

Cocconut production essay



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The coconut(Coco's nuclear), popularly known as the " Tree of Life", is a major source of foreign exchange as Philippine coconut exports account for some 65% of the world traded coconut products. It is the top export earner on a net axis considering that its raw materials and labor components are domestically based unlike other export products, and the Philippines supplies 64% of global coconut oil supplies. One third of the country arable agricultural land or about 3. 31 million hectares is planted with coconut sprawling in sixty eight out of total seventy nine provinces, and 1, 195 municipalities in the country. At present, there are more than 340 million coconut trees bearing an annual average of 15 billion nuts.

In the last seven years, the average production is 2. 5 million metric ton (MAT) in copra terms. Philippine Coconut Authority (PICA) raised its export projection to 2. 355 million metric tons in copra terms, with coconut oil exports expected to reach 1. 355 million MAT The productivity level of coconut still remains low due mainly to the lack of resources of farmers to sufficiently buy agricultural inputs, tenure problems, limited access to credit, lack of irrigation facilities, inadequate farm to market roads and posthaste and processing facilities, the instructive cutting of productive trees and the increasing trend of conversion of coconut lands for other commercial and agricultural purposes.

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According to PICA, the current average production per hectare per year of a coconut plantation is one metric ton visit a visit the realizable optimum level of 2-4 metric tons per hectare per year. Based on a copra price of P 10. 00

per kilo, the average gross annual income of a coconut farmer from coconut production is only P01, 000. 00 per hectare or P10 a day, which is way below the poverty line and 3. 5 million coconut farmers, 25 million Filipinos are directly/ 9 indirectly dependent on the industry. Also, at least twenty five percent of coconut bearing trees is senile or over sixty years old. Coconut production has peaked in 1976, 1986 and 1995. All the other years saw decreased production.

At present, the average productivity has gone down drastically to 38 – 40 nuts per tree / year (840 kg/ ha copra equivalent) from the ideal 75 nuts per tree / year and the farmer's share was formerly pegged at 52% of the total coconut production. Today coconut production has risen to almost 60% due to a decreasing production in the Visas and Luzon areas. It is the unstable trend in production coupled with fluctuating world market rises that lead others to view the industry as a sunset industry that which will eventually die down and cease to bring income to those who depend on it. The Philippine Coconut Authority reports that coconut production in 2004 reached 2. 4 Million Metric Tons, an eight percent (8%) decline from the previous year's output. " Best farm yield" is pegged at 2. 5 tons per hectare but the existing average yield per hectare is at 0. 8 ton.

The fast-growing demand for coconut water as a healthy and alternative sports drink worldwide, this is one of the causes why the industry is often offered to as a " dollar earner and export winner". Up to the present, 80% of raw materials coming from coconuts are exported and the remaining 20% are processed domestically, is taking steps to ensure sustainable supply Philippine Coconut Authority (PICA) was given a budget of P100 million for <https://assignbuster.com/cocconut-production-essay/>

replanting next year, against only P100 million last year. Around P100 million was also reserved for the fertilization of coconut plantations. While coconut oil products decrease this year, we are still the top exporter of coconut in the world.

The Main objective of this study is to examine how Land, Research and Development expenditures and Subsidy given by the government affect the coconut production. If these said variable has a significant effect to the production of coconut and to identify what is the best investment that will yield the most number of coconuts that will compensate the increasing losses because of land conversion. This study will try to help our coconut farmers in increasing their supply or production of coconut because in a highly liberalized global trade environment, innovation and creativity in the country is needed for the coconut industry to survive (Bobcat, 1997). Indonesia has almost dislodged the Philippines as the world's largest producer of coconut.

Recently, the Philippines' position as the top exporter of coconut oil in the world is also being threatened by the increasing share of Indonesia in the world market. Unless the weaknesses and threats in the Philippine coconut industry are faced, the country's share in the world market for coconut oil will continue to diminish. In order for the Philippines to be globally competitive, the country must exert all efforts to increase coconut productivity, lower the cost of coconut products, improve the quality of copra and coconut oil, and develop downstream high value coconut products through technological research and developments (Argon, 2000).

And Tons of research papers on the industry grow on desks of government and private institutions. Various technologies for coconut processing have been made but only very few reach the actual production areas. Until today the farmers burn the higher value coconut husks / shell to dry the lower value output and that is copra (Faustian 2006). Theoretically, producing a product in which the country has a imperative advantage is one way of enhancing the competitiveness of an industry (Auguries). For instance, in the case of coconuts, it is appropriate for the Philippines as one of the largest coconut producer to venture into such capital-intensive industry like production of coco- 11 chemicals and activated carbon or desiccated coconut.

India and Sir Lankan will remain unchallenged in their labor intensive coir industry. Malaysia and Thailand not only have developed non-traditional products like coconut cream but have also created a ' niche' market for their coconut food products. Coconut industry has great potentials for growth from both production expansion and market-led product diversification. Among a number of policy matter that the agriculture pursued pertain to the development issues confronting the coconut industry sector, we have here some policy implications that can help the farmers as the price takers and also our society. First, technological support programs are needed in sustaining and coping to the competitiveness of the industry.

