

UVA COMPANY TEA FETCHED Rs. 290/- PER KILO FOR B.O.P.

Highgrown Tea

During early August high grown teas—despite improved quality and small offerings fetched disappointingly low prices, buyers appeared to have filled their orders midway during the sales. During the second sale of the month, demands for estate offerings were stronger and more widespread and resulted in price increase in many categories. However, demand was low because many overseas clients (including the USSR who operates seasonally) did not bid in the auctions. Good quality Uva teas however fetched higher prices. During the month high price levels were reached by St. James BOP Rs. 250/- per kilo and Adawatte Estate BOP Rs. 180/- per kilo, surpassing the all time Colombo auction price of Rs. 104/- for BOP. By the end of the month USSR commenced its purchasing causing all high grade tea prices to rise.

The beginning of September was a very good period for high grown teas and an excellent demand prevailed. By the middle of the month supply was relatively small and prices moved up. There were "air mail" bids for improved good quality teas resulting in substantial price increases. The teas of Uva Tea Company fetched Rs. 290/- per kilo exceeding the maximum of Rs. 250/- obtained by St. James last month. However, in auctions at the latter part of the month, Uva teas fell in prices.

Low Grown Tea

At the beginning of August Low Grown teas enjoyed good prices and the grades of well twisted BOPs and wiry OPs fetched very attractive prices. But their position was not maintained right through, and trends subsequently turned gloomy. Libya one of the large purchasers of low grown teas did not participate in the tea sales by the middle of the month and this caused the prices to drop. Off grades and dust had no demand at all. By the third week there was a

slight development because of Iraqi inquiries, but this was restricted to BOPs only. Others did not make any demand. The downward demand trend continued during the whole of the month.

By the middle of September the prices of low grown tea and the demand for them which were bleak and uncertain showed healthy signs. Dust and off grades also appreciated and were disposed easing the congestion in stores. The steadiness of the prices of low grown continued till the end of the month.

Revision in the G.P.S. for Tea

The Government has decided to continue to operate the Guaranteed Minimum Price Scheme for Green Tea Leaf with the following modifications effective in respect of teas manufactured on or after 1st July 1979.

- (a) The Guaranteed Minimum Price Scheme will operate in respect of teas fetching a monthly net sale average upto Rs. 12.50 per kilogramme;
- (b) The monthly net sale average will be calculated on prices realised on tea sold at the Colombo Auctions at Rs. 8/- per kilogramme and above. Sales outside auctions or at prices less than Rs. 8/- per kilogramme will not be eligible for subsidy;
- (c) Manufacturing charges allowable to all factories will be limited to a maximum of Rs. 4/10 per kilogramme of made tea.

All registered manufacturers of tea are therefore required to pay the guaranteed price of Rs. 1/87 per kilogramme (85 cents per pound) of green tea leaf supplied by registered proprietors of private tea holdings and/or licensed dealers in green tea leaf. However, when the monthly average net auction price fetched by a factory exceeds Rs. 12/50 per kilogramme, the payment for green tea leaf which will exceed

the guaranteed price should be made on the basis of the Reasonable Price Scheme.

The present system of providing subsidies in order to meet the balance requirements of funds to enable factories to pay the guaranteed minimum price for green tea leaf will continue. The Tea Commissioner reserves the right to suspend or stop the payment of subsidy under the guaranteed price scheme or take other appropriate action if he is satisfied that the registered manufacturers of tea or the licensed dealer supplying green tea leaf to such registered manufacturer has failed to pay the guaranteed price for green tea leaf or has reasonable grounds to suspect that a registered manufacturer or a dealer has resorted to abuses in the implementation of the scheme or contravened the provisions of the Tea Control Act No. 51 of 1957.

The following procedure will be adopted for the payment of subsidies under the above scheme in respect of stocks of unsold tea held by factories as at 30th June 1979 :—

- (a) All teas sold at the Colombo auctions outside the auctions under the approved procedures will be taken into account for the computation of the monthly net sale average of the factory;
- (b) The rate of subsidy payable per kilogramme of tea will be the difference between the monthly net sale average of the factory and Rs. 12/-.

Promising Outlook for Natural Rubber

During August and September 1979, prices of all grades of rubber fluctuated within a range of Rs. 1.60 between maximum and minimum. The best RSS which fetched Rs. 10.11 per kilo to producers outside Colombo on the 1st of August fell to Rs. 8.52 per kilo by the third week. The month end prices rose but could not reach the levels reached at the beginning. The September prices started with a small drop from the previous month and went on rising. The price difference between the beginning of August and the end of

September was 48 cts. per kilo. Other inferior grades of R.S.S. also underwent identical trends but with no sharp fluctuations as in the best grade. The maximum price difference in the lowest grade between 1st August 79 and end of September 79 was 1.39. In regard to grades 2 and 3 beginning August prices were better than September end prices.

Price difference between the best and lowest grades are also of importance. At the beginning of August the difference amounted to Rs. 2.68. By the end of August this was Rs. 2.48 and by the end of September the difference was Rs. 1.86, the difference narrowing down towards the end of the month.

