

COMMODITIES

SPICES

Export Values Double

The value of exports of spices from Sri Lanka during the first six months of this year had nearly doubled, reading Rs. 52.7 million in 1976 as against Rs. 27 million in 1975. Mainly responsible for the increased earnings in spices was the fact that Sri Lanka had recovered some of its earlier cinnamon market. Cinnamon quills exports were up from 1.3 million kilos, valued at Rs. 14.8 million in 1975, to 2.4 million kilos valued at Rs. 29.3 million in 1976.

Cloves have also turned out to be a major exchange earner. Total exports from cloves in the first six months of this year were nearly Rs. 8.5 million as against approximately Rs. 1 million in the same period of 1975.

Nutmeg earnings also showed a marked increase reaching 1.9 million in the first six months of 1976, as against Rs. 2 lakhs in the same period in 1975. Ginger, was another item of interest, where earnings rose from Rs. 121, 691 in the first half of 1975 to Rs. 642, 216 in 1976. Further details in table below:

SPICES AND ESSENTIAL OIL EXPORTS

January to June 1975 and 1976

	1975 January to June		1976 January to June	
	Quantity Cwts.	Value Rs.	Quantity Kgs.	Value Rs.
Pepper (Round)	1,789	1,124,977	3	50
Pepper (Other)	217	142,696	54,243	907,711
Cinnamon quills	24,791	14,764,955	2,410,733	29,300,861
Cinnamon quillings	4,152	1,776,730	410,401	2,760,216
Cinnamon featherings	2,305	338,275	92,448	281,001
Cinnamon chips	5,022	552,551	176,921	472,115
Cloves—Whole	345	733,636	201,204	7,921,125
Cloves—Stems	449	231,341	62,419	479,706
Nutmeg	510	204,859	209,366	1,879,767
Mace	41	120,451	9,675	184,500
Cardamom with shell	4,369	6,889,274	88,593	5,720,749
Cardamom without shell			27,251	2,130,991
Ginger	1,044	121,691	227,829	642,216
other spices	191	49,966	68	239
Total		27,051,402		52,681,247
Essential Oils	(Lbs.)	Rs.		
Citronella oil	128,805	1,320,517	139,790	2,091,309
Cinnamon bark oil	400	150,863	266	156,262
Cinnamon leaf oil	51,496	768,400	52,899	1,828,079
Cardamom oil	350	30,707	100	69,452
Nutmeg oil	4,500	180,675	2,496	210,187
Ginger oil	110	50,854	160	66,471
Lemon grass oil	1,192,039	2,317,971	2,939	116,080
Other Essential oils			9,611	38,345
Total		4,819,987		4,576,183

ESSENTIAL OILS

Drop in Earnings

The earnings from essential oils from spices showed a slight decline in the first half of 1976 when compared with the same period last year. Mainly responsible for the drop in earnings were cinnamon leaf oil and lemon grass oil exports, which have fetched less this year. Earnings from citronella oil and cinnamon leaf oil, on the other hand showed a marked improvement. For details see table below.

Gingelly (Sesame Seed)

Export figures for the first 6 months of 1976 when compared with the same period last year show an unprecedented drop for an export commodity: from Rs. 23 million for

the whole of 1975, the exports of gingelly in the first half of this year have fetched only Rs. 1.1 million. The reason for this drastic drop in exports according to certain dealers, is that with stringent standards specification being imposed, much of the sesame seed that was allowed for export earlier has now been rejected by the authorities and large quantities are still held up in go-downs of exporters. Major buyers in 1975 namely Hong Kong, Italy, Greece, Malaysia and Jordan have not bought at all this year. Also, Singapore which imported nearly Rs. 14 million worth of our sesame seed during 1975 had purchased to the value of only Rs. 733,125 in the first six months of this year; while Japan's imports for the same period had fallen from a value of Rs. 4 million to Rs. 282,923; and Kuwait's imports had dropped from Rs. 1.1 million to Rs. 135,335 over this period.

RUBBER

Export Quantities Fall: Earnings Rise

A Rs. 61 million increase in earnings from rubber exports has been recorded for the first six months of this year compared with the same period last year. First half year earnings for 1976 were Rs. 326 million as against Rs. 387 million in 1975. Mainly responsible for the steep in-

crease in earnings were the prices fetched for the various forms of crepe rubber. In 1976 earnings from crepe reached Rs. 191 million as against for the Rs. 128 million for the same period in 1975.

Prices this year have been better throughout the year. In every single grade of rubber, as seen in the table below, the quantities exported were less than in 1975 but in all cases the earnings in 1976 are greater.

