

TEA

Crop Declines While Exports Increase

Sri Lanka's tea crop in 1986 had fallen by 2.8 million kilogrammes (kgs) compared to the crop of the previous year. The annual harvest in 1986 was 211.3 million kgs as against 214.1 million kgs in 1985. Crop figures of most major tea producers in the world indicated a downward trend in 1986. The North Indian crop particularly declined by 37 per cent in 1986 over that of the previous year. The decline of Sri Lanka's crop was mainly the result of adverse weather condition through most part of the year. The crop in the first quarter of 1986, showed a 5 percent or 2.4 million kgs decline as a result of inconsistent weather conditions in January and February. In the second quarter the harvest increased by 2.2 million kgs over that of previous year's second quarter and the deficit was only marginal. In the 1986 third quarter, particularly the last two months, crop failure was again recorded. The lowest recorded monthly crop figure was 11.7 million kgs in August 1986 indicating a 32 per cent drop compared to the figure of August 1985. The deficit at the end of the third quarter of 1986 was 5.6 million kgs, though in the last quarter there were slight increases.

In terms of elevation the tea crop from High and Medium grown had fallen in 1986 compared to the previous year's figures. On the other hand, a noteworthy feature in the crop from Low grown is that there has been a continuous increasing trend since 1960 in this elevational category, with it ultimately overtaking the High and Medium grown crop. In 1986 the Low grown crop amounted to 80.9 million kgs which was nearly doubled the 45 million kgs produced in 1985. In 1986

the High grown crop declined to 77 million kgs against 78.8 million kgs in 1985 and 79.4 million kgs in 1984.

The Medium grown declined to 53.3 million kgs in 1986 from 55.2 million kgs in 1985 and 54.6 million kgs in 1984. A significant feature of this category is its continuously declining trend since 1975 when the Medium grown crop was 73 million kgs. The major reason for this drastic decline was that large tracts of planted land area under Medium grown was lost as a result of diversification from tea to various other development projects after 1975.

The production of a variety of C.T.C. and L.T.P. teas increased considerably in 1986 recording a 1.1 million and 4.1 million kgs increase, respectively, over the 0.7 million kgs of C.T.C. and 2.9 million kgs of L.T.P. in 1985. However, the orthodox variety of tea produced in Sri Lanka maintained its overwhelming share, representing 97.6 per cent of total production in 1986. (See Table 1).

Table 1

TEA PRODUCTION (In Million Kilograms)

Year	C.T.C.	L.T.P.	Orthodox	Total
1985	0.7	2.9	210.5	214.1
1986	1.1	4.1	206.0	211.2

Source: *Broker's Reports*.

Exports

Sri Lanka's tea exports increased by

nearly 10 million kgs in 1986 recording about 208 million kgs as against 198 million kgs in 1985. Exports in 1986 were about 3 million kgs more than that of 1984. Meanwhile, tea export earnings dropped by 23 percent in 1986, compared with the previous year, as a result of depressed market conditions.

Bulk tea exports have kept coming down gradually to 138 million kgs in 1986, from 157 million kgs in 1985. On the other hand, packeted tea exports have shown an upward trend, as seen in the table, going up to 66 million kgs in 1986 from 56 million kgs in 1985 and 46 million kgs in 1984. But the volume of tea exports in bags has remained virtually unchanged amounting to 2.1 million kgs in 1986. Tea exports in other forms such as instant teas and green tea were not very significant, remaining below 3 million kgs in 1986. The drop in volume of instant teas, in 1986, is worthy of note.

The demand for Sri Lanka tea from the countries of the Middle East continued at a comparatively high level, representing a 56 percent share of total exports in 1986. In absolute terms exports to this region increased to 116.4 million kgs in 1986 from 111.9 million kgs in 1985. Egypt maintained its position for a second

year as the leading tea importer from Sri Lanka, purchasing 40 million kgs in 1986 and accounting for almost 20

percent of the country's total tea exports. Iraq, which held position of leading buyer in 1984 imported 34 million kilograms that year. Both in 1986 Iraq moved into second position among the leading importers of Sri Lanka tea, with purchases of 23 million kgs and 29 million kgs in 1986 and 1985 respectively. Brokers have made a note of the fact that in 1986 Iraq has given Sri Lanka's tea market unstinted support throughout the year.

Saudi Arabia's share dropped to 13 million kgs in 1986 against 14 million in the previous year. Syria also reduced its purchases slightly compared to the previous year.

