

COMMODITIES

TEA

First Colombo Tea Auctions After Nationalization of Estates

The first tea auctions in Colombo after nationalization of public company-owned estates was held on October 21, 1975. The average prices at this sale against those for the corresponding period in 1973 and 1974 reveal that all teas fetched higher prices than in the earlier years. About 3,964,732 kilos of teas were offered at the auctions and comparative Net average prices per kilo are as follows:—

	(Rupees/Kilo) Net		
	1973	1974	1975
High Grown	4.71	6.55	6.40
Medium Grown	4.01	5.64	5.42
Low Grown	4.08	6.52	6.00
Total	4.30	6.24	5.94

Compared to the mild resurgence in the tea market in the previous weeks tea auctions in Colombo, there was a dramatic revival in prices of all good liquoring teas in the auction of October 21. Widespread and enthusiastic competition prevailed at this first auction since the historic and momentous change in ownership of the estates in Sri Lanka. Spokesmen for the tea industry and trade were all of the view that there was no substance in the belief, held in some circles, that the take-over of publicly owned companies (both foreign and local) would adversely affect the prices of Ceylon tea. Quite the contrary appears to have happened. Almost all categories showed substantial gains in price over the earlier week's rates, with even further improvements being seen as the sale progressed. The emphasis was on teas with useful leaf appearance. South African buying was the feature in this auction. U.K. buyers were far more active than they had been for much of this year whilst Japan afforded active support to the BOPF's grade. Sudan, who recently signed a contract for the supply of approximately 10 million pounds of Ceylon tea, were also participants at this auction after a period of 10 years.

THIRD QUARTER REVIEW

Production

Tea production during the period January to September 1975; amounted to 364,171,105 lbs. as compared with 329,935,393 lbs. in the corresponding period in 1974. The production figures for September 1975 and the period January/September 1975, as compared with the same periods in 1973 and 1974 is given below:

SEPTEMBER

(Kilos)

	1973			1974			1975		
High Grown	5,426,045.4	...	...	4,777,445.6	...	...	4,971,458.2
Medium Grown	4,540,993.5	...	...	4,077,162.5	...	...	4,900,564.3
Low Grown	3,827,930.5	...	...	4,078,366.8	...	...	4,609,988.6
Total**			13,794,969.4			12,939,974.9			14,482,011.1

**Lowest crop for September 1952 — 790,791 Kilos.

Highest crop for September 1965 — 18,164,087 Kilos.

JANUARY/SEPTEMBER

	1973			1974			1975		
High Grown	59,681,691.2	...	...	58,856,402.1	...	...	62,897,665.4
Medium Grown	52,337,172.0	...	...	52,138,106.4	...	...	57,304,919.3
Low Grown	44,201,884.7	...	...	39,115,439.5	...	...	44,983,923.4
Total			156,220,747.9			150,109,948.0			165,186,508.1

Exports

The volume of tea exports during the first nine months of 1975 was higher by 73.8 million lbs. over the corresponding period in 1974. This may be ascribed to increases in production, demand and prices. Export statistics for this period are given below:

JANUARY/SEPTEMBER

	1974	1975
Exports volume (lbs.)	282,505,131	356,213,429
Exports value (Rs.)	944,575,364	1,481,098,509
F.O.B. value per lb. (Rs./c.)	3.34	4.15

Prices

Average net prices of teas at the Colombo Auctions for the period Jan./Sept. 1975 as compared with the same periods in 1973 and 1974 are given below:

JANUARY/SEPTEMBER

(Rupees/Kilo)

Net

	1973		1974		1975	
High Grown	4.60	5.95	6.32			
Medium Grown	3.88	5.33	5.90			
Low Grown	3.92	5.62	6.40			
Total	4.17	5.64	6.20			

Subsidy for Indian Tea Estates

The Indian Tea Board has decided, with the approval of the Government of India, to introduce a scheme for the renovation and consolidation of areas under tea. The scheme which came into effect from October 3, 1975 provides for the grant of a subsidy up to Rs. 4000 per hectare (1 hectare = 2.47 acres) and is designed to help small growers of tea as well as small tea estates especially in the hill areas like Darjeeling which cannot afford uprooting of old tea areas. This scheme is intended to enable undertaking of heavy pruning of existing tea bushes and also replanting in old areas and to improve the per hectare productivity. It is estimated that over one third of the Indian tea area is over 50 years old.

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Commodities continued

COCONUT

Export Duties Removed

The Minister of Finance announced in his Budget Speech, on November 5, that he proposed to remove the existing export duty on Copra, Coconut oil and D.C.

