

Indian coconut market

[Finance](#), [Market](#)



A few decades back, when we made mention about the world coconut market, it would pertain to coconut oil as cooking oil. At that time, only a few chemists would manifest that coconut palm oil was a source of very good raw material for soap, soap by-products and shampoo. Soap and soap essentials manufacturing were an investment-laden business because to extract the essentials from crude coconut oil for soap raw base material, the equipment that was needed was too expensive.

In the meantime, refined coconut oil for cooking lost its momentum in the world market due to the introduction of corn oil, soybean oil and other oils as substitute for it. It was presumed that these cooking oil substitutes were better in terms of its capability to reduce the intake dangerous cholesterol for human consumption. Thus, for those coconut-producing countries, the trend was to maintain the local market for coconut cooking oil and not to export it. These countries suffered in their respective coconut industries.

Prices for copra were reduced to a level that exporting crude coconut oil was no longer viable. Other coconut by-products were now the focus of coconut processors. Sun-dried copra was meticulously processed and hygienically packed into edible table copra for Muslim people to celebrate their “ Ramadan”. Charcoal from the nutshell was already an old product and there seemed to be no expansion for the use of activated charcoal. Coconut distill for coco-vodka and wine spirits were also a product for local consumption.

Desiccated coconut or coco-jelly got global attention but then succumbed to a sudden death because of unscrupulous processors who wanted to hasten the process method and boost its production volume and become overnight

millionaires (ROMERO 1998). Virgin coconut oil as a food supplement came into light when the awareness of people got into organics and this started about five years ago. Virgin coconut oil as food supplement is re-packed in capsule form and has been gaining its backbone to health conscious consumers. Coir, mulch fibers and coco peat, were some of the by-products that went into more research.

Research with bio-diesel from coconut crude oil as a substitute for crude oil diesel is beginning to boom, but will have its setbacks as long as the Arabian oil cartel manipulate the price of crude oil. With the “back to nature” attitude developing in all corners of the globe, the coconut tree and its products has grabbed world attention again. The current situation in the world market is theorized to be very potential especially now that it has been proven that the coir, mulch fibers and peat are soil conditioners that can regenerate an ecosystem to get back into its green feet.

Coir or the longer fibers are decorticated from the husk, baled and twined into rope or strings. The strings are then woven into mats and now labeled as geo-textile. The mattresses that can be produced from geo-textile are now a requirement as substitute for flammable foam in car seats, in Europe. Mulch fibers or the shorter fibers and coconut peat or dust, are mixed with the soil to enhance its organic matter content and become a more stable medium for plants. Peat could be further processed using a simple heat treatment method to mold into holding vessels or pots for ornamental plants. (Company).

The largest market in the immediate vicinity of coconut producing countries for coconut twine and geo-textile has been identified as China, which has already attempted to “ re-green” its famous Gobi desert. In some places near the desert highways, the Chinese have used geo-textile to cover patches of lands (Anthony C. Elizaga, Current) , which have started to grow primary vegetation and grasses. The Chinese have been very aggressive in marketing coconut fiber products to the extent that they have copied and re-designed decorticating machines, export the same to coconut producing countries and invest in coir production.

They buy all the long fibers produced and process it into twine and ropes to be further woven into mats of geo-textile. Like huge nets, these are used to cover the patches of lands. They know a product that has very good economic potential when they see one. The hitch is that Chinese machinery and equipment comes very cheap as compared to the westerner’s machinery. What is obvious is that the machinery that is used to twine the long fibers into ropes and further woven into mats is not included in the Chinese strategy to get into geo-textile production.

Majority of the coconut equipment they export are only decorticating machines for coir production. On the other side of the globe, the Canadian market had been aggressive for some time, especially in the Philippines, where they tied up with one of the largest coir processors. This attempt eventually has been held in abeyance due to constraints in the field in acquiring of husks to be processed into coir. There was a sudden

consciousness amongst farmers that what was once considered as waste could now be turned into petty cash.

This has triggered and will still trigger events that could be perceived as another unbalanced equity in the production chain for coconuts. Coconut farmers who are generally below the poverty line might be abused again by middlemen in the aspect of procuring the husks in the farm and selling the same to processors (Manuel Castro, current). Middlemen would tend to buy the husks at a very low price, depriving the farmer of justifiable income. Nevertheless, the world market is deemed to have a very large potential due to the processing of coir into geo-textile and soil conditioners.

The first world and emerging economies of robust countries (like China) are attempting to turn wastelands into agricultural, commercial and residential estates. Moreover, there is no other way but to go into this direction. Lands that have been stripped-mined can be converted into green pastures, while deserts start vegetation anew with the use of geo-textile. The expansion is inevitable because there is no stop to the increase in human population. Statistically, the Indian coconut market is pegged as the third largest producer of coconut and its by-products in the world. India has 1.

89 million hectares of coconut land where some of the trees are of old age (Newspapers) and ailing in production of nuts (the same with the other countries that have not yet perfected their strategy in planting new coconut trees). What is obvious about India is that it has its own capability to produce machinery for coir products. Just like the Chinese, India's capability in machine design and steel metallurgy is advanced (Newswire Visibility

Checker, 2007). India already is perceived by China as a threat and competitor in the field of machinery production and world trading.

During the project of the Chinese to re-green the highways along the Gobi desert, only three countries were invited to demonstrate their corresponding coir producing capabilities. The Indians were not invited. Because coconut has not been planted extensively on other parts of the globe, India will continue to enjoy the growing market for coconut products. Just like the other countries that have large areas planted to coconut trees, the re-planting of new trees program must be fine-tuned, refined and perfected (National Research Development Corporation, 2003).

The policies regarding the stake of coconut farmers in selling the husks to processors must be controlled by the authorities in order to assure its steady supply and a fair income for the upheaval of those below the poverty line.

When this can be done, there will be consistent and then increasing supply of nuts and there will be more coconut products to market. The market will also expand as the population further increases. Anthony C. Elizaga, CEO, LEADACHINA INVESTMENTS, PTE. , LTD. (Current).

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