

# United Nations Conference on Trade and Development

## **13th Multi-Year Expert Meeting on Commodities and Development**

**10-12 October 2022, Geneva**

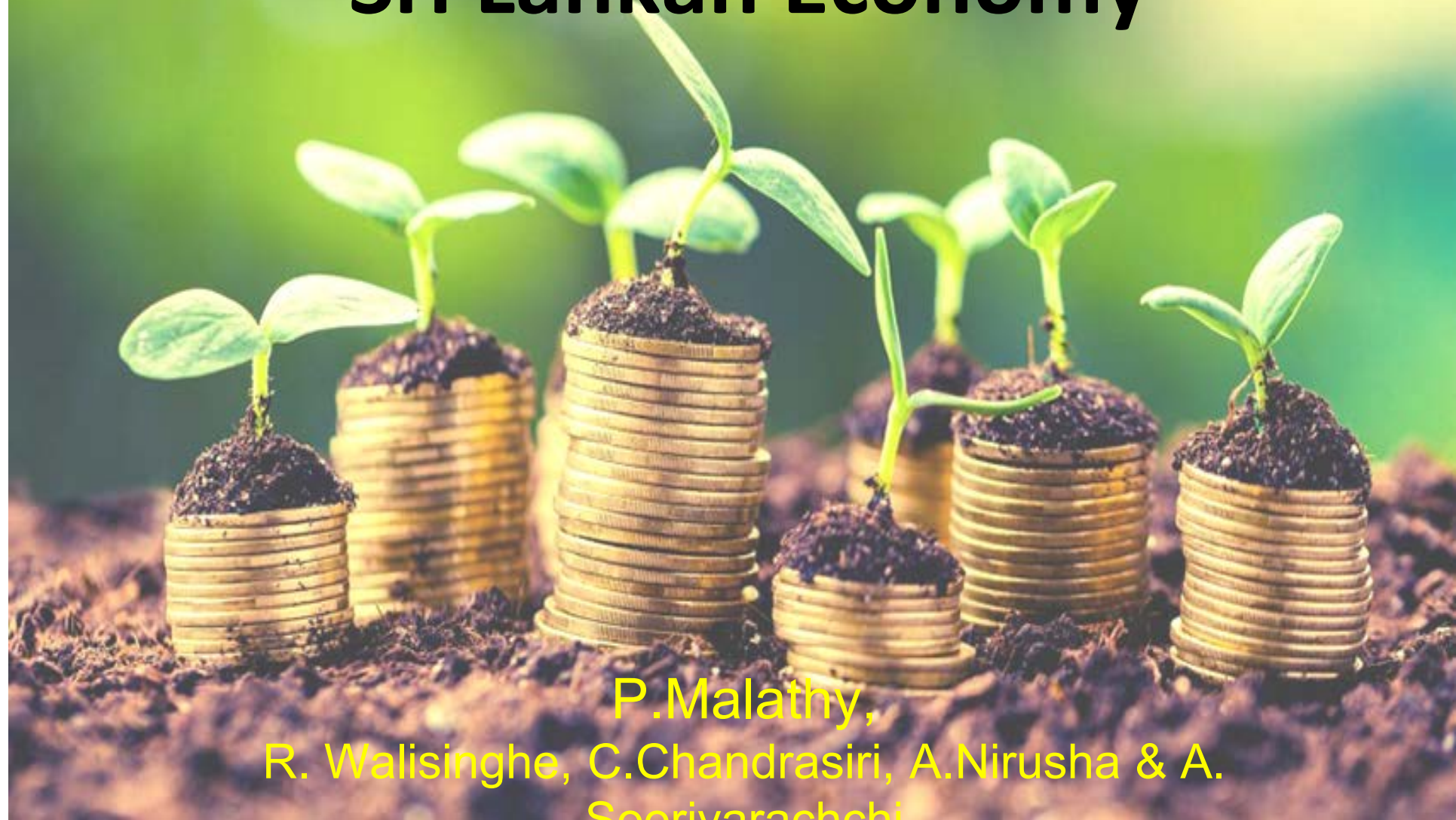
### **The role of the food crop sector in the economy of Sri Lanka**

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



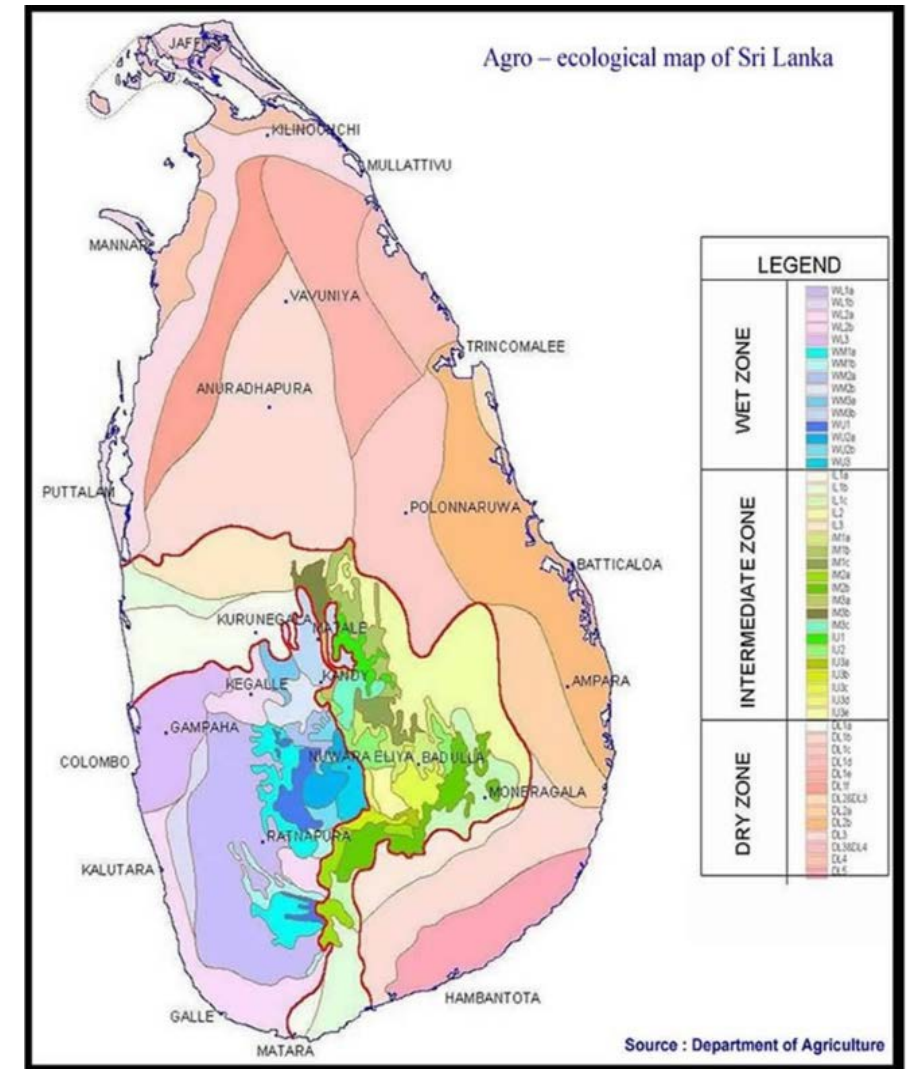
	Temp. (°C)	RF (mm)
Wet Zone (WZ)	24	>2500
Intermediate Zone (IZ)	24 to 26	1750 - 2500
Dry Zone (DZ)	28	<1750

