

- The problems involved in the marketing of copra and various coconut products.

MARKETING COPRA AND OTHER COCONUT PRODUCTS

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COPRA, like most Philippine products, has its problems — among them the methods of production and marketing. Copra, or the dried meat of the coconut, is produced by means of artificial drying processes (smoked-copra) or by sun drying methods (sundrier). Smoked copra is generally produced in Tayabas, Laguna, Mindoro and in other neighboring provinces, while sun-dried copra is produced in the South, especially in Cebu. The total output or production annually in the Philippines is approximately 828,000 tons. Of that total it is estimated that around 392,665 metric tons of copra were milled to produce approximately 235,599 metric tons of coconut oil.

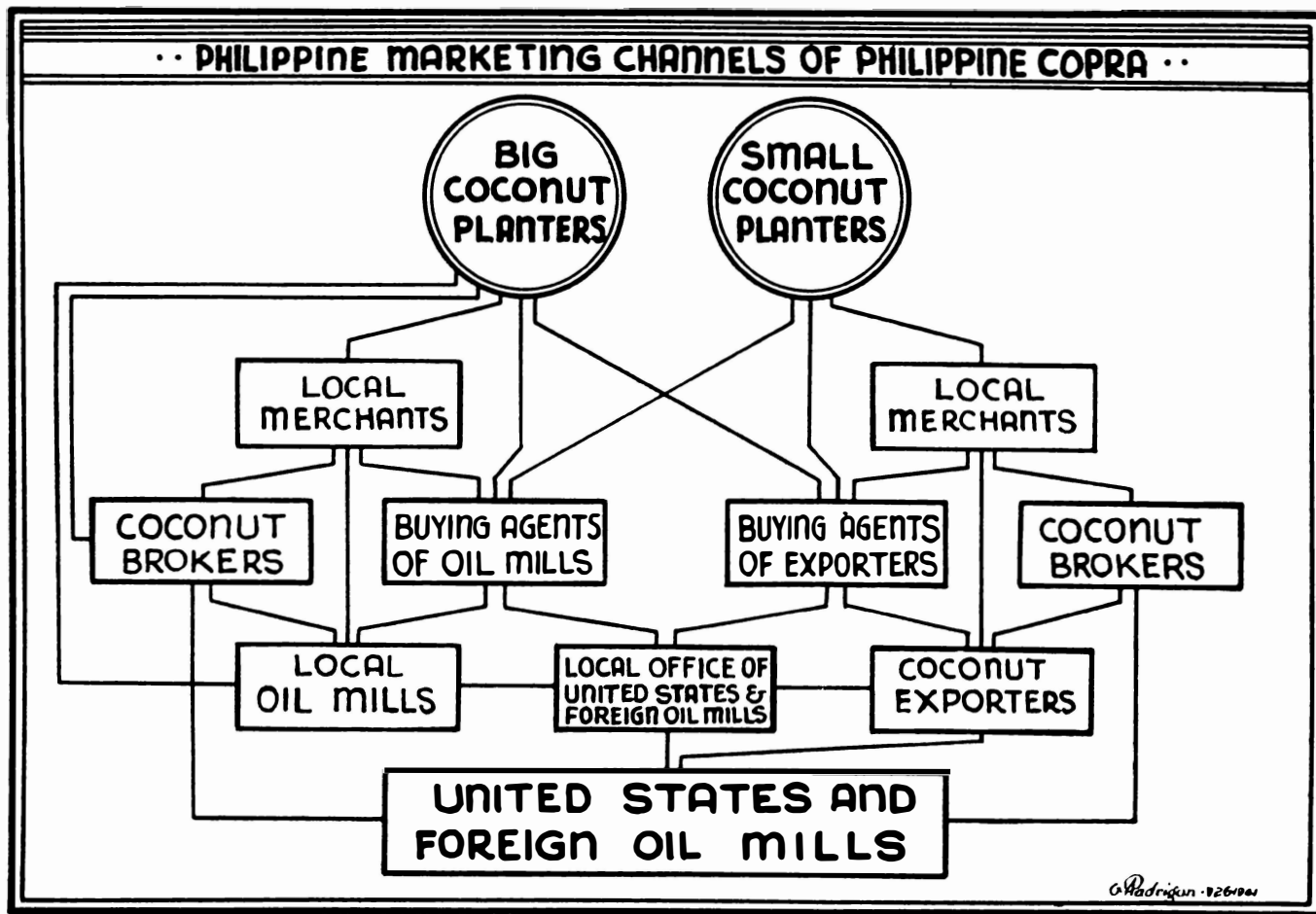
Problems of Marketing

Copra is classified in the local market under four or five grades. **Corriente** which is the very common grade and considered by all copra dealers as the lowest grade: and the highest grade called **resecada**. It is generally estimated that the **corriente** contains moisture from 14.5 to 20% or more

while the **resecada** contains from 5 to 6% moisture. In foreign markets, copra is classified into two grades: the **Merchantable Manila** and the **Cebu Sundried**. The buying and selling of copra in the Philippines is carried on with great disadvantage to coconut producers. Most of the coconut planters or growers sell their products to local merchants in their respective localities. In all coconut regions, agents, middlemen or brokers representing copra exporters in Manila and oil mills in the Islands handle the buying of copra from coconut planters. Inasmuch as the farmers can not obtain the best prices, due to lack of government trading centers, they are forced to sell their products at the best prices obtainable, which are offered by the local buyer or rural middleman.

