

COMMODITIES

RUBBER

Exports fall while prices rise

The quantity of rubber exported during the first quarter of 1979 has been nearly 30 percent less than that in the same period last year. The sharp decline in rubber exports, however, has been partly offset by slightly better export (FOB) prices. Export earnings for the first quarter of 1979 at Rs. 524 million though lower than for the corresponding period in the previous year, have fetched a unit value of over Rs. 17 per kg. which is an increase of Rs. 3 per kg. compared with the same period in 1978.

Prices

Prices for RSS 1 during the January-March 1979 averaged at Rs. 7.95 per kg. which is an increase of Rs. 2.11 per kg. when compared with the same period in 1978. All crepe rubber registered higher average prices during this period with latex crepes averaging Rs. 10.29 per kg. compared with Rs. 6.11 per kg. in the corresponding period of 1978.

Average Rubber Prices Rs/Kilo

	Jan.—March	
	1978	1979
Sheet Rubber (RSS 1)	5.84	7.95
Latex Crepe (No. IX)	6.11	10.29
Scrap Crepe (IX Brown)	5.54	6.27
Sole Crepe 1/8 in. ..	10.08	13.23

The market for RSS 1 opened at Rs. 7.41 per kg. in January and steadily moved up in February and March to reach Rs. 8.90 per kg. at the end of March 1979. This compares with the peak price of Rs. 6.19 per kg. reached in January 1978 which declined marginally to Rs. 6.01 per kg. by March 1978. The peak price for latex crepe during the period was Rs. 12.89 per kg., reached at end of March, which is substantially above the price of Rs. 9.43 per kg. recorded at end of March 1978.

Production

Data on rubber production is available only for the first two months of the first quarter in 1979. Estimated total production during these two months of 1979 at 25,426 tons indicates a very marginal increase, compared with the corresponding period in the previous year.

With the exception of Block Rubber and Sole Crepe all other types i.e. Sheet Rubber, Latex crepe and Scrap crepe have shown a decline. Latex crepe production has decreased by over 1,157 tons or 15.9 percent and Scrap crepe by 12.8 percent and

exported during the period under review at 29,680 tons is lower by over 12,000 tons or 29 percent as compared with the same period in 1978. The main drop in quantity was in RSS of which there was a decrease of over 12,000 tons when compared with 22,130 tons in the first quarter of 1978. Sheet rubber is mainly exported to China under a

RUBBER PRODUCTION

			Metric Tons		
			Jan. 1978	Feb. 1979	
		1977	1978		
Sheet Rubber		85,052	91,975	13,750	13,380
Sole Crepe		4,400	5,107	760	877
Latex Crepe		37,494	39,412	7,242	6,085
Scrap Crepe		16,958	14,719	3,079	2,683
Block Rubber		2,039	3,359	319	2,205
Latex		860	1,090	216	196
Total		146,803	155,662	25,366	25,426

Sheet by 2.6 percent. Sole crepe production increased by 15.3 percent and Block Rubber by 1,886 tons or nearly 600 percent. Production of Block Rubber during the first two months of 1979 has exceeded the total production in 1977 and is about a third less than the total production in 1978. Apart from Technically Specified Rubber produced, there has recently been an increase in the production of Blocked crepes and the conversion of low grade sheet rubber into block form. Block Rubber exports also attracts a duty

bilateral agreement and shipments are effected on vessels nominated by the Chinese authorities. The low exports in sheet rubber is attributed to the disruption that has occurred in shipping schedules. It is reported that shipments that were to have been effected during this period were held over for May and June. The drop in quantity of Crepe exports were marginal, whereas Block Rubber showed a substantial increase to 2,990 tons compared with 427 tons in January-March 1978.

RUBBER EXPORTS

1978 January - March 1979

		Quantity Metric t.	Value Rs. m.	Quantity Metric t.	Value Rs. m.
Sheet Rubber		22,130	316.0	10,105	169.1
Sole Crepe		1,376	24.6	1,325	37.9
Latex Crepe		1,3691	189.4	10,906	205.5
Scrap Crepe		4,450	54.4	4,354	56.0
Block Rubber		427	5.8	2,990	51.8
Total		42,074	590.2	29,680	524.3

rebate of 25 percent compared with other forms of rubber and it is possibly these circumstances that have provided an impetus to increased production of Block Rubber.

Exports

Total exports of rubber during the first quarter of 1979 shows a marked decrease in quantity as compared with the corresponding periods in both 1977 and 1978. The quantity

TEA

Production and Prices decline

Tea production in Sri Lanka during the first quarter of 1979 at 49,130 tons was lower than for the corresponding period of 1978 by 222 tons, but higher than for the same period in 1977 by 1,943 tons. Production of High and Medium Grown tea has shown a slight increase, with Low Grown tea production notably down when

compared with the same period in the previous year.

