

## Challenges In vegetables and fruits exports in Sri Lanka

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### Abstract

Every day around the world, there are more people who need food on their plates and also the world's population has increased by 1 billion since the turn of the millennium, and it keeps increasing by 3 million every year. At the same time, living standards have improved noticeably for many around the world, leading to increased demand for better quality fresh food. (Ceylon chamber of commerce, 2007).

Therefore fresh vegetables and fruits production require more attention, so identification of issues and methods and strategies to be taken to solve the associated problems of fresh fruits and vegetable exporting industry is remedial action. Hence this article lead to identification of problems associated with the fresh fruits and vegetable export industry.

### Introduction

Sri Lanka is situated about 50 kilometers away from the Southern tip of India. Sri Lanka is an ideal choice for agriculture and agro-based industries, due to its natural and man-made facilities such as naturally rich soil, a wide range of agro-climatic zones, a well distributed rainfall pattern together with a strong network of irrigation facilities, supported by the skills of an intelligent educated younger generation, facilitate uninterrupted agricultural production in the country.

A special feature of Sri Lanka is the agricultural diversity coupled with varying climatic conditions. 'Mother Nature' has made Sri Lanka ideal for agriculture where the agricultural sector is backed by extensive agro-based infrastructure, facilitated by appropriate export service facilities. However Sri Lanka becomes the choicest for investment in export agriculture.

And also in Trincomalee Sri Lanka has one of the best natural harbours in the Asian region, and the commercial port in Colombo is rated among the most

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economical and efficient. It offers a comprehensive range of services to shippers and is fast developing into one of the major centers for trade in the region.

Agriculture is synonymous with Sri Lanka due to the country's fertility and autonomous clusters of farmers around eighty **different varieties of fruit and vegetable are grown in Sri Lanka's** varied agro-climatic areas. Cool climatic conditions in the country's central hill country are ideal for temperate crops such as carrot, leek, cabbage, cauliflower, salad leaves, beet, bean, bell pepper and salad cucumber.

Low country and dry or wet areas are suitable for a variety of exotic **tropical fruits and vegetables** ranging from gherkins, green chilli, red onion, pumpkin, bitter gourd, melon, sweet and sour banana types, queen pineapple, papaya, mango, and lemon.

Certain endogenous yams (*Lecranthus* and *Xanthasoma sagittifolium*), underwater stems (*Lasia spinosa* and *Nymphaea lotus*) and fruits and pods of perennial crops such as bread fruit, young jackfruit and murunga are tasty exports. Tropical produce such as pineapple, mangosteen, ripe jack, avocado, rambutan, star fruit, passion fruit and anoda are acclaimed for their unique flavour, aroma, and colour.

**Fruit and vegetable** are mainly grown by semi-commercialised small farmers whose individual extent of land does not exceed a hectare. Private sector involvement in commercial cultivation too has been encouraged by the Sri Lankan Government with support from 'contract growing' farmers, and steps have already been taken by the leading entities to enhance cultivation.

Sri Lanka produces more than 900,000 metric tons of **fruit and vegetables annually and exports both fresh and processed varieties** to many destinations in the world. 65 of the fresh product is targeted to the Middle East and the Maldives Island and almost about 98 per cent of the processed products to the European market. United Arab Emirates, Saudi Arabia, Maldives, India, UK, Kuwait, India, Germany, Qatar, Pakistan have been enlisted as top fruit and vegetable importing countries from Sri Lanka (Sri Lanka Export Development Board).

Exporters ensure that **quality of the fruits and vegetables of Sri Lanka** exceed all expectations. Improved techniques on crop cultivation especially under poly tunnels, optimum input applications, pest and disease control, post-harvest management, quality packaging, and improved transportation methods are practiced.

### **Trends in exporting fruits & vegetables**

The fresh food demand is increasing rapidly day by day. So the real challenge in this industry is to provide freshness from the start to the end of it with low cost. If successful can be achieved in that task there will be no threat for the fresh food export business (Huang, 2004). Justified that there is a trend for organic treated development. Modern sophisticated man always looks for the natural food. If your food carrying containers have the seal of organic food then you will not lose the market.

