

#### **F-04      Variation in rubberwood prices at farm-gate level: a regression analysis**

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The rubberwood based timber industry is all set for a big boom in the rubber growing countries, including Sri Lanka. The eco-friendly versatile wood with rich wood properties and myriad value-added forms is widely considered as the best alternative to the depleting stock of hardwood. Meanwhile, rubberwood prices began to reach very high levels with the gradual transformation of its end use from conventional fuelwood to a valuable timber resource. Yet, the price recorded at the farm-gate level tends to vary to a great extent. This has caused concern among rubber growers as the tree value is regarded as a key determinant in analysing the returns on investment. The variations in the price of rubberwood may be explained by the specific circumstances under which rubberwood is produced. This study attempts to analyze the factors governing the price of rubberwood at farm-gate level with special reference to Kalutara district.

A mathematical model embodying factors associated with price of rubberwood such as Quantity of wood, Price of latex, Technology awareness and Infrastructure is estimated by General Linear Model based on a sample of 85 randomly selected rubber fields uprooted in 1995. The model explains nearly 85% of the variation in price of rubberwood. All the estimated coefficients show the expected signs. The coefficients are statistically significant at conventional levels of significance except for one explanatory variable.

The analysis strongly suggests that observed variation in price of rubberwood is partially explained by available quantity of sawable logs per farm. Price of rubberwood increases by 35 cts per tree with the ability to supply one extra cubic meter of sawable rubber logs from a given field. Similarly, the positive impacts of both latex price and awareness of technology for wood processing on price of rubberwood are also evident.

The remoteness of rubber plantations from motorable roads have shown a negative impact on wood price.

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