46 Agro-ecological zones

Low country - <300m

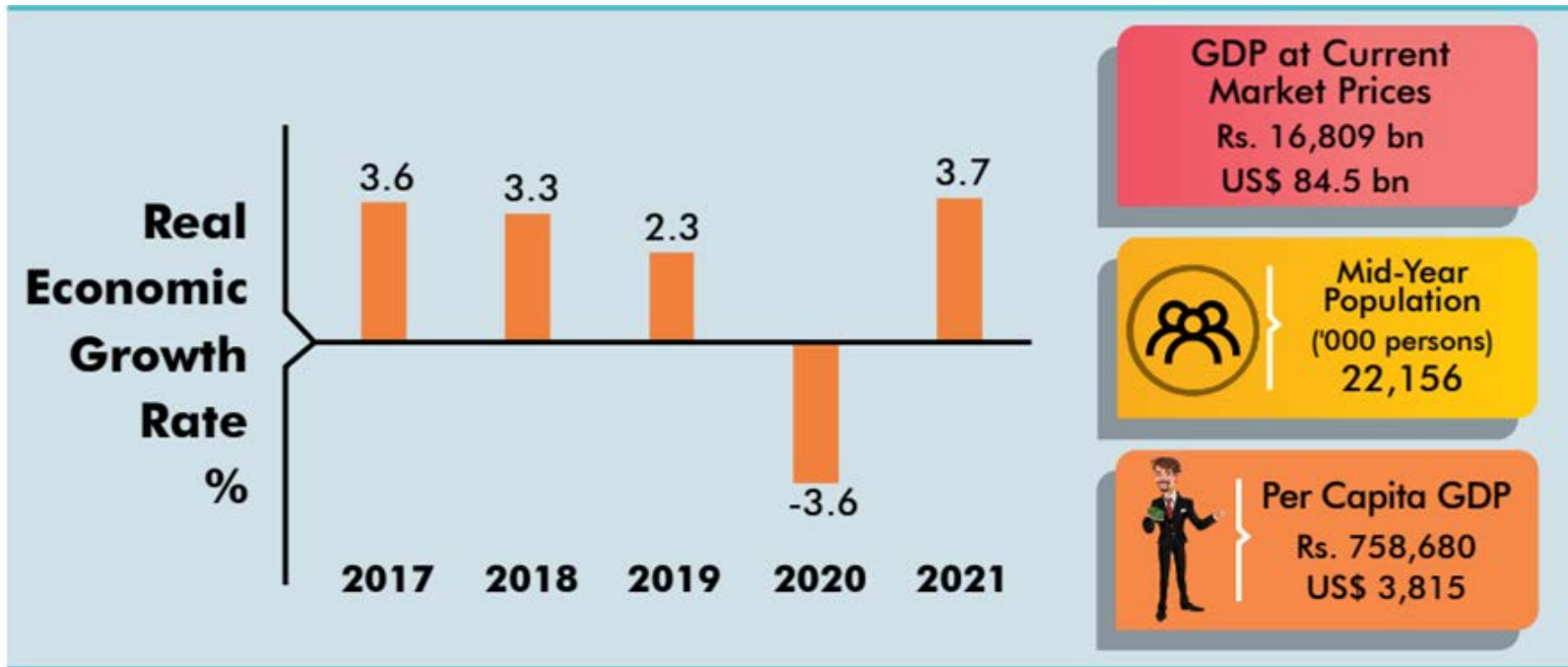
Mid country – 300m – 900m

Up country - >900m

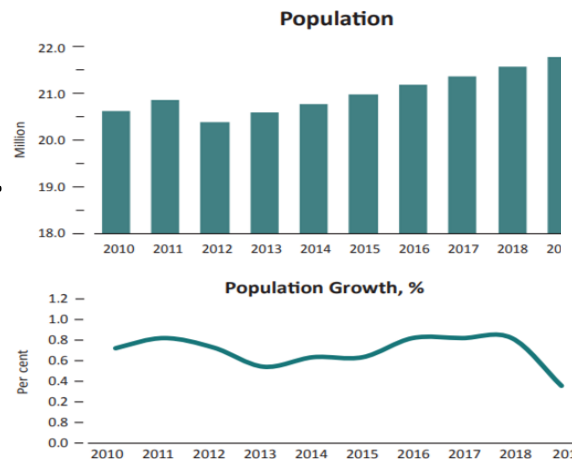




# Sri Lanka – National Output

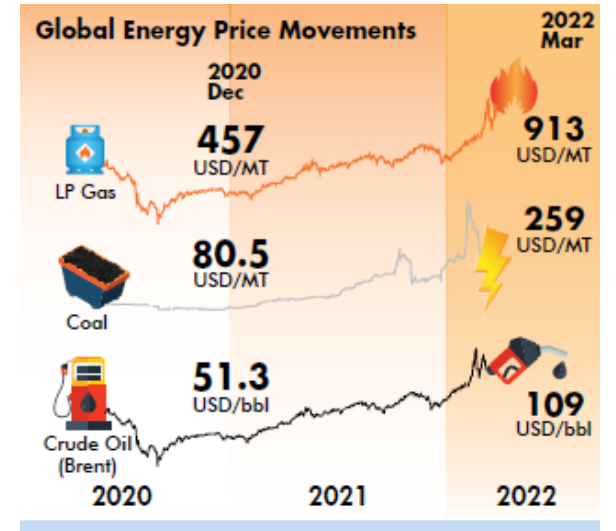
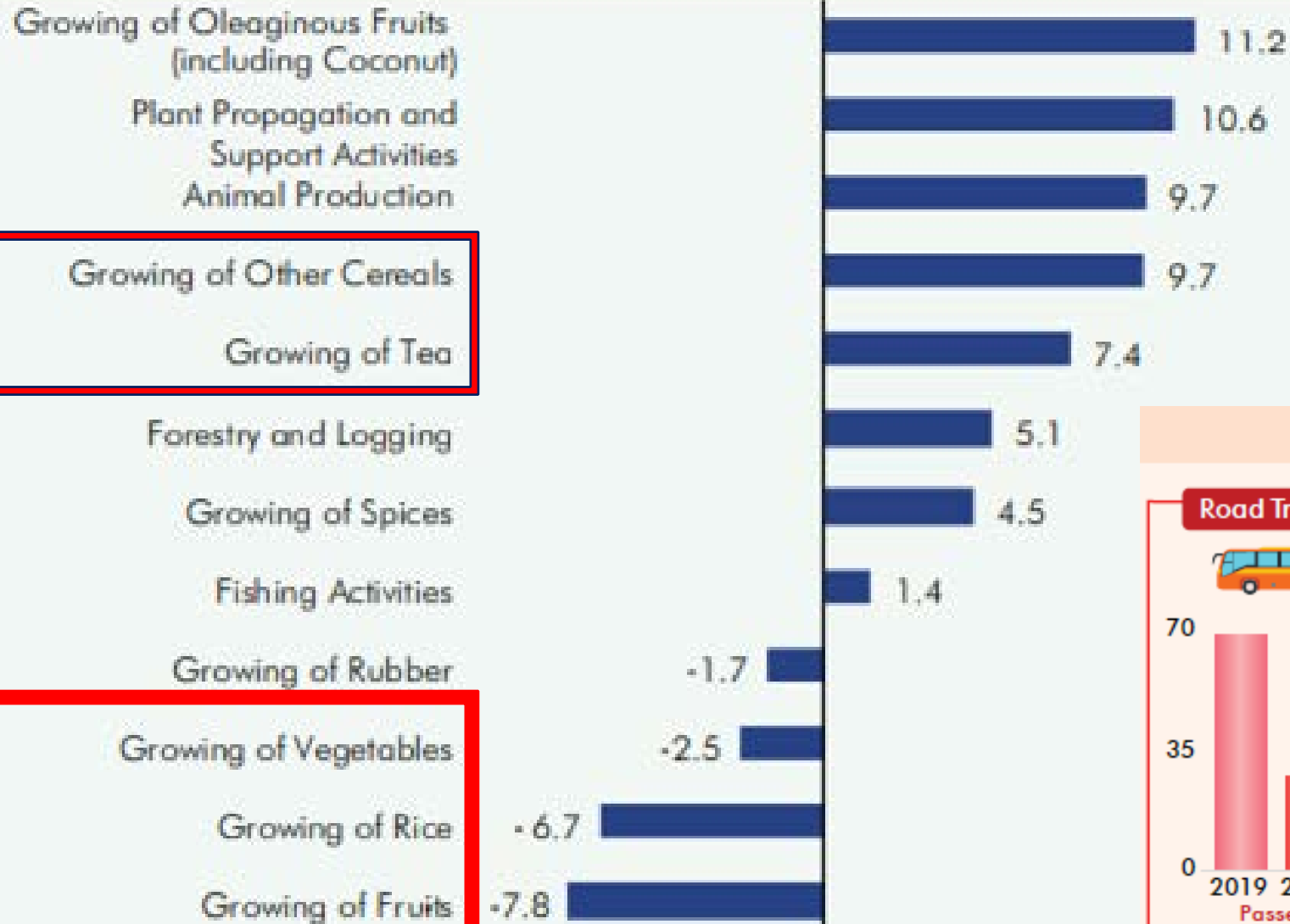