Second, increase government subsidies like fertilizer to increase the supply of the nuts to carry on its deficit. And lastly, help them to have land where they can plant coconut because it promotes productivity and efficiency to the industry. 12 Chapter II: Review of Related Literature I. Land Kumara

(2007) said that Land is one of the economic factors that determine the success of the farmers in increasing coconut productivity. Therefore the said economic factor has a positive relationship to production and land possession encourage coconut productivity. To improve coconut production there must be land rehabilitation including rejuvenation of the old coconut tree, fertilization and bio-control.

While Unguent Van SKU (2009) argues that rights to agricultural land use remain an important asset for farmers, containing great value and meaning for them as a meaner of production and therefore a source of income. And on the other hand Symposiums (2008) said that most increases in aggregate crop production have been achieved from the expansion of cultivated land rather than increased investment in production technologies to raise crop yields per unit area. In Kraal, Kumar (2005) said that there is what is called “ coconut (coco nuclear) and rubber (have brassiness) boom” that is why from 1955 to 2000, coconut land area increased by 106% and it increased coconut production but the effect of these increases were decrease in the area under rice and cassava. While in Sir Lankan, Martial et al. 2011) found out that land classification includes agricultural and forest land have conversion significantly to coconut and urban uses, showing a decrease in the area or the past 30 years as well as for the predicted period. As a result, even though with the continued conversion and fragmentation of coconut land in prime areas, the area under coconut has not decreased considerably. And it's beveled that fragmentation and land conversion of coconut land to urban continue in the areas close to the urban center and also with 13 less productive lands. By using spatial analysis it provided further evidence of the

positive trend of conversion of coconut land to urban uses close to the urban areas. On the other hand in China Zigzagging Eden et al. (2005) used satellite images to examine the changes of the area of cultivated land and its potential agricultural productivity and found out that from 1986 to 2000 China recorded a net increase of cultivated land, which almost offset the decrease in average potential productivity while Yang et al (2008) said that although the newly cultivated lands compensated for the loss from urban expansion, but the contribution to production is insignificant because of the low productivity but these, according to another source (Sonatas et al, 2005), at least for now China has retained its capacity to improve agricultural production through further conversion from other land uses and through increasing yield from cultivated land. And You Denying et al. (2009) said that arbitration strongly changed the nature of the land reface in China and has a large influence on the regional ecosystem, as fertile cropland and original forests are often destroyed. They used a CASE model to compute for the NP(Net Primary Productivity) and found out that the estimated mean NP or cropland, forest and wetland decrease considerably between 1999 and 2005 due to increase in urban land conversion.

Therefore Arbitration has a large influence on the regional Net Primary Productivity Meanwhile in the Philippines, Faustian (2006) presented that area for coconut are known to comprise almost a third of the whole Philippine agricultural area at 3. Million hectares. However, available statistics show that the country's share for total hectare for coconut has gone down because of massive tree cutting and land conversion. Indonesia, on 14 the other hand, increased its share in the global coconut production.

And it is said to be ahead of the Philippine in coconut production Proposition #1 : Increased (Decreased) in Area planted for coconut production through Land Conversion and Tree cutting Encourages (Discourage) coconut productivity. II.

Government Subsidy Chin (2010) noted that a subsidy is deemed to exist when a benefit is conferred on an industry as a result of: 1) a direct transfer by the government of funds (e. G. Grants, loans and equity infusion) or potential direct transfers of funds or liabilities (e. G. Loan guarantees); 2) foregone or uncollected government revenues (e. G. Fiscal incentives such as tax credits); 3) when the government provides goods or services other than general infrastructure or purchases goods; 4) when the government makes payments to a funding mechanism or to a private body to carry out any of the functions described above; and 5) when there is any form of income or price support in the context of Article XVI of GATE 1994. While Gilbert et al. (2010) said that fertilizer subsidies are public policy interventions that are currently receiving a great deal of attention and funding in Subhuman Africa (AS). The goal of fertilizer subsidy programs as articulated by many African governments is to improve farmers' incomes and national food security by increasing food production. To achieve these goals, the subsidy must raise total fertilizer use. The degree to which a subsidy program raises total fertilizer use depends on the extent to which it crowds out farmers' purchase of commercial fertilizer. And on the other study of Chin et al. (2010), he said that government should reform the fiscal management system, improve the efficacy of capital to ensure the scientific and standard investment 15 decisions.

The government should innovate the investment in a way of fiscal agriculture and earnestly to strengthen the management on items to attract more investment in ecological agriculture and lay a solid foundation for restructuring agriculture and industrialized operation on ecological agriculture. Which is also supported by Quant and Lie (2002), and said that agriculture growth depends on investment and farmers income increase. Social stability also relies on equality based on the reduction of income disparities between rural and urban areas. Infrastructure and technical supports from the government can improve productivity, reduce environmental damages as well as improve market access so that farmers can have better chances to increase their income Shah et al. (2007) noted political economy considerations have been a significant factor in the rapid rise of the real value of agricultural subsidies.

