

# COMMODITIES

## COCONUT

### Trends in Production and Export

Sri Lanka's coconut crop in 1977 is expected to be one of the lowest in recent history. The Coconut Marketing Board in its Annual Review of Coconut Products for 1976 has stated that the adverse weather should continue to affect the coconut crop in 1977 and a marked decline in the crop is expected particularly during January-April 1977 and for the year as a whole the crop is estimated to be below 2000 million nuts, which is one of the lowest crops in recent history. The review points out that coconut production in Sri Lanka in 1976 is estimated at 2330 million coconuts compared with 2585 million in 1975. This represents a decline of 255 million nuts or nearly 10% in relation to 1975. The decline in the crop was primarily a result of adverse weather conditions and the shortfall in the crop was most prominent in the months of May - June and October - December of 1976.

The export surplus (in the form of fresh nuts, copra, coconut oil, desiccated coconut) in 1976 amounted to 794 million nut equivalents representing some 34% of the total crop. The export surplus in 1976 was lower than in 1975 by some 120 million nut equivalents or about 13%. Table I gives further details.

Table I

Year	Estimated Coconut Crop Million Nuts	Export Surplus	Export Surplus as % of the Crop
1970	2445	887	36.3
1971	2668	1109	41.6
1972	2818	1231	43.7
1973	1946	354	18.0
1974	2030	495	24.4
1975	2585	914	35.4
1976	1330	794	34.1

Domestic consumption in the form of fresh nuts (food nuts) absorbed 53% of the coconut production in 1976. Calculated on the basis of an annual per capita consumption of 90 coconuts, the total domestic consumption of fresh nuts in 1976 amounted to 1236 million nuts, an increase of 12 million from the corresponding level in 1975. Copra Pro-

duction in 1976 is estimated at 151,382 metric tonnes which represented a drop of over 50,000 MT or 25% from the previous year's level. Copra production absorbed about 33% of the coconut crop in 1976.

at Rs. 388 million recorded a drop of Rs. 18 million or 4.5% in relation to 1975 earnings.

Desiccated coconut production in 1976 amounted to 46,186 MT which represents a decline of nearly 5396 MT or 11% from the previous years' level. Desiccated coconut absorbed

Table II  
EXPORT VALUE OF COCONUT PRODUCTS  
(Rs. Millions)

Product	1975	% of Total	1976	% of Total
Coconut Oil ...	219.0	43.3	191.6	37.9
Desiccated Coconut ...	172.2	34.0	182.1	35.9
Fresh Nuts ...	9.3	1.8	7.8	1.5
<b>Sub Total: Kernel Products</b>	<b>406.4</b>	<b>80.0</b>	<b>388.3</b>	<b>76.6</b>
Coir Fibre Products ...	84.5	16.7	100.5	19.8
Coconut Shell Products ...	11.9	2.4	13.2	2.6
Coconut Ekel ...	1.5	0.3	4.4	0.9
<b>Sub Total: By-products ...</b>	<b>97.9</b>	<b>19.4</b>	<b>118.1</b>	<b>23.3</b>
<b>TOTAL: ALL PRODUCTS</b>	<b>505.3</b>	<b>100.0</b>	<b>506.6</b>	<b>100.0</b>

The production and export of by-products (coir fibre, coconut shell products and coconut ekel) showed a considerable improvement from the previous year's levels. The coir fibre production is estimated at 106,500 MT representing an improvement of 28,400 MT or 36% from the 1975 level. Coconut shell charcoal production is estimated at 32,500 MT, an increase of 8500 MT or 35% in relation to the 1975 level. Coconut ekel exports were 5883 MT as against 2079 MT in 1975, an increase of over 180%.

As seen in Table II above the total value (f.o.b.) of all coconut product exports amounted to Rs. 507 million in 1976 as against Rs. 505 million in 1975. Kernel product exports (fresh nuts, copra, oil and DC) accounted for 77% of the total export earnings as against 80% in 1975. The largest single contribution came from coconut oil with 38% of the total closely followed by DC with a share of 36%. Coir Products contributed nearly 20% of the total export value. The export earnings from coconut by-products amounted to Rs. 118 million which represented an increase of Rs. 20 million or over 20% in relation to previous year's earnings. In contrast, the export earnings from kernel products

13% of the coconut production during the year.

## TEA

### Prospects of Further Upward Movement in Prices

Attractive advances in prices of all grades of tea have been recorded at each successive auction during the opening two months of this year. This trend has in fact been noted in all auction centres in the world. As a leading Colombo broker states: "The most popular question in the trade today is 'When is there going to be a check in this persistently upward swing in prices?'. A very difficult question indeed to answer but at the moment there is no evidence that points towards this in the near future. Tea continues to be the cheapest beverage and as in so many other countries, the U.K.'s most popular retail packet is now around 20 p. per 1/4 lb. while the same weight of instant coffee is between 90p and 100p. Further increases are an immediate prospect for both commodities but the reasons for drinking tea are becoming more forceful. World supplies in 1976 increased by 17 million kilogrammes of which 15 million kilogrammes was taken up by India for internal consumption. Internal consumption in

India is expected to show a further rise in the current year. There is no immediate prospect therefore of export supplies meeting with the continued increase in world consumption and we are happily confident that we will not see prices again similar to those of a few months ago. On the contrary, all indications are that there is every prospect of further price increases".

Sri Lanka teas sold at the London auctions on February 21, registered substantial price increases ranging from 10 p to 20 p per kilo. Brokers' forecast that "perhaps, with these fantastic price increases in London, coupled with the very limited offerings in Calcutta, local auction prices could well move up further".

Tea prices in London are reported to have moved up by approximately 300% during the past year and the basic reason for this is that the forces of supply and demand have begun to work in favour of the producers. Stocks in London have been extremely low and at the end of December 1976 the figure stood at only 20,450 tons as against the normal average of 23,000 to 25,000 tons.

It is a common belief that the world consumption of tea has increased considerably, at a quicker pace than during the past so many years. It is also believed that there will be only limited quantities available for disposal at main auction centres of the world for the next few months. These factors will play a very important part in the world price for tea and everything points to a further upward movement in price for this commodity. It is hoped that production, which does not appear to have increased over that of January and February in 1976, will pick up in Sri Lanka from about April onwards; for unless crop increases are forthcoming Sri Lanka will not be able to take full advantage of the upward price spiral.

## **RUBBER**

### **Heavy arrivals at auctions**

During February there were continued heavy arrivals of crepe and sheet at the public auctions. Values were thus marked down with the easier conditions. Slack overseas markets aggravated the situation. Buying was very selective and defective crepes met with very poor demand.

The extreme drought conditions experienced during the January/February months had affected the production of quality rubber.