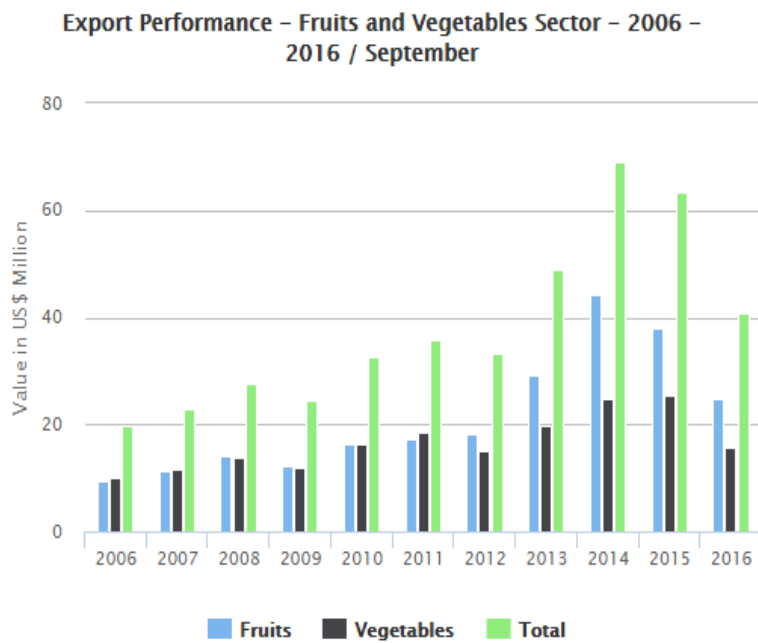
When compared with some other countries the fruits & vegetables sector in Sri Lanka has good potential for further development due to the country's warm climate and fertile soils. "The East Europe countries are highly dependent on imports, as some fruits are not grown in the East Europe countries, such as bananas, mangos and others such as citrus fruits." (Sri Lanka Export Development Board, 2009 december)

However, the potential is largely untapped as most produce is grown for local consumption. Compared to tea and spices, the fruits and vegetables sector is the least organized and probably needs the most attention to improve its standing. The product range is more diverse than in other agricultural sectors. Similar to most other agricultural sectors, the fruits and vegetables sector consists of a large number of small growers.

"The Sri Lankan Export Development Board said through the article of "fruits and vegetable from Sri Lanka" the Sri Lanka fruit and vegetable producers, processors and exporters association is playing a vital role in organizing and planning production and export activities"

Sri Lanka mainly exports fruits and vegetables to Middle East and Asia over 60% of vegetable exported from Sri Lanka are destined to UAE, Saudi Arabia, Maldives and India. Sri Lanka fruits are exportable quality fruits and vegetable in sufficient qualities for export (Ceylon chamber of Commerce).

Graph1: Export performance regarding fruits and vegetables from 2006- 2016



**Major Markets – Vegetable Sector – 2015**

Source: Sri Lanka Export Development Board

The above graph shows export performance regarding fruits and vegetables from 2006 to 2016

Tabel: Agricultural Production index (2007-2010 = 100 )

Item	2014 (a)	2015 (b)	Growth Rate (%)	
			2013/14 (a)	2014/15 (b)
Agriculture and Fisheries	119.9	127.6	-1.6	6.4
1 Agriculture	111.3	121.6	-3.3	9.3
1.1 Agriculture Crops	108.1	118.2	-4.3	9.3
Paddy	90.4	128.9	-26.9	42.6
Tea	108.5	105.6	-0.5	-2.7
Rubber	73.5	66.0	-24.4	-10.2
Coconut	101.3	107.9	14.2	6.5
Other Crops	139.2	142.1	11.1	2.1
Vegetables	135.8	136.1	0.5	0.2
Fruits	139.7	152.8	22.0	9.4
Other Field Crops	140.5	144.6	8.4	2.9
1.2 Livestock	136.2	147.2	3.1	8.1
2 Fisheries	160.4	155.9	4.4	-2.8