Table 2

SRI LANKA TEA EXPORTS (Thousand Kilograms)

	1984	1985	1986
Bulk	156,958	139,024	137,597
Packeted	45,802	56,132	66,334
Tea Bags	1,122	2,128	2,055
Instant teas	252	409	262
Green tea	253	253	8
Teas imported & Re-exported	244	33	—
Others	39	41	1,574
Total	204,471	198,017	207,829

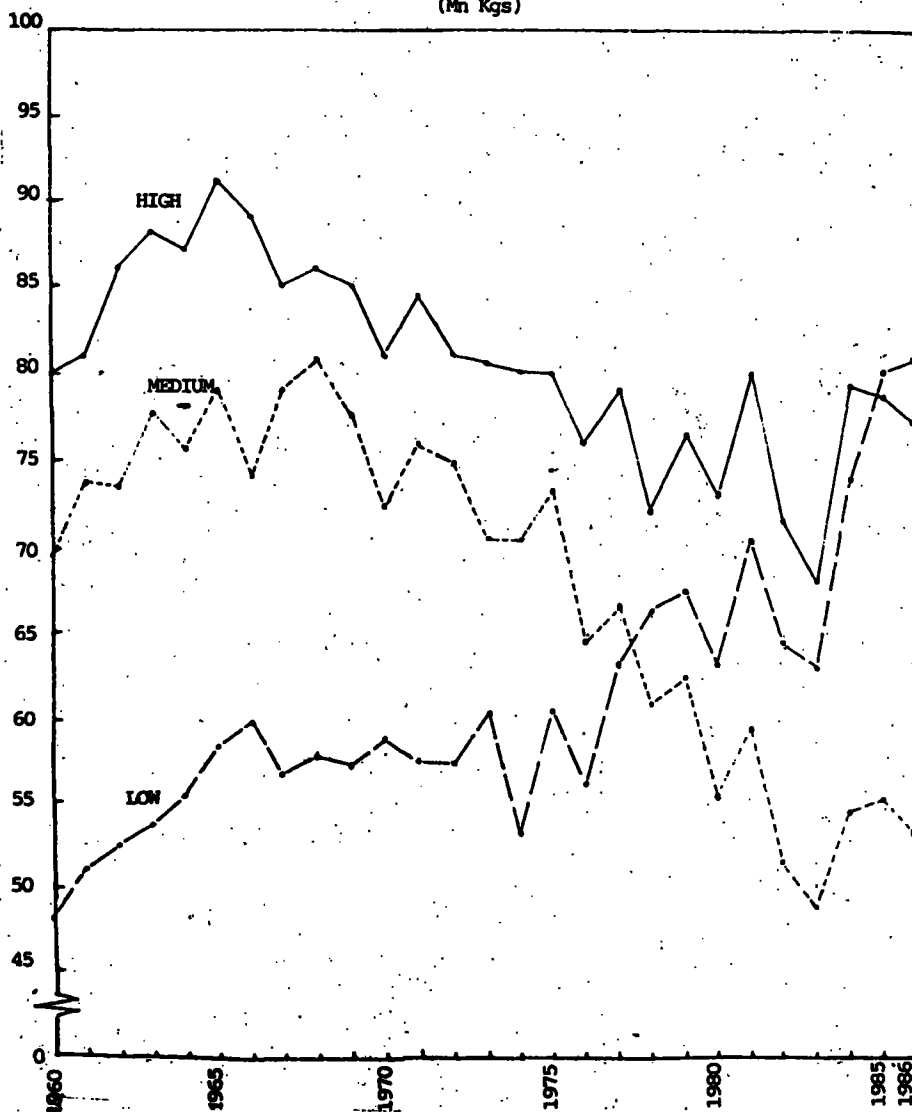
Total purchases by the E.E.C. countries including United Kingdom,

Netherlands, Germany F.R. increased from 10 percent in 1985 to 12 percent in 1986 or from 19 million kgs in 1985 to 25 million kgs in 1986. The United Kingdom's purchases increased to 15.7 million kgs in 1986, more than 2 million kgs over that of 1985. The overall purchases of the Western industrialised countries, however, declined in volume. Their share was 11 percent in 1986 as against 9 percent in 1985; while volume imported was 17.9 million kgs in 1986 as against 22.2 million kgs in 1985. Among industrialised countries purchases of USA and Australia were reduced while Japan's demand increased in 1986, and Canada accounted for 4.6 million kgs. in 1986.

Among the other buyers of Sri Lanka's tea was Pakistan whose demand had increased significantly in 1986 amounting to 14 million kgs against 8 million kgs in 1985.

USSR purchases dropped drastically amounting to 9.6 million kgs in 1984, 8.6 million kgs in 1985 and 2.2 million kgs in 1986. Here brokers have noted that in 1986 "exports to USSR were a mere 2.1 million kgs, and sellers most surely hope that this Buyer, who purchased a phenomenal 100 million kgs from India will increase her purchases from Colombo".

TEA PRODUCTION 1960 - 1986 (Mn Kgs)



G.J.