The role of the food crop sector in the economy of Sri Lanka

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
The Role of Food Crops Sector in Sri Lankan Economy

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Content

• An overview of Sri Lanka
• Status of food security in Sri Lanka
• Sri Lanka’s agriculture sector
• Agriculture sector - Export performance of Sri Lanka
• Food crops sector performance
• The way forward
An Overview of Sri Lanka
Sri Lanka - Climate

Tropical monsoonal climate with year round warm weather moderated by ocean winds

<table>
<thead>
<tr>
<th></th>
<th>Temp. (°C)</th>
<th>RF (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wet Zone (WZ)</td>
<td>24</td>
<td>&gt;2500</td>
</tr>
<tr>
<td>Intermediate Zone (IZ)</td>
<td>24 to 26</td>
<td>1750 - 2500</td>
</tr>
<tr>
<td>Dry Zone (DZ)</td>
<td>28</td>
<td>&lt;1750</td>
</tr>
</tbody>
</table>

46 Agro-ecological zones
- Low country - <300m
- Mid country – 300m – 900m
- Up country - >900m

Source: Department of Agriculture
• Mid Year Population – 22 million
• Population Growth rate – 1.1
• Population Density – 353 persons per sq. km.
• Rural Population – 75%
• GDP = US$ 84.5 billions

Agriculture and industrial activities adversely affected by Supply-side bottlenecks

Source: CBSL, 2021
### Growth Rate of Agriculture Activities - 2021

<table>
<thead>
<tr>
<th>Agriculture Activity</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing of Oleaginous Fruits (including Coconut)</td>
<td>11.2</td>
</tr>
<tr>
<td>Plant Propagation and Support Activities</td>
<td>10.6</td>
</tr>
<tr>
<td>Animal Production</td>
<td>9.7</td>
</tr>
<tr>
<td>Growing of Other Cereals</td>
<td>9.7</td>
</tr>
<tr>
<td>Growing of Tea</td>
<td>7.4</td>
</tr>
<tr>
<td>Forestry and Logging</td>
<td>5.1</td>
</tr>
<tr>
<td>Growing of Spices</td>
<td>4.5</td>
</tr>
<tr>
<td>Fishing Activities</td>
<td>1.4</td>
</tr>
<tr>
<td>Growing of Rubber</td>
<td>-1.7</td>
</tr>
<tr>
<td>Growing of Vegetables</td>
<td>-2.5</td>
</tr>
<tr>
<td>Growing of Rice</td>
<td>-6.7</td>
</tr>
<tr>
<td>Growing of Fruits</td>
<td>-7.8</td>
</tr>
</tbody>
</table>

(a) Based on the GDP estimates (base year 2010)

**Source:** Department of Census and Statistics

### Dampened Transportation Activities

<table>
<thead>
<tr>
<th>Mode of Transportation</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Road Transport</strong></td>
<td>70</td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td><strong>Aviation</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Motor Vehicle Registration</strong></td>
<td>400</td>
<td>200</td>
<td>100</td>
</tr>
</tbody>
</table>
Sri Lanka – Labour force

- Agriculture employment gradually decreased

Agriculture – 27.3%
Industry – 26%
Services – 46.7%

Source: CBSL, 2021
Sector based Foreign Direct Investments

FDI inflows to the agriculture sector continued to remain low in 2021.

Source: CBSL, 2021
Status of Food Security in Sri Lanka
Global food security index: Sri Lanka’s position

- Higher the score (towards 100) - Better the position
- Our score is 55.2 (just the middle)
- 79th position of 113 countries

Source: FAOSTAT
Food Insecurity Status in Sri Lanka

- 28% of the population is food insecure (6.3 million people)
- 6.7 million are not consuming acceptable diets
- 5.3 million people were skipping meals
- Household food security and nutrition situation is likely to deteriorate as the crisis continues

Source: WFP, 2022

Food Insecurity Experience Scale (FIES)

Source: DCS, 2019

Highest food insecurity in Vavuniya and Nuwara Eliya district
Household Food Insecurity

Percentage of food secure and food insecure population 2019

- Food secure: 91%
- Food insecure:
  - Urban: 1%
  - Rural: 7%
  - Estate: 1%

Source: Income & Expenditure Survey 2019
Department of Census and Statistics, Sri Lanka

Percentage of population experience in moderate or severe food insecurity in sectors 2019

- Estate: 3.1, 20.4, 23.5
- Rural: 0.8, 8.0, 8.9
- Urban: 0.7, 6.0, 6.7

Source: Income & Expenditure Survey 2019
Department of Census and Statistics, Sri Lanka
The mean level food ratio, 35.1% coincides with the pattern exhibited by the rural sector.

Source: DCS, 2019
Climate change and food security

• Sri Lanka Food production patterns is being disrupted by unexpected flooding or prolonged drought more severely.

• Adverse climate incur crop losses deteriorating the production volume, causing food short supply.

