

# COMMODITIES

## COCONUT

### Production Recovery Boosts Earnings

Sri Lanka's export earnings from coconut products were up by nearly 190 percent in the first ten months of 1978, as compared with the same period last year which proved to be one of the worst years for the coconut industry. The largest increase in earnings was recorded in coconut oil as exports went up by over 2,000 percent over that of the 1977 period exports were at a virtual standstill. Earnings from Desiccated Coconut exports were also up by about 130 percent, while among the coconut shell products, coconut shell charcoal earnings showed the biggest increase—up by 160 percent. Among the other coconut products, coconut ekel exports recorded a significant increase, going up by about 165 percent in volume and about 430 percent in value.

In terms of volume too, there was a heavy increase with kernel products alone, going up from 189 million nut equivalents in the first ten months of 1977 to 422 million

nut equivalents in the same period of 1978, the main reason being the slump the industry experienced in 1977 and comparably better conditions from the end of 1977 which helped in a production recovery in 1978. Thus coconut oil production for the ten month period rose from 35,275 metric tons in 1977 to 68,679 metric tons in 1978, while desiccated coconut production rose from 24,446 metric tons in 1977 to 33,695 metric tons in the 1978 period.

International prices of almost all vegetable oils were up during the first ten months of 1978, and that of coconut oil in the Rotterdam market was up from an average of \$ 589 per metric ton in the 1977 period to \$ 648 per metric ton in the 1978 period.

The largest quantities of Sri Lanka coconut oil were shipped to Italy (6,607 M.T.) U.K./Europe (6,300 MT) Bangladesh (3,035 M.T.) and India (2,250 M.T.) Pricewise too there was an increase with the average export value per metric ton of coconut oil going up from Rs. 4,968 in 1977 to Rs. 10,896 per metric ton in 1977.

### EXPORT OF COCONUT PRODUCTS

	January—October 1977		January—October 1978		Percentage Increase in value in 1978
	Volume (MT)	Value (Rs. '000)	Volume (MT)	Value (Rs. '000)	
1. Coconut Oil	2,065	10,253	23,359	254,513	2382.3
2. D.C.	25,270	226,108	33,950	522,397	131.4
3. Copra	150	888	874	8,951	908.0
4. Fresh Nuts	—	—	—	—	—
5. Sub Total					
Kernel Products	189.09	237,240	422.04	785,864	231.2
	(Mn. nut equivalent)		(Mn. nut equivalent)		
6. Mattress Fibre	44,354	38,778	46,588	83,898	116.4
7. Bristle Fibre	11,006	33,319	7,869	54,676	64.1
8. Twisted Fibre	23,622	34,551	19,282	54,498	57.7
9. Coir					
Yarn/Twine	1,750	4,766	1,649	10,699	124.5
10. Coconut shell					
Charcoal	23,685	15,385	24,740	40,038	160.2
11. Coconut Shell					
flour	623	393	583	821	188.9
12. Coconut shells	1,530	419	960	595	42.0
13. Coconut shell					
activated carbon	334	1,638	614	6,394	290.4
14. Coconut ekels	1,919	1,435	5,080	7,621	431.1
15. Other by products	—	—	—	5,701	—
16. Non kernel products		130,684		264,941	102.7
17. Total value of all products		387,933		1,050,802	185.6

## TEA

### Crop and Price Decline PRODUCTION

Sri Lanka's tea crop is expected to record a deficit of about 10 million kgm. in 1978 when compared with the previous year's production. Up to the end of October production reached 162.9 million kgm. with a total deficit for the first ten months of the year of 10.2 million kgm. as compared with the same period of the previous year. High and Medium Grown tea's between them had recorded a deficit of 13.1 million kgm. while Low Grown's maintained their favourable position with approximately 3 million kgm. in excess of the previous year and contributing generously to reduce the overall deficit.

The sales figures for the January to October period show that quantities sold under the category of High Grown's during the past ten months had registered the highest shortfall amounting to 6.1 million kgm., followed by Medium Grown's with 4.2 million kgm., the two totalling 10.3 million kgm. The happy position enjoyed by Low Grown's has helped tremendously to reduce this deficit to 3.7 million kgm.

Despite the deficit in Sri Lanka's crop, world tea production for 1978 was expected to end up about 15 million kgm. in excess of that of the previous year. Mainly responsible for this situation was the crop from Kenya and also that of North India and Indonesia. Up to the end of October the total Indian production showed an increase of 6.1 million kgm. while Kenya's production was up by 6.2 million kgm. and Indonesia's by 6.6 million kgm. (See table on p. 20).

Shipments to the U.S. and Britain, leading markets for tea, were expected to drop in 1978 while prices in these markets have also been on the decline. These lower tea prices have been attributed to an increase in crop by some of the producers together with a decrease in demand following an easing of prices of coffee.