NATURAL RUBBER EXPORTS Jan.-June 1975 and 1976

	Quantity Kgs. Mn.		Value Rs. Mn.	
	1975	1976	1975	1976
Sole Crepe	2.4	1.8	14.1	15.7
Other Crepe	23.6	19.5	92.2	142.4
Scrap Crepe	7.5	6.3	22.1	33.0
Sheet Rubber	53.5	40.4	195.8	189.2
Block Rubber	—	1.1	—	6.0
Other Vulcanised4	.1	1.1	.3
Total	87.4	69.2	325.3	386.6

TEA

Upward Trend in Prices

Tea prices continued to show a marked improvement over the months of April, May and June. The gross average price per kilo for teas during the second quarter of 1976 reached a peak of Rs. 8.49 per kilo as compared with Rs. 6.60 in 1975 and Rs. 6.37 in 1974. (See table). All three main grades of tea fetched highest sales values on record. Several records were set at the Colombo Auctions during the second quarter of 1976. Among them were:

(i) A new total gross average of Rs. 9.11 per kilo was established on June 19, beating the earlier figure of Rs. 8.58 per kilo on April 27, 1976.

(ii) A new high grown gross average of Rs. 9.70 per kilo was set up on April 6, 1976, improving on the previous record of Rs. 9.42 per kilo on May 4, 1976.

(iii) The medium grown gross average of Rs. 9.26 per kilo on June 29, 1976 broke the previous record of Rs. 8.11 per kilo, set up on December 17, 1974.

(iv) The low grown gross average of Rs. 9.79 per kilo recorded on May 19, 1976 bettered the previous record of Rs. 9.48 per kilo, set up on May 11, 1976.

(v) An all time record of Rs. 360 per kilo was created by an invoice of Talgaswella clonal FBOPF 'S' super silvery tips, thereby dwarfing the previous record of Rs. 330/- per kilo, set on February 24, 1974.

(vi) An invoice of Dust 1 from Diyagama East Estate fetched Rs. 21 per kilo on April 20, 1976.

Two of these records were set at the sale of June 29. A feature of de-

mand for this period was that low grown continued to grow from strength to strength and obtained consistently good prices. Also fanings of all elevations enjoyed tremendous demand and price advances. The chief contributory factor was the exceptionally strong buying on behalf of the United Kingdom, where there was an acute shortage of spot tea. In fact, shipments to U.K., during January to June, were less than half that of the corresponding period in 1975. The prolonged drought that affected crops in South India and Sri Lanka, too, played a prominent part in the inflated price levels although quality was considered to be on the decline. As seen in the table below prices for all grades of tea have reached record figures.

COLOMBO TEA SALES

January to June—Gross Sales Averages--

	Rs. per kilo		
	1974	1975	1976
High Grown	6.52	7.33	8.35
Med. Grown	5.49	6.79	7.32
Low Grown	5.55	7.71	8.20
Total	5.88	7.25	7.95

World Tea Production Higher in 1975

World Tea production recorded upto June 1976 had, for the first time in 1976, moved ahead of the recorded production of these eight major producers during the same period in 1975. The production increase was nearly 1 million kilogrammes, going up from 282.8 m.kgs. in the 1975 period to 283.7 m.kgs. in 1976. Largely responsible for the increases were the higher North Indian, Kenyan and Malawi crops. Sri Lanka's crop totals continued to trail behind that of the same period in 1975. By the end of June 1976 the shortfall was 16 m.kgs. as compared with 15 m.kgs. by the end of May 1976. Sri Lanka, North India, Kenya, Bangladesh and Tanzania showed increased production in crop figures for the latest available months. See details below.

CROP FIGURES OF MAJOR PRODUCING COUNTRIES (In Million Kilogrammes)

Country	Month	1976	1975	Total	1976	1975
Sri Lanka	June	16.5	17.0	upto June	102.7	118.7
N. India	May*	39.7	36.4	upto May*	65.6	54.2
S. India	June*	8.4	11.1	upto June	52.6	54.5
Kenya	June	5.0	3.7	upto June	25.0	21.4
Uganda	April*	1.4	1.8	upto April*	4.6	4.6
Malawi	June	1.1	1.1	upto June	20.0	17.6
Bangladesh	June	3.2	2.7	upto June	9.1	7.5
Tanzania	March	1.3	1.2	upto March	4.1	4.3
*Estimated					*283.7	282.8

COCONUT

Exports: Prices Remain Firm

The prices fetched for Sri Lanka DC moved up from around US \$ 500 per MT at the end of June to a high of US \$ 940 per MT (f.o.b.) in July. The prices continued to remain strong in the context of shortage of supplies. While the offerings of Sri Lanka DC were restricted to an average of 1000 bags per day, Philippines had withdrawn from the market.