• Climate-smart agricultural strategies are options for mitigating the impacts on food security.
Sri Lanka’s Agriculture Sector
Agriculture Crops Sector

Plantation Sector
- Tea
- Rubber
- Coconut
- Export Agriculture Crops

Non-Plantation Sector
- Paddy
- Other field crops
- Vegetables
- Fruits

Food Crops
Agriculture Sector - Export Performance of Sri Lanka
Export Performance

• Impose of import restrictions on food crops paved a way for export-led growth in the economy

• However, border restrictions and supply chain disruptions in the post-pandemic hindered export performances
## Value of Export Earnings

### Table 1: Merchandise Export Performance

<table>
<thead>
<tr>
<th>Exports of Goods</th>
<th>Jan-Dec 2019</th>
<th>Jan-Dec 2020</th>
<th>Jan-Dec 2021</th>
<th>% Growth (20-21)</th>
<th>Dec 2020</th>
<th>Dec 2021</th>
<th>% Growth (20-21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel &amp; Textile</td>
<td>5577</td>
<td>4,406</td>
<td>5,415.92</td>
<td>22.93</td>
<td>450.49</td>
<td>531.05</td>
<td>17.88</td>
</tr>
<tr>
<td>Tea</td>
<td>1346</td>
<td>1,241</td>
<td>1,324.38</td>
<td>6.72</td>
<td>112.97</td>
<td>110.62</td>
<td>-2.08</td>
</tr>
<tr>
<td>Rubber-based</td>
<td>890</td>
<td>816</td>
<td>1092.60</td>
<td>33.87</td>
<td>79.51</td>
<td>93.50</td>
<td>17.60</td>
</tr>
<tr>
<td>Coconut-based</td>
<td>614</td>
<td>665</td>
<td>836.10</td>
<td>25.81</td>
<td>54.90</td>
<td>69.29</td>
<td>26.21</td>
</tr>
<tr>
<td>Diamond, Gems &amp; Jewellery</td>
<td>314</td>
<td>148</td>
<td>292.49</td>
<td>97.32</td>
<td>16.55</td>
<td>22.40</td>
<td>35.51</td>
</tr>
<tr>
<td>Electronics &amp; Electronic Components</td>
<td>381</td>
<td>328</td>
<td>421.42</td>
<td>28.38</td>
<td>36.16</td>
<td>36.94</td>
<td>2.16</td>
</tr>
<tr>
<td>Spices and Concentrates</td>
<td>313</td>
<td>335</td>
<td>456.71</td>
<td>36.14</td>
<td>33.13</td>
<td>43.89</td>
<td>32.48</td>
</tr>
<tr>
<td>Processed Food &amp; Beverages</td>
<td>442</td>
<td>351</td>
<td>443.98</td>
<td>26.36</td>
<td>27.56</td>
<td>38.78</td>
<td>40.71</td>
</tr>
<tr>
<td>Seafood</td>
<td>263</td>
<td>190</td>
<td>274.07</td>
<td>44.40</td>
<td>14.39</td>
<td>26.64</td>
<td>85.13</td>
</tr>
<tr>
<td>Ornamental Fish</td>
<td>16</td>
<td>13</td>
<td>20.97</td>
<td>60.94</td>
<td>0.96</td>
<td>2.07</td>
<td>115.63</td>
</tr>
<tr>
<td>Vegetables</td>
<td>32</td>
<td>26</td>
<td>27.44</td>
<td>6.60</td>
<td>1.81</td>
<td>2.37</td>
<td>30.94</td>
</tr>
<tr>
<td>Fruits</td>
<td>42</td>
<td>36</td>
<td>39.46</td>
<td>10.66</td>
<td>2.75</td>
<td>3.59</td>
<td>30.55</td>
</tr>
<tr>
<td>Other Export Crops</td>
<td>45</td>
<td>68</td>
<td>68.58</td>
<td>1.46</td>
<td>1.39</td>
<td>5.36</td>
<td>285.61</td>
</tr>
<tr>
<td>Flowers &amp; Foliage</td>
<td>18</td>
<td>13</td>
<td>16.20</td>
<td>28.47</td>
<td>0.93</td>
<td>1.28</td>
<td>37.63</td>
</tr>
<tr>
<td>Boat Building</td>
<td>65</td>
<td>2</td>
<td>37.81</td>
<td>1482.01</td>
<td>0.23</td>
<td>0.18</td>
<td>-21.74</td>
</tr>
<tr>
<td>Petroleum Products</td>
<td>336</td>
<td>272</td>
<td>234.36</td>
<td>-13.77</td>
<td>0.54</td>
<td>21.21</td>
<td>3827.78</td>
</tr>
<tr>
<td>Others</td>
<td>1,246</td>
<td>1,137</td>
<td>1,472.80</td>
<td>29.53</td>
<td>130.25</td>
<td>116.52</td>
<td>-10.54</td>
</tr>
<tr>
<td>Total Merchandise Exports</td>
<td>11,940</td>
<td>10,047</td>
<td>12,475.29</td>
<td>24.17</td>
<td>964.5</td>
<td>1,125.69</td>
<td>16.71</td>
</tr>
</tbody>
</table>