Actual Exports

Export earnings from the coconut products in September 1975 at Rs. 26.3 m. showed a substantial decrease of Rs. 18.7 and Rs. 39.0 m. in comparison with the previous month and the corresponding month last year.

Earnings from the export of Coconut oil in September 1975 at Rs. 16,000 showed a sharp decrease of Rs. 23.6 m. or 100% when compared with the

previous month. This was due to the sharp drop in oil exports. The quantity exported during this month was only 5000 kilograms.

Earnings from the export of D.C. in September 1975 at Rs. 18.7 m. showed an increase of Rs. 5.5 m. when compared with the previous month.

Earnings from the export of coir fibre and fibre products in September 1975 at Rs. 4.5 m. showed a decrease of Rs. 1.7 m. compared with the previous month. This was due to the drop in the volume exported.

The table below provides data on export volumes and values of coconut products for January to September 1974 and 1975.

EXPORT OF COCONUT PRODUCTS

	1974 January-August		1975 January-September	
	Volume	Value Rs.	Volume	Value Rs.
Coconut oil Kgs.	15,140,270	100,098,572	35,915,478	133,049,637
D.C. ... "	30,671,976	177,764,996	38,606,770	144,083,844
Copra ... "	6,096,344	291,656	684,923	3,340,665
Poonac ... "	2,941,181	977,713	101,605	39,831
Freshnut ... nuts	627,057	925,280	3,351,629	4,844,127
Fibre products ..	84,329,050	78,739,191	49,949,614	61,177,143
Shell products ..	21,674,077	21,290,965	13,040,691	10,431,357
Total Value		380,088,373		357,206,524

RUBBER

Export Performance

Exports of Rubber during the first nine months of 1975 at 262.8 m. pounds were higher than that for the corresponding period in 1974 by 37.2 m. pounds. However, export earnings were lower by Rs. 182.3 m. Prices for RSS 1 continued to maintain a steady level.

There was a marked increase in the exports of Block Rubber, Latex Crepe and Sheet Rubber as compared with the corresponding period in 1974. Prices had averaged approximately Rs. 1.65 per lb. in the first nine months of 1975 as against approximately Rs. 2.75 per lb. during the same period last year. For details see table below.

RUBBER EXPORTS

	1974		1975	
	January - September	Quantity (lbs.)	Value Rs. m.	Quantity (lbs.)	Value Rs. m.
Sole Crepe ...	6,315,593	30.7	7,563,202	20.0
Latex Crepe ...	63,840,153	197.7	74,546,813	139.7
Scrap Crepe ...	23,447,370	52.0	22,168,214	31.1
Sheet Rubber ...	131,298,516	336.5	156,642,787	242.3
Block Rubber ...	537,048	1.5	1,757,870	2.9
Latex ...	4,141	.009	94,204	0.1
Grand Total ...	225,642,821	618.4	262,773,090	436.1

New Copra Drying Process

Mr. Vicente Gabriel of the Philippine Inventor's Society has invented a new Copra drying process. The Gabriel process produces Copra meat which is white and clean with moisture content reduced from 48% to 5% and with a protein content of 25%. This process produces charcoal that retains 85% of its carbon content and has a moisture content of only 5%.

SPICES

Cinnamon Exports Decline

Export earnings from spices during the first nine months of 1975 were lower by Rs. 14.7 million as compared with the corresponding period in 1974. The quantity of Cinnamon exported during this period at 57,953 cwts. were lower by over 48,000 cwts. when compared with exports in the same period in 1974. Exports to Mexico, the main single market for Sri Lanka Cinnamon, during this period was 5924 cwts. as compared with 23,371 cwts. in 1974. Exports of Cardamom have shown a marked increase during the period under review.

Essential Oils

Export earnings from Essential Oils during the period under review continued to be lower when compared with the corresponding period in 1974. With the exception of Nutmeg Oil, all other oils has shown a substantial decline both in quantity and in value. Total earnings from exports of essential oils in the first nine months of 1975 was Rs. 3.2 million as compared with Rs. 10.7 million during the corresponding period in 1974.

EXPORTS

Spices	1975	
	Quantity Cwts.	Value Rs. m.
Cinnamon ...	57,953	28.7
Cardamom ...	5,003	9.1
Cloves ...	3,149	5.2
Pepper ...	1,888	1.2
Nutmeg ...	1,698	1.0
Essential Oils		
Cinnamon leaf oil	688	1.1
Cinnamon bark oil	4	0.2
Citronella Oil	1,503	1.6
Ginger oil ...	2	0.05
Cardamom oil	3	0.03
Clove oil ...	—	—
Nutmeg oil ...	44	0.2