- Mid Year Population – 22 million
- Population Growth rate – 1.1
- Population Density – 353 persons per sq. km.
- Rural Population – 75%
- GDP = US\$ 84.5 billions

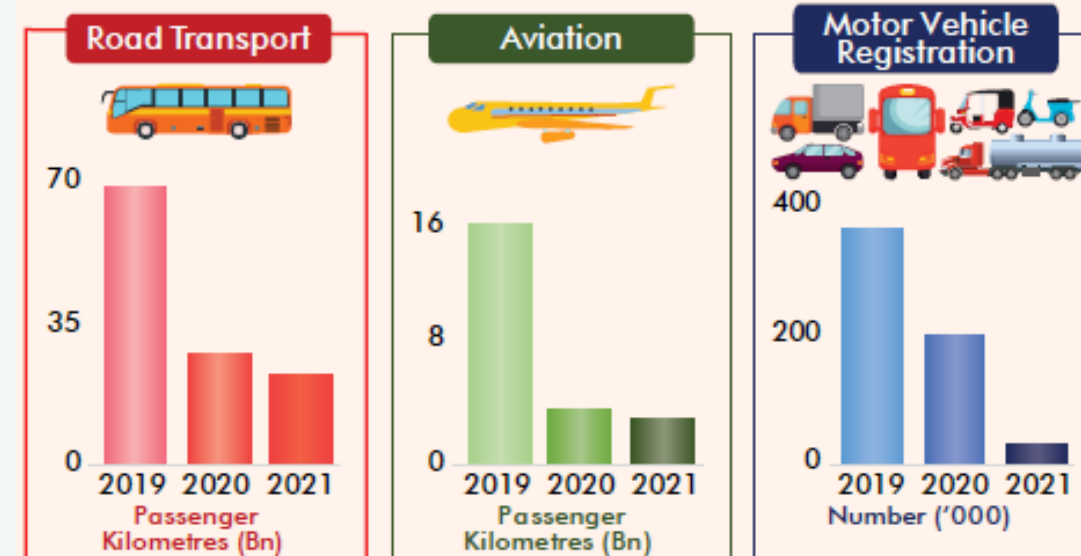


Agriculture and industrial activities adversely affected by Supply-side bottlenecks