The overseas demand for bristle and twisted fibre continued to remain strong. There was however a slack in the demand for mattress fibre. About 3700 MT of coir fibre (all grades) were transacted during the month.

The total value of all coconut product exports during Jan.-July amounted to Rs. 251 million as against Rs. 291 million for the corresponding period last year. The total export volume during Jan.-July amounted to nearly 34,000 MT as against nearly 37,500 MT during the same period last year. DC exports at 28,000 MT during Jan.-July were higher than last year's volume by nearly 1,500 MT. The export volume of coir fibre and coconut shell charcoal continued to remain at a level substantially higher than last year.

(For details see Table below). The total export volume of coir fibre (all grades) amounted to 52,619 MT for Jan.-July as against 37,000 for the same period last year—this represents an increase of over 40%. The export volume of coconut shell charcoal at 14,312 MT (Jan.-July) represents an increase of over 60%.

International Market

International prices of oils and fats continued to remain firm. The price of Philippine coconut oil rose to a peak of US \$ 500 per MT in mid-July. This was however, short-lived and by the end of the month the prices had fallen to around US \$ 425 per MT.

Local Market

The local market prices of all coconut products continued to show a firmness in July. The prices of fresh coconuts were in the range of Rs. 375-400 per 1000 nuts. The coconut oil prices moved up from Rs. 3000/- to 3350/- per MT and copra prices were in the range Rs. 205-210 per 100 kg. The local market price of DC which moved up to Rs. 4 per kg., immediately after the removal of the ceiling on the suggested price, settled down at levels in the range Rs. 3.30-3.50 per kg. during the second half of the month.

Continued Strong Demand Forecast for Tea

Strong demand from Russia as well as South Africa resulted in a satisfactory improvement in prices paid for ex-estate teas in August.

Crop figures for the month of August reflect a 5.3 million kilogramme drop in comparison to the corresponding month of last year, bringing the decrease up to August to almost 20 million kgs. The shortage of quantities available for sale is bound to result in continued strong markets and it is very unlikely that with the exception of quality teas, prices will fall below current levels till the end of the year, according to a leading Colombo broker.

It is reported that Pakistan has now commenced purchases in both India and Bangladesh, which may affect the consistently good Pakistan market our tea trade enjoyed over the last two years.

Teas to the London Auctions were over 4 million kilos less than what were shipped last year.

Below are details of tea exported to the United Kingdom on account of the London Auctions for the period January/August 1976, together with the corresponding figures for 1975.

EXPORTS OF COCONUT PRODUCTS JULY 1976

Product	Export Volume (MT)	For Value (Rupees Thousand)	% of Total Value
1. Coconut Oil	5,330	16,002	35.46
2. D.C.	5,081	17,215	38.14
3. Copra	167	922	2.04
4. Fresh Nuts	614,250 (number)	465	1.03
5. Sub-Total Kernel Products	78.63 (million nut equivalent)	34,604	76.67
6. Coir Fibre	7,311	7,632	16.91
7. Coir Yarn/Twine	266	686	1.52
8. Coconut Shell Charcoal	2,805	1,006	2.23
9. Coconut Shell Flour	91	42	0.09
10. Coconut Shells	75	17	0.04
11. Coconut Shell Activated Carbon	57	272	0.60
12. Coconuts Ekels	1,207	873	1.94
13. Sub-Total: Export Value of By-Products		10,528	23.33
14. Total Export Value of All Products		45,132	100.00

Jan/Aug. '76 Jan/Aug. '75 Kilos Kilos

High-Grown ...	7,972,205.6	9,450,383.6
Medium-Grown ...	2,856,649.8	5,150,354.9
Low-Grown ...	247,490.0	490,160.5
Total ...	11,076,345.4	15,090,899.0

The local crop, in August, was nearly 5.3 million kilos less than that of August last year. Crop figures for the first 8 months of 1976 show a shortfall of nearly 20 million kilos, compared to the same period for 1975.

Below are Sri Lanka's crop figures for the month of August, 1976 with the corresponding figures for the period in 1975.

Aug. '76 Aug. '75 Kilos Kilos

High-Grown ...	4,284,563	6,740,292
Medium-Grown ...	4,442,620	6,298,553
Low-Grown ...	4,082,951	5,118,33
Total ...	12,810,134	18,157,180