London auction prices for tea have been on the decline during 1978 and were down from about \$ 1.60 a pound in 1977 to about \$ 1 per pound in 1978. Quantities and values of U. S. imports also were on the decline and during the first seven months of 1978 totalled 43,029 tons valued at \$ 69.5 million compared with 67,698 tons valued at \$ 123.3 million a year earlier. For the whole

**Average Tea Sale Prices at the Colombo Auctions**

	Jan/October 1978		Approx. Difference on Gross	Jan/October 1977	
	Gross	Nett		Gross	Nett
	Rs./Kilo			Rs./Kilo	
High Grown	13.65	11.37	- 3.33 .. 19.6%	16.98	14.03
Medium Grown	10.66	9.54	- 4.61 .. 30.1%	15.27	12.49
Low Grown	17.64	13.46	+ 1.23 .. 7.5%	16.41	13.44
<b>TOTAL:</b>	<b>14.19</b>	<b>11.57</b>	<b>- 2.04 .. 12.6%</b>	<b>16.24</b>	<b>13.34</b>

of 1977 the U.S. imported 92,086 tons of tea valued at \$175.2 million.

**PRICES**

Colombo auctions prices were trailing well behind those of 1977, though in October there was a favourable change. A welcome situation emerged when October 1978 prices were compared with those recorded for October last year. High Grown's enjoyed the best marketing conditions and registered a 21.5 percent price increase while the total gross average increase was 13.7 percent. The position is reversed, however, when January—October figures are compared. Only Low Grown's have moved up in price this year and enjoyed an upward swing of 7.5 percent whilst the other two categories have come down in price. The Medium Grown's have suffered the worst with a drop in price of 30.1 per cent on last year's levels. Despite the good prices enjoyed over the past few months prices for High Grown's too have come down this year. See details in table above.

There were a few record prices fetched at the auctions in October. Of special significance was the record of Rs. 1,000/- per kgm. established in mid-October which was bettered the following week when an invoice of Hapugastenne Flowery Fanning Sugar Silver Tips realised Rs. 1,200/- per kgm.

**Crop figures of major producing countries (in million kg.)**

Country	Total	1977	1978
Sri Lanka	up to October	173.1	162.9
Bangladesh	up to October	32.3	30.5*
South India	up to October	111.5	108.2*
North India	up to October	382.2	391.6*
Malawi	up to September	24.6	25.6*
Kenya	up to October	70.5	76.7
Indonesia	up to September	49.0	55.6*
Tanzania	up to August	9.8	11.6
Uganda	up to September	11.2	8.7*
		<b>864.2</b>	<b>871.4</b>

\* Estimated

**RUBBER**

**New Peak Prices**

Rubber prices continued to break all records at the Colombo auctions during the latter months of this year and by the end of October 1978, the maximum price being quoted for latex crepe was Rs. 11.25 per kgm. This increasing level of prices was the end result of the hike in petroleum prices in recent years. There is a 30 — 35 % petroleum base in synthetic rubber and naturally with petroleum prices on the rise, the earlier demand for synthetic rubber had to shift towards natural rubber. With a 10 — 15 % increase in petroleum prices anticipated in 1979, the prospects for natural rubber appear even brighter.

Upto date Sri Lanka has not been able to take advantage of this situation. In the early 1970's the Director

of the R.R.I. Dr. Ossie Peiris, predicted that natural rubber would enjoy peak levels between 1978 and 1980 and called for a doubling of the annual growth rate in rubber production. But rubber production in Sri Lanka, within the first six months of 1978, totalled only 79,837 metric tons, an increase of 9,183 metric tons or about 12 percent when compared to the corresponding period in the previous year. The result was that actual exports during this period totalled 83,694 metric tons an increase of only 4,942 metric tons when compared to the corresponding period last year.

The prices were fluctuating at high levels at the major rubber terminals by the end of October 1978. In the Singapore and London rubber markets values remained steady due to continued forward demand; one reason being the reports of unsatisfactory weather in some areas of South Malaysia.

At the Colombo auctions, sheet rubber prices were breaking records by the last week of October 1978 and RSS.1 reached an all time high auction price of 8.56½ per kgm. on the last date of trading in October, in keeping with the higher values being recorded in other auctions centres. From available records this was the highest price obtained for RSS 1 during the last 27 years.

**Maximum closing prices per kilogramme at the end of October**

	October '77	October '78	% increase in prices
	Rs.	Rs.	
RSS No. 1	4.80½	8.91½	85.6
Latex crepe	4.70	11.21	138.5
Scrap Crepe	4.36	7.71	76.8
Sole Crepe	7.00	11.10	58.6
Froth and Cuttings	3.60	5.11	41.9
Curly and Shell			
Scrap No. 1	2.85	3.26	14.3
Average price increase for all grades	4.5	7.8	73.3

With the rapidly advancing overseas market RSS 1 finally touched Rs. 8.91½ per kgm. at the close of October 1978. The corresponding price at the end of October 1977 was only Rs. 4.80½ per kgm. an increase of nearly 86 percent during the ten months of this year. The highest overall price increase, however, was recorded for latex crepe where by the end of October 1978 prices had risen by as much as 138 per cent when compared with prices at the end of October 1977.

Latex crepes were in good demand during October and there was an in-