# Growth Rate of Agriculture Activities - 2021



## Dampened Transportation Activities



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

Source: Department of Census and Statistics

# Sri Lanka – Labour force

## Labour Market Indicators



Labour Force



Economically Inactive Population



Labour Force Participation Rate



Employed Population



Unemployment Rate



Departures for Foreign Employment



- Agriculture employment gradually decreased

**Agriculture – 27.3%**

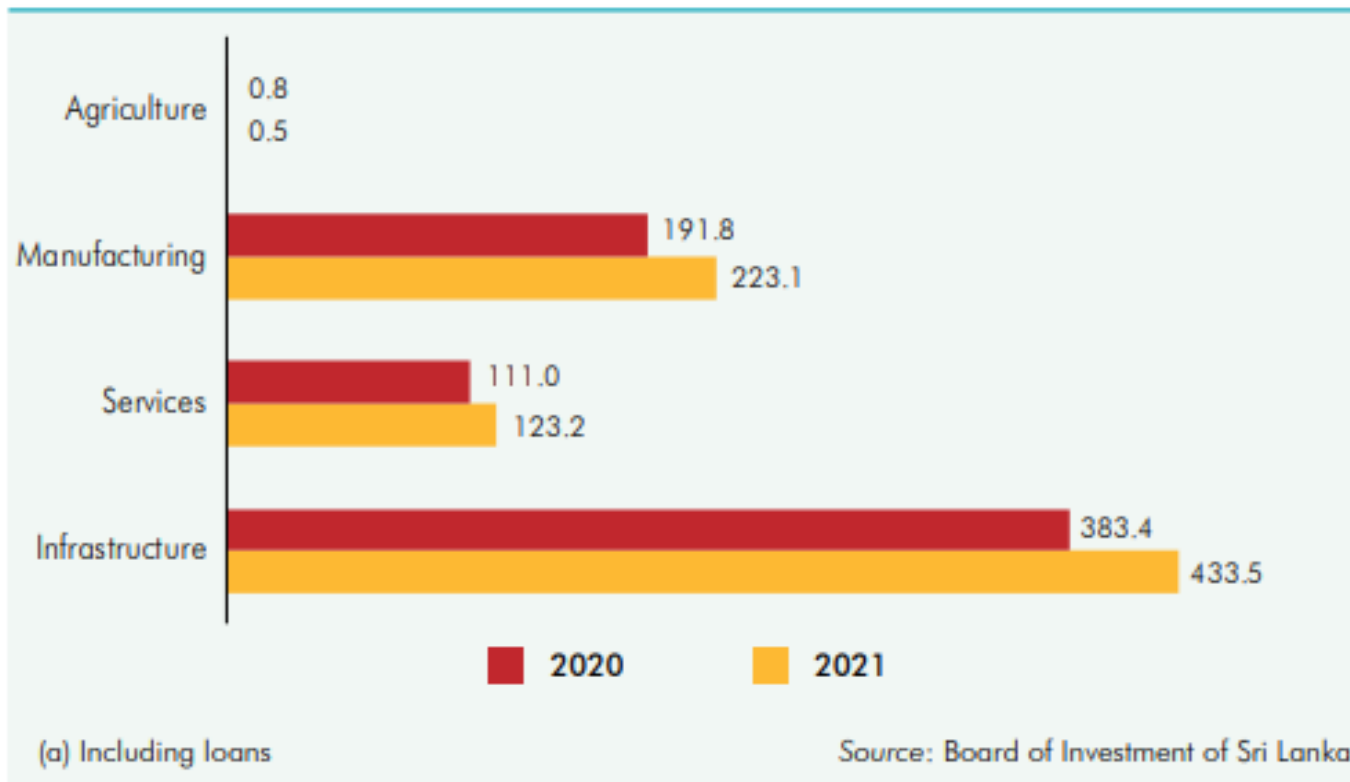
**Industry – 26 %**

**Services – 46.7 %**



# Sector based Foreign Direct Investments

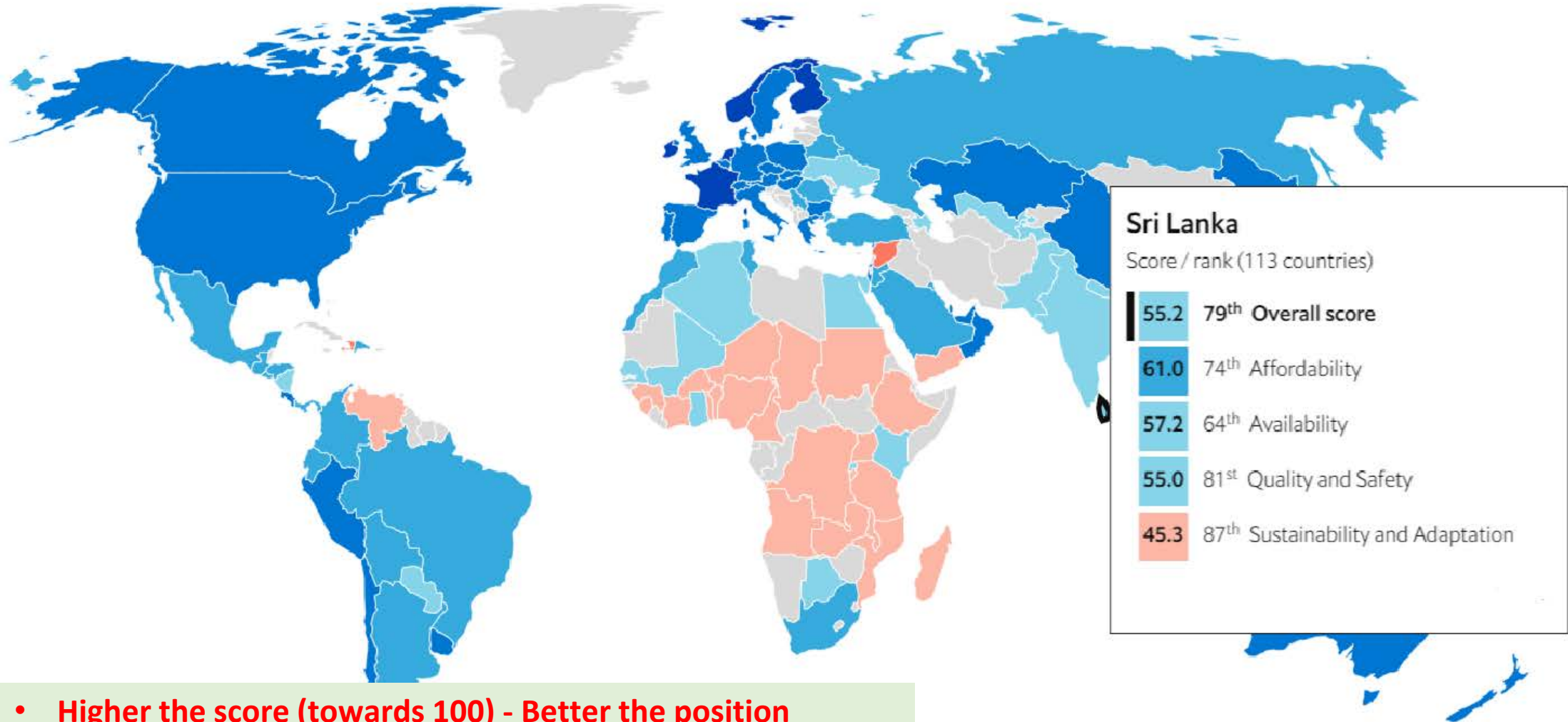
## Foreign Direct Investment of BOI Enterprises (a) (US\$ million)



**FDI inflows to the agriculture sector continued to remain low in 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)
- 79<sup>th</sup> position of 113 countries