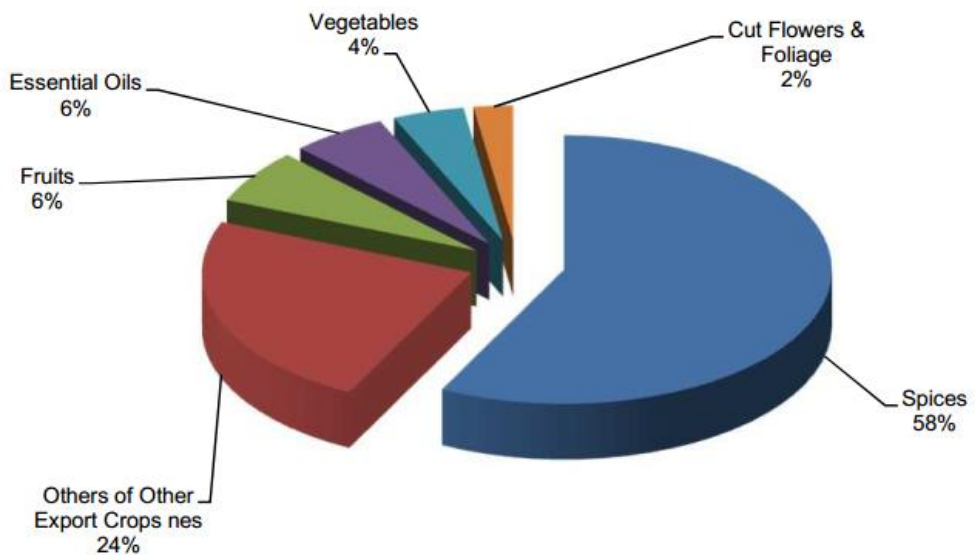
Source: Central Bank of Sri Lanka

According to Vegetable production, the vegetable production increased to 1,875,508 MT in 2015 registering a 2.2 per cent growth. This increase was supported by a 2.4 percent increase in the 2014/15 Maha season and a 1.8 percent growth during the 2015 Yala season. Meanwhile, there were wide fluctuations in vegetable prices throughout the year owing to extreme weather conditions. Weather related setbacks experienced during late 2014 resulted in crop damages, reducing the market supply and elevating prices of many vegetable varieties during the early part of 2015. Subsequently, the supply of vegetables increased during the peak harvesting period of the Maha season as well as the Yala season, thus lowering prices. Towards the end of the year, vegetable prices increased again displaying the regular seasonal pattern. Annual average retail prices of low country vegetables ranged from Rs.70.00 to Rs.256.00 per kg in 2015 in comparison to the range from Rs.70.00 to Rs.152.00 per kg recorded in the previous year, while annual average retail prices of upcountry vegetables ranged between Rs.94.00 and Rs.308.00 per kg in 2015 in comparison to a range of Rs.93.00 to Rs.229.00 in 2014. During 2015, 26 million kg of vegetables with a value of Rs.4,142 million were exported. Meanwhile, postharvest losses have been estimated at around 30 - 40 per cent of total vegetable production. Thus, measures are necessary to

address this issue in order to protect the producer and the consumer, as well as to increase the productivity of the sector.

The production of fruits increased in 2015 with significant contributions from avocado, melon, guava (kilo pera), rambutan and pineapple. Fruit production recorded a significant growth of 15.6 percent in 2015 as against a 0.8 percent decline in the previous year. During the year, 33 million kg of fruits worth Rs.5,173 million were exported while 45 million kg of fresh fruits, including apples, mandarins, oranges and grapes valued at Rs.5,637 million were imported. Post-harvest losses of the sector are estimated at around 30- 40 percent.

**Graph 2: Composition of Sub sectors in Major Export Product Sectors 2015**



Source: Sri Lanka Custom – 2015

As a percentage of total quantity produced for selected crops, the quantity exported remain very low, in most instances well below 6% of fruits and 4% of vegetables production is currently being exported.

