

PHILIPPINE COCONUT AUTHORITY
Annual Accomplishment Report
CY 2009

The year 2009 was a challenging period in the implementation of the Coconut Industry Road Map geared towards providing essential benefits for its stakeholders. Pursuant to this goal, PCA key intervention measures were the programs of production support, market development, extension, regulatory services, institution building and R&D, among others. Foremost objective of said programs is to ensure supply for the domestic and international markets coupled with providing more jobs and increased incomes at the farm level.

Millgate price declined to lower levels in 2009, at the average of Php20.05 per kilogram from the Php32.81 in the preceding year. Preliminary estimate of coconut export volume is at a reduced 1.471 million MT, down by 10% from the 1.634 million MT registered in the previous year. Total coconut oil export was estimated at 793,575 MT, down by 6.4% compared with the 847,626 MT registered in 2008. Price of CNO in 2009 decreased by 46% to an average of US\$719.50 per MT from the US\$1,326 per MT in 2008.

The industry continues to be heavily dependent on the export market at 80% of annual production mainly as crude coconut oil, while the remaining 20% is domestically consumed. As an export driven industry, majority of coconut production is converted to CNO, hence, prices of coconut-based local products are price dependent on this traditional coconut export commodity.

Coconut production forecast for 2009 was at 2.669 million MT or an increase of 12% from the 2.387 million MT in 2008.

The industry remains to be a significant player in the national economy, with 340 million bearing trees spread over 3.38 million hectares in 68 provinces, and directly or indirectly supporting the lives of a third of the country's population.

In the national economic scope, coconut discharges a vital role in shaping national development with the industry providing a diversified income source for majority of Filipinos by way of direct and indirect employment.

Major accomplishment during the year 2009 are as follows:

1. Development of New Lands for Agribusiness Program (Goal 1)

Main objectives of this PCA strategic program include a) increasing the income of the coconut farmers from P13,000/ha to P150,000/ha by 2010; b) generate additional 1-3 jobs per hectare; and c) increase coconut productivity from the existing 638 kilograms/ha to 2,000 kilograms/ha by 2010. During the year in review, 197,309 hectares were developed and 198,368 jobs were generated.

1.1 Coconut Planting/Replanting

Designed to address the decline in production and productivity due to massive cutting, land conversion and palm senility, a total of 52,549 hectares were planted/replanted. Number of jobs generated reached 50,743.

1.2 Intercropping

Aimed at maximizing income generation of farmer-cooperators through the planting of suitable intercrops in spaces under coconut, this component involved a total area intercropped amounting to 92,600 hectares with number of jobs generated reaching 95,476.

1.3 Rehabilitation thru Fertilization

With the view of improving soil nutrition in coconut farms, this component included 52,160 hectares fertilized with number of jobs generated totalling 52,149.

2. National Coconut Productivity Program

2.1 Participatory Coconut Planting Project (PCPP)

During the year, 6,490,078 coconut seedlings were planted, spread over 64,901 hectares.

2.2 Salt Fertilization Project (SFP)

Under Batch 2 of the SFP, 173,594 bags were applied over 43,472 hectares with beneficiaries reaching 43,663.

Under SFP's Repeat Order, 106,411 bags were applied over 26,622 hectares with beneficiaries totalling 23,243.

3. Seednut Production (PCA Seedgardens)

Geared towards ensuring availability of good planting materials, a total of 1,575,250 seednuts were produced, short by 29% compared to the target production of 2,221,708.

4. Accelerated Hunger Mitigation Program (Intercropping Projects)

This program is aimed to provide cash crop for coconut farmers nationwide. For the year in consideration, 77,285 hectares were intercropped, generating 79,698 jobs in strategic areas nationwide, exceeding targets by 10% and 13% respectively.

5. Coconut-Corn Intercropping Project

Under this component, 90,383 bags of GMA corn were distributed during the year, planted in 77,277 hectares, with farmer-beneficiaries totalling 76,841.

6. RA 8048 Implementation

This legislation was enacted to ensure that only coconut trees qualified for cutting are actually processed into lumber. The implementation of RA 8048 covered the issuance of 3,926 permits resulting in 44,340 trees cut.