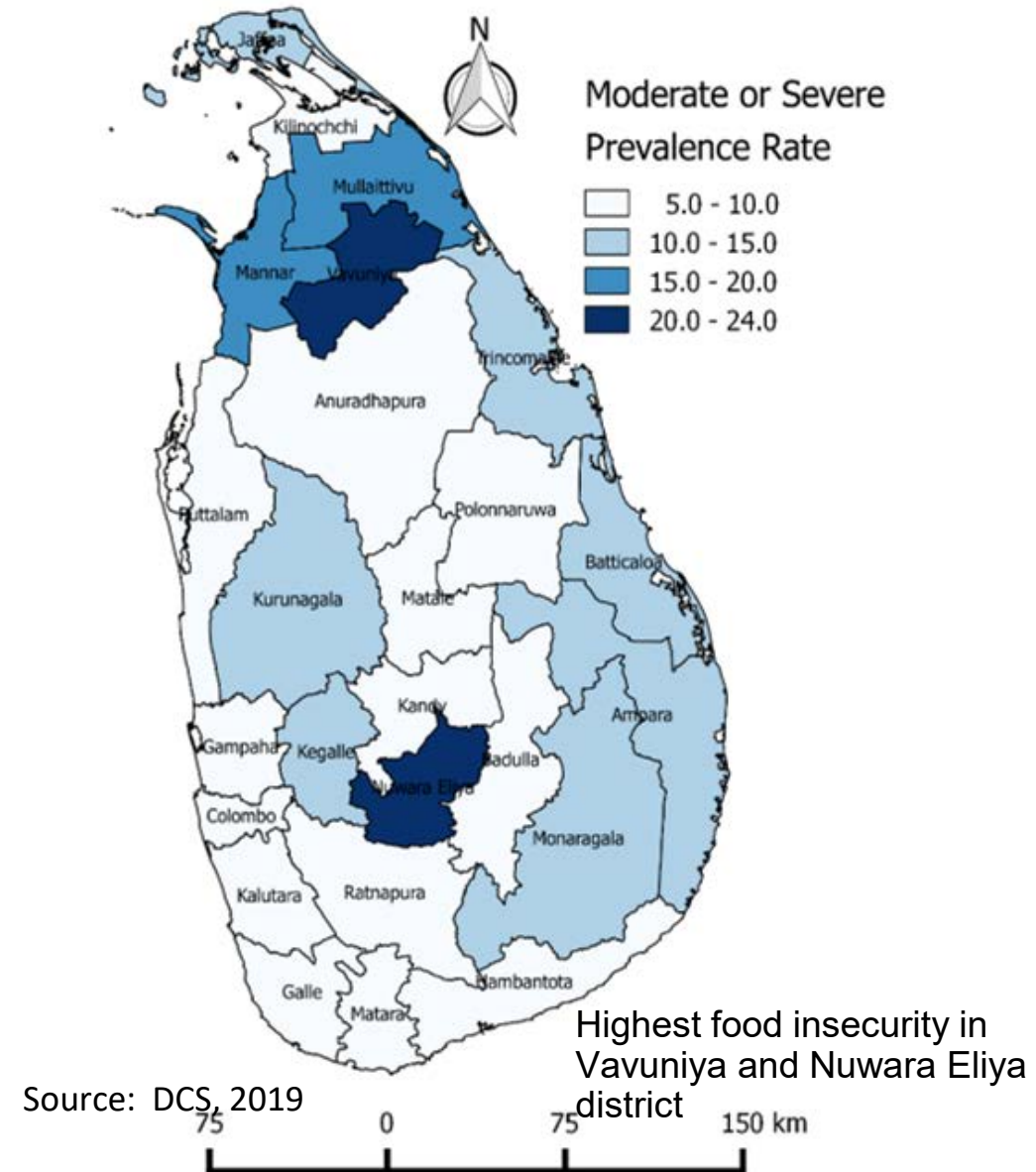
Source: FAOSTAT

# 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

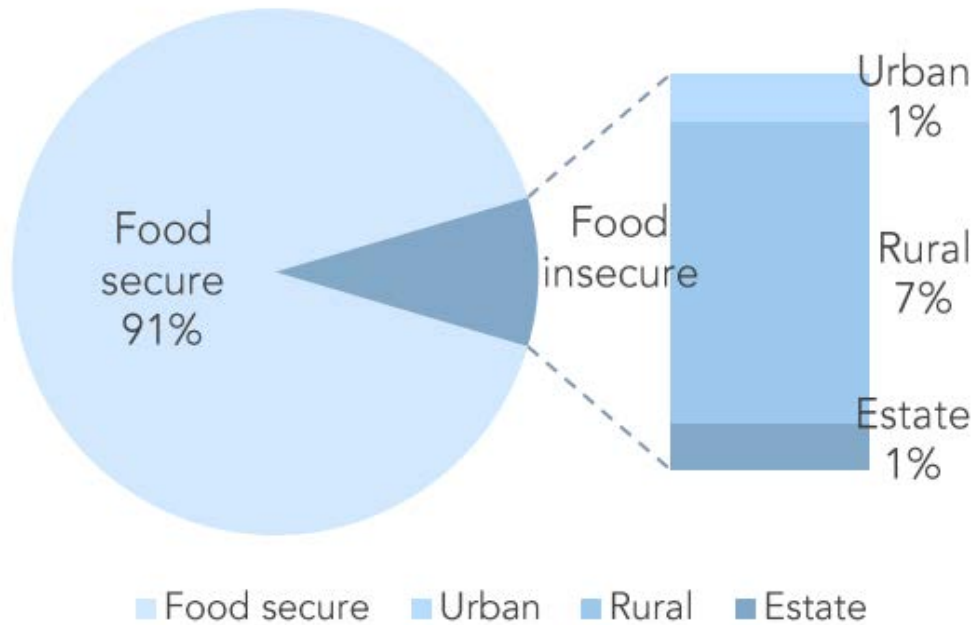
Source: WFP, 2022

# Food Insecurity Experience Scale (FIES)



# Household Food Insecurity

Percentage of food secure and food insecure population 2019

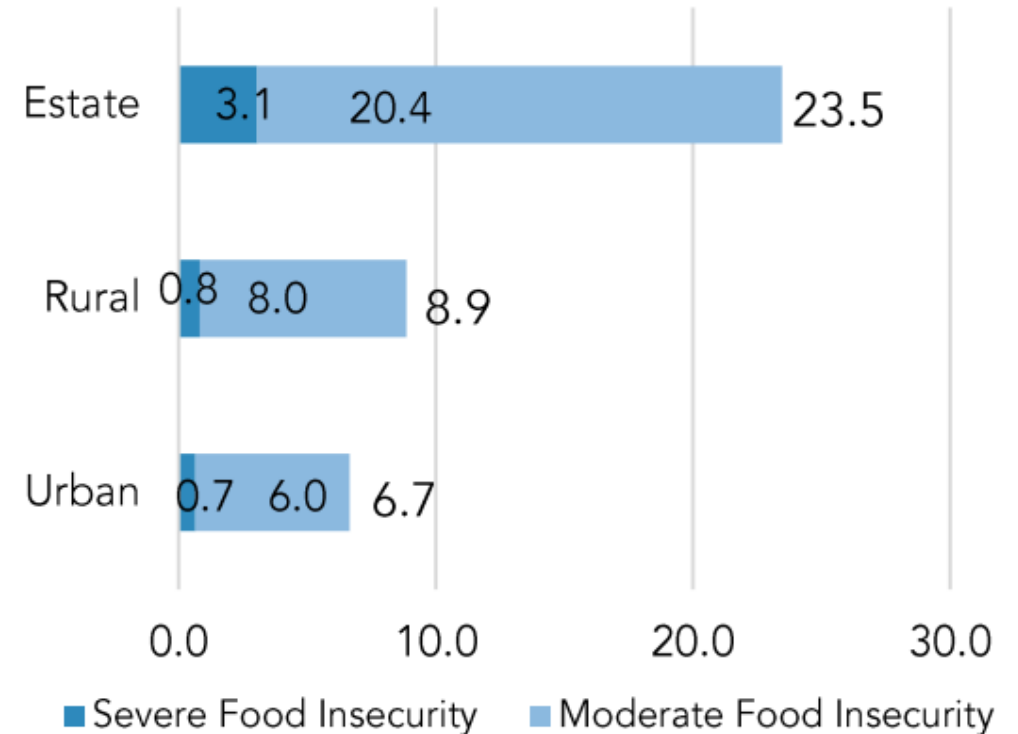


Source: Income & Expenditure Survey 2019  
Department of Census and Statistics, Sri Lanka



