

# THE VIEW-POINT OF THE PRODUCER

Mr C. Rodrigo

The Director, TRI, Director General, Sri Lanka Tea Board, Chairman, Tea Traders Association, Chairman, Brokers Association, Brokers representatives, Engineering firm representatives and Members from the two planting corporations, the JEDB and the SLSPC and gentlemen. Initially, on behalf of each and everyone of you I must take this opportunity to thank Dr Sivapalan for organizing this Symposium. This Symposium obviously underlines the importance that the tea industry and this country attaches to western high-grown quality season.

The theme of my talk today is the view-point of the producer which is a very wide subject. The view-point of the producer is the subject on which I suppose the producer can speak for half a day. But it gets narrowed down considerably when I try to attach the theme of the symposium to the western high-grown quality season. But however I think it is necessary that I try to make this talk as brief as possible and the motive and the theme that I would really be speaking on is the constraints that shroud the ability of the producer to get the price that tea deserves. This is the biggest problem, not a question of our not making good teas, I think we make satisfactory teas, and I personally feel that the teas we make just now are as good as it ever was. But unfortunately the constraint is that we are not getting the price that the tea really deserves. Now to achieve this objective, gentlemen, I think all the factors or all the sectors interested in the tea industry or guiding the destinies of the tea industry i.e. I would say the producer, the broker, the buyer, the tea traders association and the Sri Lanka Tea Board, should all join hands together and try to isolate this problem and get us the prices that tea really deserves.

There is no point in our making a good tea if we are not going to get the price that we really deserve. I think people who have been on plantations quite well know that the three factors that evaluate performance on an estate or bring about profit are to work that estate to a low cost of production, to harvest optimum crop and finally the most important to get a high net sale average. The Superintendents of estates will know that the agents for their regional officers screen through the cost of production prior to the commencement of a season and cut it down to such an extreme and work to a cost of production which the organization can afford without cutting down on agricultural practices. Unfortunately when the year of working really commences inevitable price increases beyond the control of the estate superintendents or the Agency houses take place. Fertilizer goes up in price almost double or treble, electricity goes up in price, packing materials and so many other things increase in price, and in effect our targets go hay wire. The cost of production increases beyond any reasonable proportion.

The alternative is to harvest an optimal crop. I agree with Dr R. L. de Silva who said that there has been a slight drop in the crop harvested in Sri Lanka but

has escalated the COP but correspondingly the net sale average did not go up. This is the reason the Corporations are running at a loss. In effect the benefit of the reduction of duty in the last three years has not been entirely to the benefit of the producer but the benefit has actually had to be shared by the producer and buyer though the intention was not that and I must mention here that the last export duty reduction was entirely swallowed up by the wage increase so that it was not of any benefit whatsoever to the producer.

In the context of its national importance we expect the Government to devote even greater attention and take even more meaningful steps to assist the estates by implementing propaganda drive both in the traditional tea drinking countries and other countries. The world price of all other beverages have been increased with global inflation but this has not been the case as far as tea is concerned and it still remains, for a reason I cannot comprehend, the cheapest beverage in the world. Rather than depend on the affluent west for Bank loans cannot the buyers pay more for the tea they purchase essentially from those countries that require more foreign exchange like countries in the third world. The western quality period is the most difficult period for the producer, and crops are low, inadequacy of work for the labour force is experienced and this is further aggravated by the high cost of production and hence the prices that are offered have to be good. It is of paramount importance for everybody concerned, which includes brokers and buyers, that they keep the industry viable by paying higher prices and by exploring new markets and new modes of marketing because no organization can sustain losses every year. This no doubt would result in the closure of estates or the diversification to other crops or industries which would give better and desirable results. After all tea is also a diversification from coffee. Let the brokers, buyers, consumers and others interested in guiding the destinies of the tea trade contribute and help sustain this crop that sustains the economy of this country. Thank you very much gentlemen and I hope my brief address would open the eyes where they have to be opened and if something can be done about the problems I brought out, I think, it will be for the betterment of the tea industry.

Thank you.