainage are essential for higher coconut production.

In a bid to promote replanting, the Authority is providing seedlings to nursery and estate owners. Nursery owners will be given training for the production of hybrid coconut varieties which have high yields. All these programmes are being implemented on the directive of State Minister Arundika Fernando and Minister Dr. Ramesh Pathirana.

Q: Sri Lanka is the fourth largest exporter of fresh and dried coconut products to the world including



Carpets made out of coir and fibre.

kernel and fibre. How is the CDA going to promote entrepreneurship in the industry?

A: The Authority will establish a training school in Dunkannawa in Naththandiya for the benefit of budding entrepreneurs in coconut-related industries within a month. The Authority has planned a programme to promote the coconut-related industries outside the coconut triangle by giving comprehensive training on coconut-related industries to 10 youths from each electorate in the country.

They would be given financial assistance for the purchase of machinery. Interest for the loans obtained by these budding industrialists to commence industries will be borne by the Authority.

The Authority will also explore market avenues for them. Technical guidance will be provided to any person who shows genuine interest in initiating a coconut-based industry.

The Authority is inviting those who are interested in initiating a coconut-related industry to contact the Authority for any type of assistance on 0112 502502 and relevant information can also be obtained from the Authority's website www.cda.gov.lk.

Q: Sri Lankans have focused their attention on edible oil available in the market with the ban on palm oil imports. Are we producing our edible oil requirement locally?

A: Sri Lanka produces only 20 percent of the country's edible oil requirement and the rest is imported. The country requires 240,000 tonnes of edible oil including coconut oil per year for local consumption. The country produces only 22,000 tonnes of coconut oil. Altogether 42,000 tonnes of edible oil are produced in the country for local consumption.

Q: As the industry regulator, what is the Authority's role in determining coconut oil prices in the local market?



President Gotabaya Rajapaksa planting a coconut sapling to launch a coconut cultivation drive.

A: Low coconut production and higher demand for coconuts by the industries have led to the increase of coconut prices in the market during the off season. Coconut oil prices in the market also go up as oil producers have to purchase coconut from the local market at higher rates.

To maintain a stable price for coconut oil, the Authority will bring the tax on coconut oil imports to zero level when coconut prices in the market rise during the off season.

When a tax waiver on coconut oil imports is in effect, coconut oil can be imported much below the prices in the local market. The Authority imported palm oil at Rs. 100 per litre before the ban on palm oil imports was introduced. The import tax is used as an adjustable factor to maintain a stable price for coconut oil in the market to ensure that the consumer gets coconut oil at a reasonable price.

Q: There were several reports that palm oil imports are still continuing despite the import ban. Are we still importing palm oil?

A: After President Gotabaya Rajapaksa came to power, a decision was taken to ban the import of palm oil to the country in a bid to make the country free from palm oil consumption. However, nearly 60 percent of people in the world use palm oil produced in compliance with international standards. But palm oil in Sri Lanka is produced without following relevant quality standards which could pave the way for Aflatoxin development.

There are some industries that require palm oil for their production. The Government, considering their request, has allowed to import a very limited quantity of palm oil. A committee has been appointed to determine the quantity of palm oil to be imported. A tax of Rs. 275 is imposed per kilogramme of refined palm oil at present while the tax on crude palm oil is Rs. 250 per kilogramme. However, coconut oil prices are higher than that of palm oil. We can provide a bottle of coconut oil at Rs. 450.

Q: The issuance of substandard coconut oil stocks to the market stole the thunder on the eve of the Sinhala and Tamil New Year and the people showed a reluctance to purchase coconut oil in the market in fear of Aflatoxin contamination. How do you ensure the quality of coconut oil imported to the country?

A: This stock of coconut oil was imported to the country for re-export and was not meant for local consumption. However, a small quantity of the stock has infiltrated the market which irked the public. Imported coconut oil is tested by the CDA to ensure that they comply with the required quality standards. When improperly dried copra is stored for several days, a yellow colour moss appears on the surface of the kernel releasing Aflatoxin deep into the kernel. Coconut oil gets contaminated with Aflatoxin when oil is extracted from such copra.

Coconut oil produced by unhygienic methods contains higher Aflatoxin levels and high Aflatoxin levels can be found in coconut oil produced locally too, especially by the cottage industry.

If coconut oil is produced using modern technology, Aflatoxin levels can be brought to zero. Under the new method, coconut kernels are dried in dryers within a few hours leaving no room for Aflatoxin development.

Q: How do you ensure that coconut oil in the market has low Aflatoxin levels?

A: The CDA has legal powers to conduct testing. We ensure that the people are getting high quality coconut oil. Aflatoxin levels in imported coconut oil should be below the level determined by the Sri Lanka Standards Institution. The Authority officials are presently checking the quality of coconut oil produced by the local industrialists. The CDA is upgrading its laboratory facilities in compliance with international standards. Once this is completed, coconut oil will not be released to the market without the CDA certification. Samples of local oil producers will be tested and the public will also be advised not to buy coconut oil sans CDA certification.

Q: What is the CDA's role in guaranteeing the quality of coconut-related export products?

A: Coconut-based industries are required to send the samples of their products to the CDA and the Authority issues quality assurance certificates to such products, if they are of high standard. If quality standards are not up to that level, the producers are advised to rectify them.

The Authority tests the samples of desiccated coconut for Salmonella at the request of industrialists. The Authority is ready to conduct more tests on coconut-based products which are to be exported at the request of industrialists.

Q: Sri Lankans have been engaged in coconut-related industries for over 150 years and Sri Lankan coconut products have a huge demand in the international market. Industry demands more nuts but coconuts cannot be imported to the country due to quarantine regulations. What is the Government's alternative to meet the global demand for Sri Lankan coconut products?

A: The Government has planned to set up a Specialized Export Processing Zone (EPZ) dedicated to coconut-related industries and coco-nuts for these industries will be imported from foreign countries in compliance with the required quarantine conditions.

The imported coconuts will be used for the production of coconut-based products purely for export purposes and strict rules and regulations would be introduced to ensure that not a single fibre of imported coconut goes out of this EPZ.

This EPZ with an investment of US\$ one billion will generate more than 5,000 direct employment opportunities and 10,000 indirect employment opportunities. We expect to gain over US\$ three billion a year after industries commence commercial operations.

Initially, we plan to import one billion nuts. The Cabinet Paper for the setting up of this EPZ will be submitted to the Cabinet for approval soon. This Zone will be a boon to local industrialists who left the country as there was no proper mechanism to ensure a continuous supply of coconuts for their industry. We will soon select a location close to a port for this purpose. If coconuts are imported, a nut can be purchased at Rs. 40. However, a nut can be exported to the international market at Rs. 300 after processing.



Coconut-based products have high demand.