Source: DCS, 2019

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

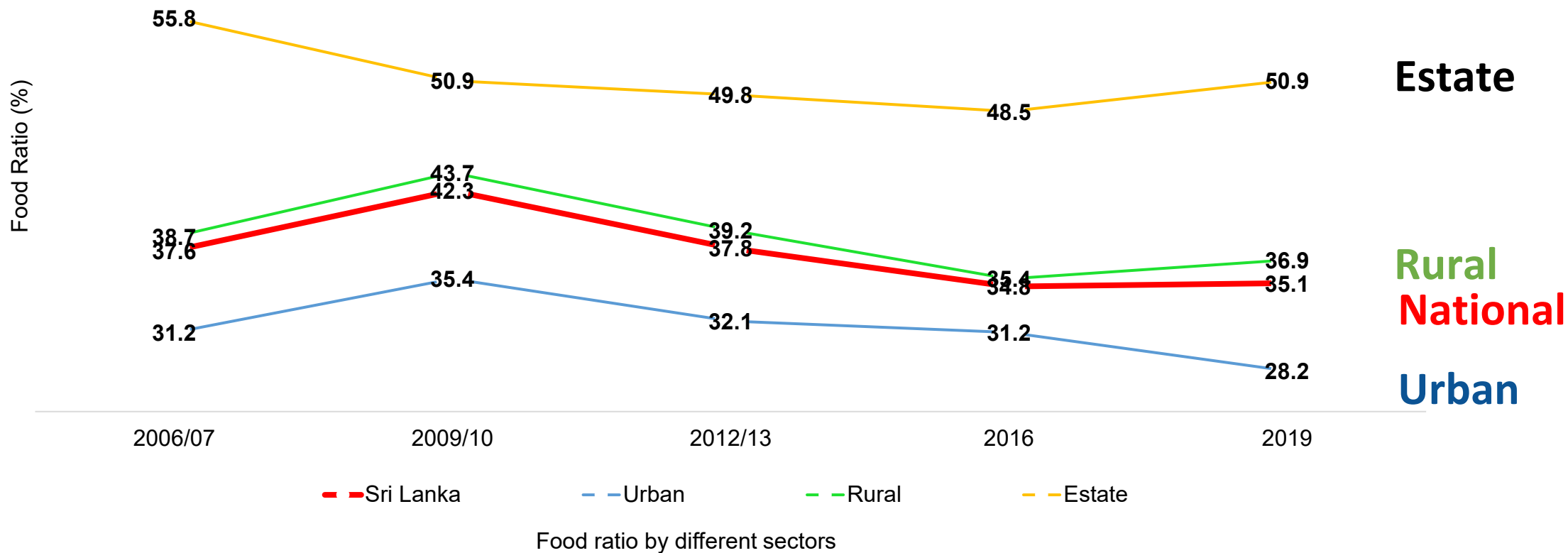


Source: Income & Expenditure Survey 2019  
Department of Census and Statistics, Sri Lanka





# Sectoral Difference in Food Expenditure



The mean level food ratio, 35.1% coincides with the pattern exhibited by the rural sector

# Climate change and food security

- Sri Lanka Food production patterns is being disrupted by unexpected flooding or pro-longed 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

## Non - Plantation sector

- Tea
- Rubber
- Coconut
- Export Agriculture Crops

- 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**

Values in US\$ Millions

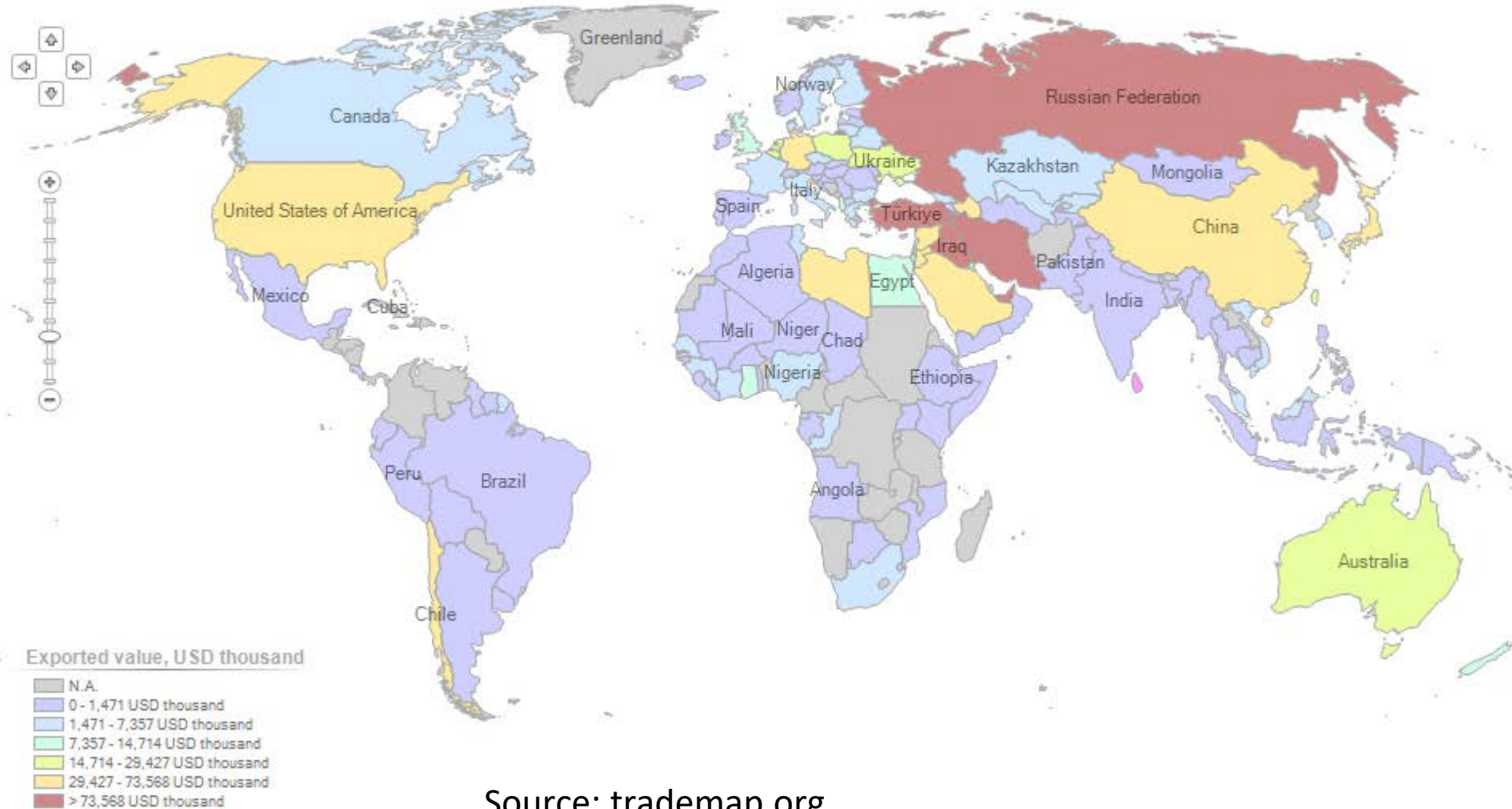
Exports of Goods	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2021	% Growth (20-21)	Dec 2020	Dec 2021	% Growth (20-21)
Apparel & Textile	5577	4,406	5,415.92	22.93	450.49	531.05	17.88
Tea	1346	1,241	1,324.38	6.72	112.97	110.62	-2.08