Hazards of Sales Through Middlemen

Where buying agencies cannot be found, coconut producers of copra sell their produce to rural middlemen. In this kind of transaction coconut producers are usually the victims of usurious



practices by the rural buyers, mostly Chinese that from 15% to 25% of the selling price is deducted from the producers for every 1,000 nuts or 100 kilos.

In plants where there are no middlemen or rural buyers, big producers buy all the output of the small producers at a price lower than what they can get from the provincial exporters. Generally, all middlemen or small merchants engaged in buying copra and other coconut products sell their produce to the nearest provincial exporters. Sometimes, they ship all their produce directly to Manila brokers or to local manufacturers of oil. Every copra broker gets around five centavos per picul for his service. In many instances, provincial brokers or exporters as well as wealthy producers ship their produce on consignment to Manila or Cebu commission merchants or brokers after having accumulated enough stock in their bodegas or warehouses. The broker or commission merchant finally disposes of it, either to a direct exporter or to a manufacturer.

According to latest statistics, the volume of copra which arrived in Manila last June, 1941, amounted to 456,428 sacks or 27,375,680 kilos and the exports from Manila, Zamboanga, Cebu and Legaspi ports amounted to 9,789 tons. The amount of copra which arrived in Manila for the month of July were 482,630 sacks or 28,957,800 kilos.

The National Produce Exchange

One of the highest developments in modern commerce being introduced to the Philippines for the benefit of coconut growers is the trading exchange of local commodities. It was organized under a legislative act in 1936 and called the National Produce Exchange. Thru this organized marketing agency, coconut planters are now able to sell their coconut products, especially copra, for a better price instead of selling their produce to middlemen or local buyers at very low prices. Small coconut growers may take advantage of this National Exchange facilities by combining their products with those of other small planters and selling under a cooperative system. Cooperative associations among coconut growers are very indispensable at present because only through them can planters obtain true prices and other marketing facilities such as small loans at lower rates of interest than those charged by coconut buyers or middlemen who give advance amounts on future crops, taking advantage of the planters' need of money for their daily maintenance.

The National Produce Exchange renders valuable service to the farmers. It gives reliable information regarding daily prices and conditions of the market. Agricultural products like copra can be sent to the exchange by consignment. It receives

bills of lading or warehouse receipts, sells the planters' crop at the best price obtainable in the market and offers many other facilities of the Exchange.

Oil

With respect to oil, the channels of distribution are not so complicated and difficult as those of copra. The great bulk of coconut oil produced in the Philippines goes to the United States and a very small amount remains for local consumption. In most cases, local oil manufacturers deal directly with importers in the United States or thru representatives here in the Philippines. During the past eight months all of the shipments of coconut oil went to the United States with the exception of eighty nine (89) tons which went to Japan and China.

In marketing the coconut oil, the standard unit in pound is used on the e. i. f. basis. Those manufacturers who have no connection abroad usually sell their produce thru local brokers to exporters who in turn ship it to foreign countries. Locally, the coconut oil is sold by kilo, extank or f.o.b. The small manufacturers of soap, butter, edible oil and other by-products. The oil is sold in drums or in barrels and delivered by the seller to the establishments or factories.

Copra Cake

Copra cake is traded similarly to oil. Factories sell their cakes direct to foreign importers by the ton c.i.f. in American and other European ports. Sometimes they sell their cakes thru local brokers to local exporters who ship the cake to foreign countries. The annual exports of copra cake amounts to 114,399,346 kilos valued at P4,250,146., but due to war conditions in Europe and in China, the present exports have declined a great deal, particularly the exports to Denmark, Germany, Norway, and other European countries. The United States is the only large potential market at present for Copra Cake and Meal. The Pacific Coast prices are from P32.50 to P33.50 per ton c.i.f.

Dessicated Coconut

Desicated Coconut is marketed directly to United States importers and the basis of transactions is the pound. Dessicated coconut is packed in wooden boxes of different sizes as follows: (a) 18 1/2" by 18 1/2" x 23"; (b) 18 1/2" x 18 1/2" x 24" and (c) 18 1/2" x 18 1/2" x 18 1/2". Each case weighs 130 pounds net or 74 kilos gross. The transactions are negotiated directly by the exporters and importers cable communications or thru their representatives here in Manila. Sometimes foreign ships call on our ports from time to time to pick up whatever coconut products may have been accumulated.