While some subsidies may be Justified there is a widespread view that the more affluent section of farmers unfairly gained access to most of these besides. And supported by Yuba and Affair-Safe (2009), they found out that the projects had positive impact on productivity and agricultural policy should focus more on efficiency in designing, managing and monitoring rural development projects. In addition, the results show that the impact was strongly related to the locale where the projects were implemented.

Consequently, policy makers should place emphasis on implementing projects at the level of small scale in order to tackle effectively development problems encountered by target beneficiaries, in particular the poorest.

Aquatic et al. 007) also agree and said that implementation of a subsidy also requires careful thought as to how it is distributed in order to maximize the

beneficial impact for farmers and encourage the growth of a private-sector seed industry that is accountable and responsive to the needs of farmers, as opposed to the needs of the government. That's why Amanita and Dade (2007) noted that credit subsidies to farmers have small benefits while the costs of this credit subsidies can be large? previous studies indicate that, of the government loans provided to rural banks at very heavily subsidized rates, 82% were behind in their repayments. Most of these arrears were also unconvertible. The Department of Agriculture also claims that about 85% of the subsidized agricultural loans were not repaid because of the perception that government loans are doles.

While Toward (2009) said that improving the efficiency and effectiveness of input subsidy programmer in contributing to increased agricultural productivity, food security, and wider nonagricultural development and structural change, and to look for ways to reduce fertilizer use (through greater field efficiency in their application and through use of complementary soil fertility management practices) and to educe supply costs. In addition to this, Chippewa and Fisher (2011) measured the impacts of Farm Input Subsidy Program on the cropland allocation decisions of farmers by using a two-step regression strategy to control for endogenous selection into the program; they find positive correlations between participation in the program and the amount of land planted with maize and tobacco. Furthermore, results suggest that participating households simplified crop production by allocating less land to other crops.

Proposition # 2: Government support through projects promotes and encourages increase in cocconut production. III. Research and Development

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(Rand) Henderson et al. (2009) used an equilibrium displacement model to examine the intra-industry consequences of R investments in farm productivity and product development. Investments were assessed in terms of producer surplus generated and he 17 found out that the farming sector will be the major beneficiary of improvements in productivity and product quality. Therefore, if economically viable programs are developed for such improvements; additional funds from the farm sector may be equitable. And supported by, Falcon and Battalion (2008) with the statement that

Priority R activities in coconut have always been directed towards technology development to increase farm productivity and income through efficient production of diversified, highballs products from coconuts inter crops and by-products. However, in spite of its substantial contributions to the Philippine economy, coconut industry research received lower funding support compared to other industry. For the coconut industry to remain viable and gain competitive advantage in the global market there has to be an assurance of a steady supply of high quality raw materials from the production sector. Special attention had to be given to increase coconut production and productivity.

And it is also supported by Aquatic et al (2007), he said, in the long run, it is important to keep in mind that increased farmer knowledge of advanced production techniques (e. G. , the importance of clean and healthy seed) is more likely to be a source of sustainable productivity growth other than government subsidies. While Gaga et al(2008) promotes the government, policy makers, and administrators should invest and promote researches in sectors/sub sectors of economic and food security importance, using this

analytical framework. Government should encourage and facilitate farmer and private sector innovative strength by enacting favorable policies (patenting and reward system) that will act as incentives.

Institutional context of any innovation should be sufficiently analysed by policy makers as requisite to promoting such innovation, while extension workers should build such information in technology packages to farmers. 18 In Indonesia, Invariants and Warlock (2005) said that coconut research focused on increasing coconut palm and farm productivity, which may hopefully increase coconut farmers' income. From early 1980 until 2005, Indonesian Coconut and Palmate Research Institute (COPRA) was involved in the development of many kinds of coconut technologies that included high-yielding varieties, coconut cultivation methods, integrated farming systems, pest and disease management, issue and embryo culture research, post-harvest research, equipment processing and social economy studies.

Establishment of the international Coconut General for South-East and East Asia (ICC-SEA) and the use of these technologies will be future development goals for the coconut agribusiness. Meanwhile in the United States, Olsson et al. (2010) found out that the rate of return to agricultural R&D has been generally very high, implying marginal and average benefit-cost ratios much greater than 1.0. An implication of finding a marginal benefit-cost ratio greater than 1.0 is that it would have been profitable to have invested more; an implication of a marginal benefit cost ratio much greater than 1.0 is that it would have been very profitable to have invested more.

While in sub-Saharan Africa (AS), Alone and Cyclically (2008) said that agricultural research contributes significantly to productivity growth. With an aggregate rate of return of 55%, the payoffs to agricultural research are also impressive, and with growth in productivity by using a less cost and more efficient way of farming it can increase the income of the farmer which can solve one of their problems and that is poverty.