Rubber-based	890	816	1092.60	33.87	79.51	93.50	17.60
Coconut-based	614	665	836.10	25.81	54.90	69.29	26.21
Diamond, Gems & Jewellery	314	148	292.49	97.32	16.53	22.40	35.51
Electronics & Electronic Components	381	328	421.42	28.38	36.16	36.94	2.16
Spices and Concentrates	313	335	456.71	36.14	33.13	43.89	32.48
Processed Food & Beverages	442	351	443.98	26.36	27.56	38.78	40.71
Seafood	263	190	274.07	44.40	14.39	26.64	85.13
Ornamental Fish	16	13	20.97	60.94	0.96	2.07	115.63
Vegetables	32	26	27.44	6.60	1.81	2.37	30.94
Fruits	42	36	39.46	10.66	2.75	3.59	30.55
Other Export Crops	45	68	68.58	1.46	1.39	5.36	285.61
Flowers & Foliage	18	13	16.20	28.47	0.93	1.28	37.63
Boat Building	65	2	37.81	1482.01	0.23	0.18	-21.74
Petroleum Products	336	272	234.36	-13.77	0.54	21.21	3827.78
Others	1,246	1,137	1,472.80	29.53	130.25	116.52	-10.54
<b>Total Merchandize Exports</b>	<b>11,940</b>	<b>10,047</b>	<b>12,475.29</b>	<b>24.17</b>	<b>964.5</b>	<b>1,125.69</b>	<b>16.71</b>