7. Institution Development Project

7.1 CFOs Assisted

During the year, a total of 1,485 coconut farmer organizations (CFO) with a total membership of 8,660 were assisted.

7.2 Coops Assisted

In the same period, a total of 90 coops with a total membership of 5,885 were assisted.

8. Market Development Services

8.1 Investment/Trade Promotions

It is the Authority's mandate to promote trade and investment in the coconut sector. Thus, the PCA participated in 9 local trade fairs and conducted 4 trade fairs during the year. Conduct of these trade fairs resulted in the actual buying and placement orders for

coconut products and created general awareness on the existence of various coconut products.

8.2 Registration

Registered during the period were 3,361 traders, 48 oil processors/millers/refiners and 3,186 coco lumber dealers/processors.

9. Research and Development

9.1 Varietal Improvement

This component is geared towards development and maintenance of existing and new hybrid varieties. There were thirteen (13) on-going research projects during the period.

9.2 Crop Agronomy, Nutrition and Farming Systems

There were thirteen (13) on-going research projects during the period involving mineral nutrition, integrated soil fertility management under coconut-based farming systems and sustainable cropping patterns.

9.3 Integrated Crop Protection

There were nine (9) on-going research projects during the period involving integrated pest management strategies for the control of coconut pests, weed management and utilization of botanical biocides.

9.4 Product Development

9.4.1 Bio-Fuel Development

The program is focused on promoting coco methyl ester (CME) as fuel quality enhancer and alternative to traditional petroleum diesel.

The National Biodiesel Board (NBB) is the government entity tasked of implementing Joint Administrative Order No. 2008-1, Series of 2008 on guidelines governing the bio-diesel feedstock production, blend, distribution and sale pursuant with RA 9367. During the year, the NBB, which is chaired by the Department of Energy (DOE), with PCA and a host of other government agencies as members, spearheaded the implementation of the recommended 2% mix of CME to petroleum diesel as contained in the provisions of the said Joint Administrative Order.

9.5 Laboratory Services

During the period, 1,035 plant and tissue samples were analyzed while 608 product samples were analyzed for export and referential purposes.

10. Information Support Services

This component involves the upkeep and maintenance of IT facility, updating of information and data system, uploading/updating of PCA web page and the development of statistical reports for usage/distribution/ready reference to interested parties both public and private. During the period, the PCA Central Office Local Area Network was continuously maintained and operationalized while the PCA website (including the Coconut Farmers Agribusiness Center or CFAC webpage) was regularly uploaded/updated.

11. Policy Formulation, Planning and Advocacy

This component involves the preparation of policy agenda and recommendations, PCA Strategic Plan, updated PCA and Coconut Industry Profile, Coconut Data Handbook and the Quarterly, Semestral and Annual Accomplishment Reports of the Authority and the Industry.

12. Vital Impact on the Economy

The year 2009 exhibited a reduction in overall coconut product exports. Coconut exports diminished by 10% from 1.634 million MT in 2008 to 1.471 million MT in 2009. Foreign exchange earnings registered at US\$1.430 Billion in 2008 decreased by 58% to US\$608 Million in 2009.

Millgate price per kilo of copra in 2009 stood at Php20.05, a decrease of Php12.76 from last year's level of Php32.81, a drop equivalent to 20%. Copra farmgate price for 2009 was Php14.46, a price differential of Php5.59 compared to the millgate price of copra which stood at Php20.05 during the same year. Price of crude CNO diminished by 34% or Php19.94 per kilo from Php59.22 in 2008 to Php39.28 in 2009. Similar scenario exists with regard the price of refined oil, registering a decline of Php16.47 per kilo from Php65.56 in 2008 to Php49.09 in 2009, lower by 25%.

It could be observed that while coconut production increased by 12% from 2.387 MMT in 2008 to 2.669 MMT copra terms in 2009, there was a sharp drop in foreign exchange receipts, from US\$ 1.430 B in 2008 to US\$ 608 M in 2009. It is quite obvious that economic contribution of the coconut industry does not rely solely on increasing production but more on what we do or produce out of the coconut produced. In concept, we should manage our supply. Hand in hand with production and productivity programs

should be the regulation of CNO export volume, product diversification, R&D on value adding, promotion of high value products and expansion of both domestic and export markets.