The average prices of the five grades for these two months were as follows :

	R.S.S. No. 1 Rs. per kilo	R.S.S. No. 2 Rs. per kilo	R.S.S. No. 3 Rs. per kilo	R.S.S. No. 4 Rs. per kilo	R.S.S. No. 5 Rs. per kilo
August	9.08	8.44	7.22	7.04	6.69
September ..	7.78	7.33	7.13	6.17	4.88

It is interesting to compare these with the average prices fetched by the various grades during the same two months of the previous year given below :

	No. 1 Rs. per kilo	No. 2 Rs. per kilo	No. 3 Rs. per kilo	No. 4 Rs. per kilo	No. 5 Rs. per kilo
August	6.48	5.95	5.75	4.84	4.50
September ..	6.62	6.06	5.85	4.96	4.64

There is speculation among the exporters that the prices of natural rubber will go on increasing further mainly because of the challenge faced by synthetic rubber with the increase of oil prices. However, the prices of rubber are sensitive to changes in currency values such as the U.S. Dollar and the outlook for final consumer industries such as the motor industry which consumes a

giant slice of rubber. The latter being sensitive to the looming recession in the West.

Studies indicate that by 1990 world requirements of natural rubber will be double the present one of 12.14 million tons. With an average increase of 3.8 percent per annum which was experienced for the last 15 years, the projected production would be inadequate to meet the demand, according to these forecasts.

A forecast made by the International Institute of Synthetic Rubber Products is that rubber consumption growth rate will go up by 57 percent by 1985 implying an annual increment of about 19 million tons over the period on an average. Of this the share of synthetic rubber will be 72 percent. The Institute's further forecasts that the synthetic share in the total usage in socialist

countries will be up from 77 percent to 84 percent between 1978 and 1989.

Newer uses of natural rubber are being found (as for instance in

radial tyres) with the result that the demand for natural rubber is increasing fast and the gap between supply and demand is also widening. Demand for synthetic rubber is also rising and newer technologies for synthetic rubber are also being evolved.

The trends suggest a speedier programme to increase production by

enlarging and improving the current production.

Speedier Coconut Replanting Scheme

The tenth anniversary of the Asia Pacific Coconut Community was held at the BMICH on 10th September, 1979. The community brings together coconut producing countries and concentrates on coconut technology, marketing, processing and production channels of the coconut industry. Representatives from the Philippines, Indonesia, India, Malaysia, Western Samoa, Papua—New Guinea and the Solomon Islands attended the conference. The associate members of the community produced 90 percent of the world's coconut production.

"The community reiterated the importance of deepening further the economic and other forms of co-operation among its member countries. Co-operation among the producing countries forms an important element of coconut development efforts and provides a meaningful supplement to meet the continuing inadequacy of development resources available to the industry. The Community also strongly underscored the need to assist the coconut farmers, particularly the small-holders, in developing self-reliance and initiative, and for these two concepts to form the core elements in the development programmes' objectives. The successful and useful exploitation of the economic potentials inherent in the coconut will largely rest in the formulation of assistance and development projects by national governments, United Nations institutions and the Coconut Community, where the coconut farmers are direct participants in the projects' planning and execution".

Auction prices of coconut export products fluctuated very little during August and September 1979. Estate Copra which was Rs. 433 per hundred kilogram during the first three weeks of August fell by Rs. 10 to Rs. 423 and this position remained unchanged until the 2nd week of September. By the third week the product rose little but never reached

the level of early August. Commercial copra prices remained stable at Rs. 417 per 100 kilos from the third week of August.

Fresh curry coconut export prices too remained stable between Rs. 1100 and Rs. 1200 per 1000 nuts for the two categories of size. Desiccated coconut fluctuated between Rs. 6.25 and Rs. 7.00 per kilo and coconut oil fluctuated between Rs. 7100 and Rs. 7350 per metric ton.

Comparing the prices of these products during the earlier quarter of the year a small allround increase can be observed.

The relative position with the prices for the August/September

sometimes more than proportionately to the rise in final products. The fuel prices, labour charges, transport charges and the cost of fertilizer have all moved up.

Extension Scheme

In the cultivation sphere, decentralisation in the management is progressing at an increased rate, by the opening of new regional offices, and the opening of regional fertilizer stores and seedlings nurseries. In addition to providing financial incentives in the form of various subsidies, efforts are being made to strengthen the field extension and advisory staff.

In the cultivation sector where the majority are smallholders, decentra-

			Copra	Coconut	D/c	Coconut oil
January	..	..	374	769	6.22	5896
February	..	..	414	850	6.50	6800
March	..	..	415	850	6.50	6867

period in the previous year are given below and a clear growth is seen.

Domestic prices of coconut have increased considerably during the period. Wholesale price which was Rs. 775 per 1000 nuts at the beginning of August rose to Rs. 850 by

lization is the most efficient form of management. An integrated approach to the extension is now being practised in one major coconut district. Under the World Bank Integrated Development Project an attempt is being made to extend this system to other districts as well.

			Copra	Coconut	D/c	Coconut oil
August	..	..	328	650	5.51	5350
September	..	..	324	650	5.82	*0

the end of August. This high level slowed down by the middle of September and by the end of September the price fetched was Rs. 750 which was below position at the beginning of August. The retail market price of coconut which ranged between cts. 55 to cts. 90 per nut during early August changed to a range of 70 cts. and Rs. 1/- by the middle of September. By the end of September the price range shot up to cts. 90 to Rs. 1/50. The cost of production in all the spheres of coconut production from cultivation to processing has risen,

There also a few socio-agricultural experiments, by selecting suitable small village areas as the unit of administration and intensifying the activities of intercropping, rehabilitation etc. in that unit. If judged by the results so far, it is probable that an intensified extension in selected areas will be a very fruitful approach. In order to assist the extension programmes, the C.I.S.I.R. was investigating the possibility of finding new land for coconut planting at Ratnapura. About 20,000 acres had been earmarked for investigation.