

**COMMODITIES**

**Minor Agricultural Export Crops  
—Increasing Earnings**

The value of exports of minor agricultural export crops continued to rise throughout 1979. By the end of August this year minor agricultural crops had earned Rs. 739 million (SDR 36 million), indicating an increase of 72 percent in earnings over that of the same period last year.

For the first time these earnings went slightly above those of the export earnings from the three major coconut products, during the first eight month period of the year.

Producer subsidies given by the Department of Minor Export Crops during the first nine months of the year amounted to Rs. 5.2 million as against a budgeted Rs. 6.9 million for the whole year. In certain cases the amounts granted on subsidies have even exceeded the estimated figures as the table below shows.

Since most of these crops are grown on small holdings and often interplanted with other crops accurate estimates of subsidies are difficult, but on the basis of export data

|                               | End of November, 1979    | End of November, 1978    |
|-------------------------------|--------------------------|--------------------------|
| Cloves .. .. .                | Rs. 130.00 to Rs. 140.00 | Rs. 105.00 to Rs. 110.00 |
| Clove stems .. .. .           | Rs. 15.00 to Rs. 16.00   | Rs. 11.50 to Rs. 12.00   |
| Nutmeg with shells .. .. .    | Rs. 16.50 to Rs. 17.50   | Rs. 13.00 to Rs. 13.50   |
| Nutmeg without shells .. .. . | Rs. 34.00 to Rs. 35.00   | Rs. 24.00 to Rs. 25.00   |
| Papain white .. .. .          | Rs. 165.00 to Rs. 175.00 | Rs. 125.00 to Rs. 130.00 |
| Gingelly seed, No. 1 (White)  | Rs. 12.25 to Rs. 12.50   | Rs. 9.50 to Rs. 8.50     |

The export crops that contributed most towards the increase in earnings during the period January to August 1979 were sesame seeds (Rs. 130 million), cinnamon quills (Rs. 107 million), mattress fibre (Rs. 96 million), cloves (Rs. 80 million), coffee (Rs. 60 million) and cardamoms (Rs. 45 million).

Comparative prices paid by dealers for No. 1 quality of some of these non-traditional exports per kg. at the Colombo Brokers Association Auctions in the last week of November are given in the table above.

it appears that production of most of these crops have increased—particularly coffee, cardamoms, pepper and nutmeg. Favourable prices were largely responsible for the increase in production. Also in view of the better export market prospects for these crops the Minor Export Crop Subsidy Scheme, which was in existence since 1972, was revised on October 1978 and again with the Budget in 1979 enhanced incentives were provided to stimulate further development of the Minor Export Crops Sector.

| Producer Subsidies on Minor Export Crops      | Budgeted            | Actual                   |
|---|---------------------|--------------------------|
|   | Expenditure<br>1979 | Expenditure<br>Jan/Sept. |
|   | (Rs. '000)          | 1979                     |
| (a) Cocoa, new planting—800 acres .. .. .     | 750                 | 612                      |
| (b) Cocoa, replanting—500 acres .. .. .       | 200                 | 136                      |
| (c) Coffee, new planting—1,500 acres .. .. .  | 900                 | 1,628                    |
| (d) Cinnamon, replanting—750 acres .. .. .    | 500                 | 420                      |
| (e) Cardamoms, new planting—500 acres .. .. . | 200                 | 127                      |
| (f) Cardamoms, replanting—250 acres .. .. .   | 150                 | 42                       |
| (g) Pepper, new planting—2,000 acres .. .. .  | 1,250               | 1,312                    |
| (h) Cloves, new planting—1,000 acres .. .. .  | 285                 | 135                      |
| (i) Nutmeg, new planting—500 acres .. .. .    | 87                  | 68                       |
| (j) Citronella, replanting—500 acres .. .. .  | 250                 | 57                       |
| (k) Papaw—1,000 acres .. .. .                 | 250                 | 17                       |
| (l) Lemon Grass—25 acres .. .. .              | 30                  | —                        |
| (m) Other subsidies .. .. .                   | 130                 | 27                       |
|   | <b>6,830</b>        | <b>5,144</b>             |

**TEA**

**Sri Lanka Tea Board Directives**

Some of the changes announced by the Sri Lanka Tea Board consequent on the budget proposals of November 15, are listed below.

1. Ad Valorem Sales Tax will now commence at Rs. 16/- instead of Rs. 12/-. Its proportion will be 20% of the difference between Rs. 16/- and the monthly gross sale average. The earlier proportion was 50%.
2. The minimum sale price for export has been reduced from Rs. 8/- to Rs. 6/-.
3. The minimum F.O.B. price has been reduced from Rs. 20/- to Rs. 18/-.
4. The minimum floor price of Rs. 8/- per kg. applied at the Auctions in respect of subsidy payments under the guaranteed price scheme is withdrawn.
5. A new Price Support Scheme will replace the guaranteed price scheme for tea. Factories in the Private Sector and Government owned factories other than in the Corporation Sector (JEDB, SLSPC, TRI) receiving monthly average prices of between Rs. 11/- per kg. and Rs. 14.30 per kg. will receive payment as a price support measure representing the difference between the factory monthly average price and Rs. 14.30 per kg. This will not be applicable to factories achieving a monthly average price of less than Rs. 11/- per kg. (the existing subsidy level is between Rs. 8/- and Rs. 12.50).
6. The minimum price payable by private sector factories for green leaf has been increased from the existing Rs. 1.87 per kg. to Rs. 2.20 per kg. in the case of factories whose monthly average is Rs. 11/- or above. Where the monthly average is less than Rs. 11/- the price payable for green leaf will accordingly be lower.
7. The deductible manufacturing charges permissible will be Rs. 4.40 where the monthly average is Rs. 11/- or above and Rs. 4.10 in the case of factories whose average is less than Rs. 11/-. The previous manufacturing charge was Rs. 4.10 per kg.

## RUBBER

### Rubber Agreement Concluded

An international commodity agreement to stabilize the world prices of Rubber was concluded in Geneva on October 6, 1979, among 59 rubber producing and consuming countries after three years of negotiations. This has been recognized as a negotiating success for UNCTAD, under its integrated commodity programme mandated by the 4th conference at Nairobi, Kenya during May 1976.

International action in the past had resulted in the setting up of a few international agreements designed inter alia to minimize short-term price fluctuations, i.e. tin, coffee, sugar, wheat and cocoa. In addition there are informal price stabilization arrangements operating under FAO auspices for jute and hard fibres. These commodity agreements, however, have proved to be neither fully effective nor durable. Their economic provisions have generally been inadequate to control the formidable problems which large fluctuations in demand and supply created.