Source: SL Customs
Export destinations of Sri Lankan Tea

Source: trademap.org
Major export destinations of Vegetables, roots and tubers

Source: trademap.org
Major export destinations of Fruits

List of importing markets for a product exported by Sri Lanka in 2021
Product: 08 Edible fruit and nuts; peel of citrus fruit or melons

Source: trademap.org
Food Crops Sector Performance
Sri Lanka – Agriculture Sector

Paddy

2.3 million farm families

Low land (paddy) - 31%
Upland
  homestead - 38%
  home garden – 31%

Paddy area - 890,000 ha
Maha (major season) – 730,000ha
Yala (minor season) – 400,000ha

Source – Land Use Policy Planning Department & Department of Census and Statistics
Paddy productivity has improved from 3mt/ha to 4.5mt/ha for 1979 to 2020.
Rice availability in Sri Lanka

- Sri Lanka became self-sufficient in rice in 2010
- Nearly 40% yield drop in 2021/22
- Importation of rice as a price control mechanism and to cope up with temporal shortages in supply

* 2022 Production and imports up to end of August
Availability of OFC **

Other field crops - Trend of Production and Imports

** Maize

** Potato

** Big Onion

** Dry Chilli
OFC Sector.....

- We are almost self sufficient in green gram, gingelly, ground nut, cowpea

- Gingelly exports as value addition forms
Seasonal Price Index for Vegetables (2007-2021)

Vegetables

- Bitter Gourd
- Brinjal
- Ladies Fingers
- Long Bean
- Luffa
- Snake gourd
### Fruits Sector

<table>
<thead>
<tr>
<th>Crop</th>
<th>2020</th>
<th>2021*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity (t)</td>
<td>Value (Rs'000)</td>
</tr>
<tr>
<td>Cashew</td>
<td>40</td>
<td>99,707</td>
</tr>
<tr>
<td>Banana (fresh)</td>
<td>17,847</td>
<td>2,427,224</td>
</tr>
<tr>
<td>Pineapple (fresh)</td>
<td>508</td>
<td>200,522</td>
</tr>
<tr>
<td>Pineapple (dried)</td>
<td>115</td>
<td>142,270</td>
</tr>
<tr>
<td>Papaw</td>
<td>12,470</td>
<td>1,008,204</td>
</tr>
<tr>
<td>Lemon (fresh)</td>
<td>87</td>
<td>9,563</td>
</tr>
<tr>
<td>Lemon (dried)</td>
<td>130</td>
<td>57,514</td>
</tr>
<tr>
<td>Mango (fresh)</td>
<td>312</td>
<td>198,085</td>
</tr>
<tr>
<td>Mango (dried)</td>
<td>124</td>
<td>56,617</td>
</tr>
<tr>
<td>Avocado (fresh)</td>
<td>56</td>
<td>35,337</td>
</tr>
<tr>
<td>Strawberry</td>
<td>4</td>
<td>4,197</td>
</tr>
<tr>
<td>Mangosteen (fresh)</td>
<td>6</td>
<td>616</td>
</tr>
<tr>
<td>Watermelon</td>
<td>82</td>
<td>8,400</td>
</tr>
<tr>
<td>Guava (fresh)</td>
<td>74</td>
<td>44,418</td>
</tr>
<tr>
<td>Guava (dried)</td>
<td>90</td>
<td>24,638</td>
</tr>
</tbody>
</table>

Source: Sri Lanka Customs; (Statistics Division)

*Provisional

- The major buyers of Sri Lankan fruit are regional markets: India, Maldives, Middle East countries and Malaysia

- Supply chain was highly interrupted due to economic crisis

Source: AgStat, DOA, 2021
Challenges Ahead in Securing Food Availability

• Sri Lanka is going through a hardest economic crisis at present

• Worsen the food security status of the country

• Rising prices of goods and services has led to skyrocket the food inflation reaching 90% in Sri Lanka

• Demographic transformation (labour movement away from agriculture) witnessing aging population

• Out of the total population of 22 million in Sri Lanka, 6.3 million people are estimated to be food insecure as at September 2022

• Food security situation could deteriorate even further if appropriate action has not been taken with immediate effect
What we have done

• Productivity improvements - new high yielding varieties

• Technological innovations - mechanization and precision agriculture (.. remote sensing and map based fertilizer recommendation, automation)

• ICT driven agriculture (mobile applications, social media, crop forecasting information system,)

• Reduce post harvest losses and value addition

• Improve efficiency of market channels - storage, transport, dispatch

• Crop and livestock insurance

• Institutional strengthening - farmer cooperatives, business groups

• Counselling, advisory and Certification – SL-GAP

• Trade facilitation - MOUs, appointing National Trade Facilitation Committee (NTFC), formulation of National Export Strategy
The Way Forward

• Achieving Food Security
  • Intervention in productivity improvement and technological advancement
  • Policy intervention
  • Value chain development

• Tapping of export potential
  • Continuous supply with quality assurance of the product

• Development of rural agriculture productivity in long run

• Foreign collaboration and support in technology development and intervention

• Introduction of Social Welfare Policy in short term basis
  • Thereby, food & nutritional security could be achieved
Thank You