Quantities offered for sale Ex-estate and Colombo Auctions totalled 55,148 tons in January-March 1979 which is higher than for the corresponding period in 1978 by over 2,000 tons. Of the quantities sold at the Auctions, High and Medium Grown categories recorded a marginal increase in the first quarter of 1979 compared to the previous year and Low Grown registered a decline of nearly 500 tons. Overall, however, the quantity sold in January-March 1979 at 49,672 tons shows an increase of nearly 1,500 tons.

Exports

Exports of tea during the first quarter of 1979 at 45,905 tons was higher than for the corresponding period in 1978 by over 6,659 tons or nearly 17 percent. However, this is lower by over 3,700 tons when compared with the same period in 1977. Export earnings at Rs. 1,469 million in the period under review was substantially higher by over Rs. 200 million when compared with the same period in 1978. The quantity of exports too, was substantially higher.

Prices

Prices fetched at the Colombo Auctions for High Grown during January-March averaged Rs. 15.33 per kg. which was marginally lower than for the corresponding period in 1978 by cts. 18 per kg. The decline in the average price during this period for Medium Grown at Rs. 10.31 per kg. was much more marked when compared with Rs. 11.46 per kg. in the corresponding period of the previous year. It is the Low Grown that suffered the severest setback in the prices realised during this period and have recorded a drop of Rs. 10.65 per kg. or nearly 50 percent in one year.

At the opening sale in January this year, the Gross sale Average for Low Grown was Rs. 12.85 per kg. but at the last Sale for the Quarter prices had drastically dropped to Rs. 9.73 per kg. This is still more marked when compared with the first sale in January 1978— from an average price of Rs. 24.18 per kg in January 1979 a price decline of Rs. 11.33 per kg.

SUNDRY PRODUCE

Improved Performance in 1978

Both in terms of volume exported and prices received sundry produce exports have performed promisingly in 1978. Total export of these commodities amounted to 25,410 metric tons in 1978 as against 17,664 metric tons in 1977 and 24,150 in 1976, an overall increase of 44 percent over 1977 levels. As in 1977 the increases were reflected mainly in the increased exports of gingelly, whose contribution was 17,000 metric tons or 67 percent of total exports as compared to 48 percent in 1977. Individually a decline in export volumes of over 20 percent were recorded by cocoa, white papain, arecanut and kapok. However, these declines were more than offset by substantial increases in exports of over 100 percent by coffee, brown papain and gingelly to finally record an overall increase of 44 percent, in the year under review. Favourable weather conditions in 1977 could possibly have been one of the main reasons for producing greater quantities of coffee and gingelly in 1978. Table I below gives the details of the export performances of these commodities.

The International Cocoa Organisation estimated world cocoa production in 1977/78 at 1.442 million tons, 6.4 percent greater than in 1976/77, leaving a surplus of 39,000 tons, after adjustments for loss in weight. This, coupled with increased production forecasts for some West African countries, plus the nearness of certain origins to the world mar-

ket, again, primarily West Africa were significant features behind the decline in local prices of cocoa during the early period of the year. But this situation did not prevail for long, and in May, perhaps due to the lowering of export duty by the Government to 25 percent from 40 percent, all grades of cocoa registered an upward trend in price. Thereafter prices moved up steadily and in October due to strong buying interests, Grades I and II for the first time in the year fetched over Rs. 2,000/- per 50 kilos. The year closed with prices at an annual average of Rs. 2,450/- per 50 kilos while the annual average F.O.B. price was recorded at Rs. 2,415/- per 50 kilos, 65 percent higher than in 1977. Due to the favourable F.O.B. prices export earnings from cocoa totalled Rs. 50.2 million, 31 percent more than in 1977, although there was a reduced export volume of 22 percent (Table II).

The upward trend in coffee prices since 1974 continued into 1978. Reports from Brazil (the world's largest producer) in January 1978 indicated large export sales. During the same period, due to Columbian coffee being held up as a result of a dock strike, the London market consequently moved up to high levels, closing at £1,980.00 per metric ton for Robusta coffee. There were also persistent rumours that Brazil was trying to persuade other Latin American countries to withdraw from the market, to boost the current low world market price. However, in spite of these influences, in

(To be concluded in our next issue)

TABLE I — VOLUME OF SUNDRY PRODUCE EXPORTS 1977 1978
(Metric Tons)

Commodity	Volume exported 1977	As a % of total	Volume exported 1978	As a % of total	1978 exports over 1977—%
Cocoa	1,323.64	7.49	1,039.74	4.09	— 21.45
Coffee	985.66	5.58	2,319.16	9.13	+135.29
Papain W.	35.64	0.20	27.15	0.11	— 23.82
Papain B.	5.09	0.03	14.95	0.06	+193.71
Arecanut	6,025.00	34.11	4,442.77	17.48	— 26.26
Kapok	782.70	4.43	479.02	1.89	— 38.80
Gingelly	8,506.28	48.16	17,087.60	67.25	+100.88
Total	17,664.01	100.00	25,410.39	100.00	+ 43.85

Compiled from Sri Lanka Customs Returns