

COMMODITIES

TEA

Production drops while prices pick up

Sri Lanka's tea production continued its 1986 drop in output during the first quarter of 1987, when production registered an almost 10 percent drop. Production for the first three months of this year was 46.7 mn kgm as against 51.4 mn kgm in the same period of 1986. The drop was mainly in the high grown category. While output of Orthodox teas fell heavily, both

the cultural practices in 1986, particularly fertilizer application. Fertilizer issues to the tea sector dropped by 21,100 metric tons or 14 percent over the quantity issued in 1985. Also, the total registered area under tea in 1986 fell by 3 percent over the previous year to 222,905 hectares; largely due to some marginal tea lands going out of production, being cleared for settle-

Table 1

TEA PRODUCTION (Kgms)

	Jan/March '86	Jan/March '87
Orthodox	50,747,085	45,379,497
CPC	267,617	330,221
LTP	419,022	959,116
Total	51,433,720	46,668,834

Table 2

TEA PRODUCTION JAN-MARCH (Kgms)

ELEVATION CATEGORIES	1986	1987
High	19.2	15.2
Medium	12.9	11.7
Low	19.3	19.8
Total	51.4	46.7

ment purposes under land alienation policies. This was particularly so in the case of mid country areas where there was heavy pressure for land.

Prices, however, tended to pick up during the first quarter of this year. The total gross average price was Rs 40.87 per kg in the 1987 period as against Rs 30.98 per kg in the same

Table 3

COLOMBO AUCTION PRICES Gross Price (Rs per Kgm) Jan. - March

	1985	1986	1987
High Grown	53.17	31.39	42.07
Medium Grown	48.84	27.25	38.64
Low Grown	58.77	32.82	41.00
Total	54.11	30.98	40.78

Source: *Brokers Reports*

CTCs (Cut-Tear and Curl) and LTPs (Lawry Tea Process) showed an increase in output. Among the factors attributed to the general decline is the poor prices that have prevailed over the last two years, adversely affecting

period of 1986. The heaviest increase was in the price of mid grown teas, which registered a Rs 11.39 per kg increase over that of the previous year. But, prices had still to approach 1985 levels as table 3 above indicates.

G.J.