

# COMMODITIES

## TEA

### Increased Earnings

Over Rs. 500 million

Sri Lanka's foreign exchange earnings from tea exports, for the first 10 months of this year, fetched over Rs. 500 million more than during the same period last year. Prices fetched during this period in the Colombo and London auctions show a higher average price per kilo. The information pertaining to the prices are given in the tables on the right.

The rising trend in tea production continued into October and (as forecast in the *Economic Review* of May 1975) the declining production trend of the last few years has been reversed. Tea production for the period January to October 1975 was 399,992,315 lb compared with 365,082,830 in the first ten months of 1974. Exports during this period amounted to 393.9 million pounds in 1975 compared with 325.0 million pounds in 1974.

### Britain's Interest in World Tea Agreement

The British government is discussing with the main Commonwealth tea producing countries the scope for an international agreement on problems in the tea industry. The British government believes the solution to problems must be sought on an international basis. Discussions were recently held in Sri Lanka with British officials where we made a strong case against the continuation of the practice by international institutions like the World Bank, the Commonwealth Development Corporation and other leading institutions of giving financial assistance to countries for expansion of tea acreage. The U.K. delegation favoured an export quota agreement between exporters and importers which the British government could by administrative methods put into effect if there was a consensus amongst the major exporters and importers.

The problem arising from a long-term agreement for tea, basically a regulation of exports through export quotas at agreed price projections will be discussed further in February 1976 when Sri Lanka hosts a conference of the principal tea exporting countries. This will be followed by a meeting of Commonwealth tea producers in London on the eve of a FAO meeting in March 1976. Matters to be considered in the future include:—

### COLOMBO AUCTION PRICES

(Rupees per kilo)

	1974	1975
High ... ..	6.86	7.10
Medium ... ..	5.96	6.41
Low ... ..	6.36	7.24
Total ... ..	6.40	6.90

### LONDON AUCTION PRICES

(New pence per kilo)

	1974	1975
N. India ... ..	58.55	62.78
S. India ... ..	52.45	58.16
Sri Lanka ... ..	59.43	63.44
Kenya ... ..	63.96	65.51
Uganda ... ..	60.25	61.08
Tanzania ... ..	59.71	64.34
Burundi ... ..	56.57	58.77
Rwanda ... ..	58.39	63.68
Zaire ... ..	58.29	59.11
Malawi ... ..	55.00	57.11
Mozambique ... ..	50.82	51.11
Bangladesh ... ..	46.97	56.42
S. Vietnam ... ..	52.32	56.08
New Guinea ... ..	55.17	55.66
Brazil ... ..	54.55	48.22

1. A scheme of subsidising earnings of tea producing countries if prices of tea fall below an agreed level.

2. A levy on imports of tea for promotional work. Such funds to be used in the same country for generic promotion of tea.

3. A special committee to be set up for statistics to keep in touch with current problems on tea.

4. The need to analyse trends in tea prices and to identify prices that are suitable and remunerative to the tea producers.

5. The need for both exporters and consumers to get together.

At the Seventh Session of Sub-Group of Exporters of the International Group on tea held in Jan. 1974 under the FAO auspices it was agreed that the quota for 1974-1975 be 1450.6 mln. lbs. and 1503.5 mln. lbs. for 1975-1976. The export quota for Sri Lanka was 472.2 mln. lbs. for 1st April 1973 - 31st March 1974 but Sri Lanka's exports were only 433.4 mln.—a shortfall of 38.8 mln. lbs. The export quota agreed for India for the same period was 480.2 mln. lbs. but her actual exports were only 416.6 mln. lbs., a shortfall of 63.6 mln. lbs.

## WEATHER AND CROPS

There were heavy rains during Oct. - Nov. 1975. Despite producer belief that the heavy rains recorded recently would have led to a decline in crop compared with last year, earlier forecasts have proved correct as tea crop for October has recorded 16,248,247 kilogrammes as against 15,489,035 kilogrammes for the same month in 1974. The increase for Jan. - Oct. 1975 as against the same period in 1974 is therefore, 15.8 million kilos, i.e. the total harvested to date being 181,434,678 kilos. as against 165,598,983 in 1974.

	Oct. 1975	Oct. 1974
High ... ..	5,308,111	5,823,507
Medium ... ..	5,367,699	5,119,932
Low ... ..	5,572,437	4,545,596
Total ... ..	16,248,247	15,489,035

	Jan./Oct. 1975	Jan./Oct. 1974
High ... ..	68,205,352	64,679,909
Medium ... ..	62,672,241	57,258,038
Low ... ..	50,556,084	43,661,035
Total ... ..	181,433,678	165,598,983

### First Consignments of Tea for London Auctions

The first consignments of tea to the London Tea Auctions on behalf of the Land Reforms Commission were loaded at Colombo and Trincomalee on 21st November, 1975. In the Colombo port a consignment of tea was loaded on board the S.S. Lagmedon by statutory trustees, Mackwoods Estates & Agencies (1972) Ltd. who were the first statutory trustees to be granted approval by the government for export of teas for sale at the London auctions.

