

## CEYLON'S COIR INDUSTRY FACES STIFF COMPETITION

By A STAFF WRITER

*This article on the present position of the coir industry in Ceylon will be read with special interest in view of the appointment of a committee to inquire into and report on the drop in the prices of coconut products, and the proposed visit to European and other countries of the Parliamentary Secretary of Labour and Nationalised Services in order to push the sales of such products.*

Ceylon's fibre export business which runs into an annual value of over fifty million rupees is now facing the challenge of rival competition in overseas markets and the certain prospect of losing the almost monopolistic position it held in the field all these years.

Up to now Ceylon supplied practically all the coir fibre requirements of users all over the world. But recently East Africa has stolen into the scene. She is reported to be offering keen competition to our mattress fibre in the London market. She is as yet able to export an average of only 10,000 for an year which is barely a fifth of our annual exports of mattress fibre but with expanding production her supplies should increase.

Other countries meanwhile are also going ahead with plans to start their own fibre milling units; and two of them — Philippines and Thailand are expected to be ready to enter the market in a big way in the next few years.

Worse still, we are not likely to have any special advantages in respect either of costs or quality. In fact Africa is already underselling us in the London market and our local shippers are trying frantically to get the present "fair price" scheme modified in order that they may be able to readily adjust prices to meet this situation.

East Africa, they say has the edge over Ceylon in the matter of costs. Her labour is cheap and she is closer to London which happens to be our single largest market yet.

Competition from this source has so far affected only our mattress fibre. East African supplies wholly of decorticated fibre (a mixture of mattress and bristle fibre), are not substitute for our bristle fibre for

which the world's users still turn to us in large measure. But this too may not be for long. It is reported that East Africa, Thailand and the Philippines are planning to start separating processes soon and this will certainly mean the end of even this limited monopoly we have left now.

### **Not New**

The challenge of competition in the fibre trade is not entirely new, in one sense. Over the past, our exports have had to compete with synthetic substitutes and other types of natural fibre in user countries. In the U.K. for instance, foam rubber has been increasingly resorted to in preference to our coir in the bedding and upholstery trades. In Germany too, both in the bedding and building trades (where mattress fibre is used in insulating slabs), materials like rock wool and glass wool serve as substitutes. Also, in some markets coir fibre has had to face some competition from natural fibres like sisal hemp.

But these were never wholly adequate substitutes; and even if they were as in the case of some synthetics they were not commercially feasible on account of higher costs and buyers have turned to them more as market stabilisers in times of scarcity and high prices.

Now we are confronted with an equally competitive product in the field—coir fibre exports from rival producers. And Ceylon's survival in her traditional markets must henceforth rest to a great extent on her ability rate to match them on costs.

If this is assured the future is not bleak. Because as far as is foreseeable what competition there is in fibre we are likely to encounter in the face of a rising world demand for the product.

True, some of our customers have in recent years cut their purchases from us by substantial amounts. The United Kingdom for instance has reduced her imports of mattress fibre by nearly ten per cent over the past five years. Australia too has cut down her imports by the same proportion. Our mattress fibre exports to some of our smaller markets like the Irish Republic, Belgium, South Africa and the United States have also been on a reducing scale and are now in each case from anything between 35 to 80 per cent lower than the 1955 level. Our exports of bristle fibre to Australia and Belgium have fallen by 53 and 16 per cent respectively.

### **Demand Rising**

But despite these lapses exports demand has been fairly well maintained. New markets have opened up and in some countries the increase in fibre needs for various industrial uses has been phenomenal.

In fact, Ceylon's exports if anything have been rising, over the past five years bristle fibre exports have gone up by over 40 per cent (1960 exports — 489,000 cwts.) and mattress fibre by nearly 10 per cent (1960 exports — 1,157,210 cwts.).

As a reflection of these trends in demand over the past few years the import record of the German Federal Republic is the most spectacular. Since 1955 her imports of mattress fibre from Ceylon have gone up by over two and a half times; her intake of bristle fibre by 75 per cent. Other European countries which have stepped up by purchases are Denmark (mattress fibre — 45 per cent). Switzerland (mattress fibre — 110 per cent). Sweden (mattress fibre — 106 per cent; bristle fibre — 130 per cent). France (bristle fibre — 66 per cent). Holland (bristle fibre — 82 per cent). Japan which is still our largest market for bristle fibre now takes in 37 per cent more.

Coir fibre, both bristle and mattress, is being constantly put to wider uses in the countries that buy it. In Germany and other European markets, for instance mattress fibre was once used only in the upholstery trade but more recently it has been used additionally in the housebuilding industry as a binding material for insulating slabs and is also used in combination with cement to make building blocks.

And bristle fibre which was once used only to make brushes and yarns is now also used widely in car upholstery for making rubberised pads. Such developments are partly responsible for the remarkable increase in demand for coir fibre in recent years.

There is no reason why these favourable trends should not be maintained. But with growing competition ahead the industry must keep a sharp eye on costs and quality if it is not to lose its share in a widening market.

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