On the other hand the marketing chain established in Sri Lanka involves the grower, collector, wholesaler, retailer and the consumer. In order to gain better marketing value all the people involves in the marketing chain should participate together. Once the grower packs his commodities, the package moves through the handling chain, once the commodity reaches the retailer,

the producer is often sorted manually and displayed to the consumer. Due to poor post-harvest handling and inadequate packaging, the quality of the produce falls every day. This widens the price gap between the grower and consumer. Inappropriate cultivation practices and methods of harvesting and subsequent rough handling coupled with inadequate packaging during transport and storage are the major factors which contribute to deterioration of perishables, causing high post-harvest losses, thereby reducing the market value as well as the market competitiveness.

### **Agricultural Policies and Institutional Support for fruits and vegetable production**

Agriculture policy in 2015 focused on assuring food security, ensuring environment sustainability and developing economic opportunity. Successive governments in Sri Lanka have introduced a number of policies to increase agricultural production with a view to attaining food security in the country. While much attention was given to infrastructure development for the agriculture sector including irrigation schemes and support services such as agricultural research, extension and education, government interventionist policies have also provided subsidies such as the fertiliser subsidy and guaranteed prices for key agricultural commodities. Although domestic agriculture meets around 75 per cent of the country's food requirement, there is potential to produce the entire requirement within the country in terms of other field crops such as gram, potatoes, chillies and big onion, which is currently met partly through imports.

Further measures were taken to strengthen agriculture sector in the country. The government's agriculture policy is anchored to the strategy of making the country self-sufficient in maize, soya beans, chillies, big onions, and potatoes by 2018 through crop diversification and productivity improvement while gradually shifting from subsistence agriculture to agri-business with access to export markets by 2020. Further, it is expected to establish 23 Agricultural Development Mega Zones under the theme of "Sri Lanka - The Global Home Garden" to make Sri Lanka's agricultural products globally competitive. As part of the Western Region Megapolis Master Plan, 13 planning areas have been proposed, including a Plantation City and a Forest City. The Plantation City will consist of the plantation areas around Avissawella with pockets of residential development while the Forest City is aimed at creating certain types of residential and tourism regions among well protected agriculture and

forest area. However, in order to address the challenges prevailing in the sector, it is highly important to undertake measures to shift the traditional low value agriculture to modern high value agriculture accompanied by efficient water management, introducing high yield seed varieties and utilization of modern technology while increasing the investment on research and development activities and simplifying access to agricultural credit for smallholders and farmers.

## **Conclusion**

Sri Lanka is tropical country with highly favorable conditions for cultivation of crops. At the time of independence, Sri Lanka was heavily dependent on agriculture sector in terms of output and employment. However as time went on, it's importance declined compared to service and industrial sector. The importance of agriculture sector for employment and export earning has substantially declined.

Fruits and vegetable production in particular have become very competitive. The opportunities and challenges encountered today by international markets are greater and more diverse than ever before. New consumers are springing forth in emerging markets from Eastern Europe, the commonwealth of independent states, China and other Asian countries India, Latin America, etc. Some of these emerging markets have little purchasing power provide them with the means of satisfying new demands.

Sri Lanka fruits and vegetable industry should be capable of adopt for the new changes. The trends that have been identified relate to the changing consumer, changing outlets for fruits and vegetables, and the changing method of marketing should be highly considered.

In the changing environment of globalization, small and resource poor farmers are the most vulnerable segment of the farming community in majority of the developing countries. It has identified that the main problem is with the supply chain of the fruits and vegetables. On the other hand, marketing competition is becoming more and more intense in the backdrop of trade liberalization. Therefore the need for an effective and efficient marketing system to cope with the emerging challenges of globalization in agricultural trade is further pronounced. This article discussed the existing



challengers in vegetable and fruits export industry, especially developing country like Sri Lanka along with characteristics of small producers and competence of small producers in the emerging liberalized trading regime.

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