In Trincomalee a shipment of 600 tons was loaded by M/s. George Steuarts, also statutory trustees.

### LOWER FREIGHT RATES FOR SRI LANKA'S SORGHUM & MAIZE

The Ceylon Freight Bureau of Sri Lanka has persuaded the Ceylon/Straits Hongkong to grant Sri Lanka promotional freight rates for exports of sorghum and maize to be effective from November 1, 1975 till 30th June 1976. The rate is 19.80 U.S. dollars for 1000 kilos subject to currency adjustment factors and the prevailing bunker surcharge. Under the Food Drive sorghum and maize cultivation were encouraged but the influx of low priced wheat flour into the local market did not make it remunerative for farmers to undertake extensive cultivation of this crop. Unlike kurakkan, manioc, sweet potatoes and other yam substitutes sorghum and maize were not as popular among the people. The Paddy Marketing Board is therefore aiming at export orders from Singapore and some far East countries, but for Sri Lanka to be competitive freight charges had to be reduced.

## COCONUT

### Actual Exports

Export earnings from coconut products in October 1975 at Rs. 49.6 m. indicated an increase of Rs. 23.3 m. in comparison with the previous month and Rs. 9.8 m. drop in comparison with the corresponding month last year.

Earnings from the export of coconut oil in October 1975 at Rs. 19.8 m. showed a recovery from the previous month's sharp drop.

### Fibre trade recovery

Earnings from the export of D.C. in October 1975 at Rs. 17.5 m. showed a slight decrease of Rs. 1.2 m. when compared with the previous month.

Earnings from the export of coir fibre and fibre products in October 1975 at Rs. 8.4 m. showed a substantial increase of Rs. 3.9 m. when compared with the previous month. This was an indication of the recovery of the fibre trade. Details in table below.

### EXPORTS OF COCONUT PRODUCTS

		1974 January - October		1975 January - October	
		Volume	Value Rs.	Volume	Value Rs.
Coconut Oil	Cwt.	361,010	122,203,064	503,716	152,834,942
D.C.	"	664,219	197,258,775	445,206	161,535,384
Copra	"	120,000	291,656	9,990	3,648,340
Poonac	"	57,894	977,713	19,920	524,760
Freshnuts	"	1,313,557 nuts	2,074,739	24,201	6,822,876
Fibre Products	"	1,812,501	87,629,746	1,066,238	70,087,708
Shell Products	"	496,570	26,069,227	184,154	11,806,733
Total Value	...		456,504,920		407,260,743

### SPICES

#### Cardamoms earnings up

Export earnings from spices during the period January to October this year continued to be lower than the corresponding period in 1974. With the exception of Cardamoms all other spices showed a decline both in quantity and in value. Cardamom exports at 5,251 cwts. for the first ten months of this year showed a substantial increase over the same period in 1974. Total earnings from spice exports upto October this year were Rs. 47.4 m. compared to Rs. 69.2 m. during the corresponding period in 1974.

### RUBBER EXPORTS

	1974 January-October		1975 January-October	
	Quantity (lbs.)	Value (Rs. m.)	Quantity (lbs.)	Value (Rs. m.)
Sole Crepe	7,119,833	33.4	8,234,704	21.9
Latex Crepe	68,464,073	209.4	84,482,233	164.0
Scrap Crepe	25,969,946	56.0	25,274,611	36.6
Sheet Rubber	134,108,708	341.7	169,984,706	266.8
Block Rubber	1,053,032	3.0	2,032,870	3.2
Latex	4,144	.009	94,204	0.1
Grand Total	236,719,736	643.5	290,103,328	492.6

### ESSENTIAL OILS

Exports of cinnamon leaf oil and citronella oil have shown a slight increase in October compared with the exports during the previous month. However, total exports of these items, during the first ten months of this year were much lower than compared with the corresponding period in 1974. Total earnings from essential oil exports upto October this year at Rs. 3.6 m. was lower by Rs. 8.1 m. when compared with the corresponding period in 1974. Details are given in the table at left.

	1974 January - October		1975 January - October	
	Quantity Cwts.	Value Rs. m.	Quantity Cwts.	Value Rs. m.
<b>Spice Exports</b>				
Cinnamon	121,136	50.3	62,294	30.99
Cardamom	1,836	4.0	5,251	9.9
Cloves	9,803	10.5	3,169	5.3
Pepper	6,017	3.0	1,892	1.2
Nutmeg	2,287	1.3	n.a.	n.a.
<b>Essential Oil Exports</b>				
Cinnamon Leaf Oil	1,713	4.7	813	1.3
Cinnamon Bark Oil	17	0.7	4	0.2
Citronella Oil	2,308	5.1	1,679	1.7
Ginger Oil	9	0.3	2	0.05
Cardamom Oil	19	0.7	3	0.03
Clove Oil	14	.04	—	—
Nutmeg Oil	72	0.2	63	.3