Source: SL Customs

# Export destinations of Sri Lankan Tea

List of importing markets for a product exported by Sri Lanka in 2021

Product : 0902 Tea, whether or not flavoured

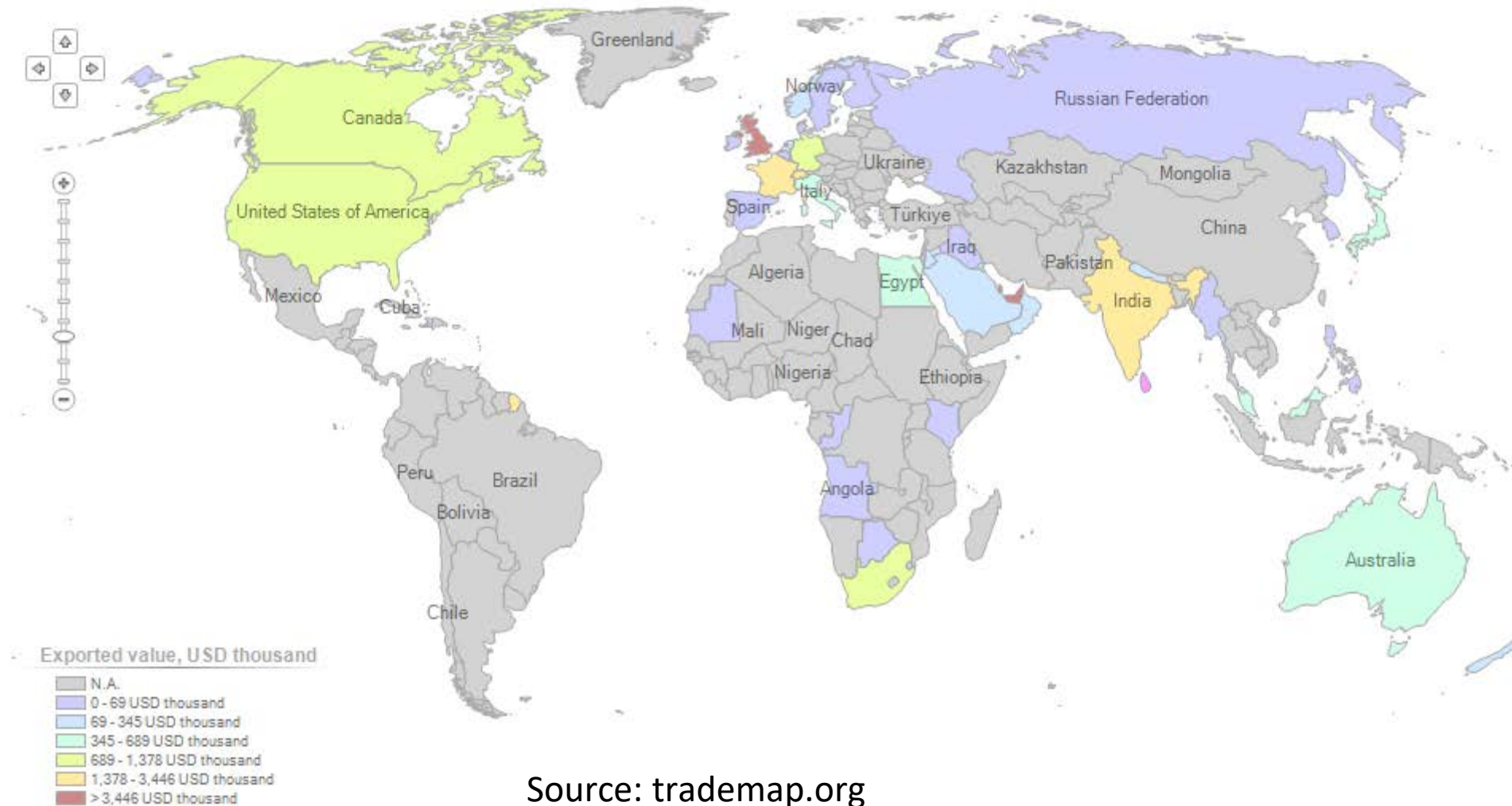


Source: trademap.org

# Major export destinations of Vegetables, roots and tubers

List of importing markets for a product exported by Sri Lanka in 2021

Product : 07 Edible vegetables and certain roots and tubers

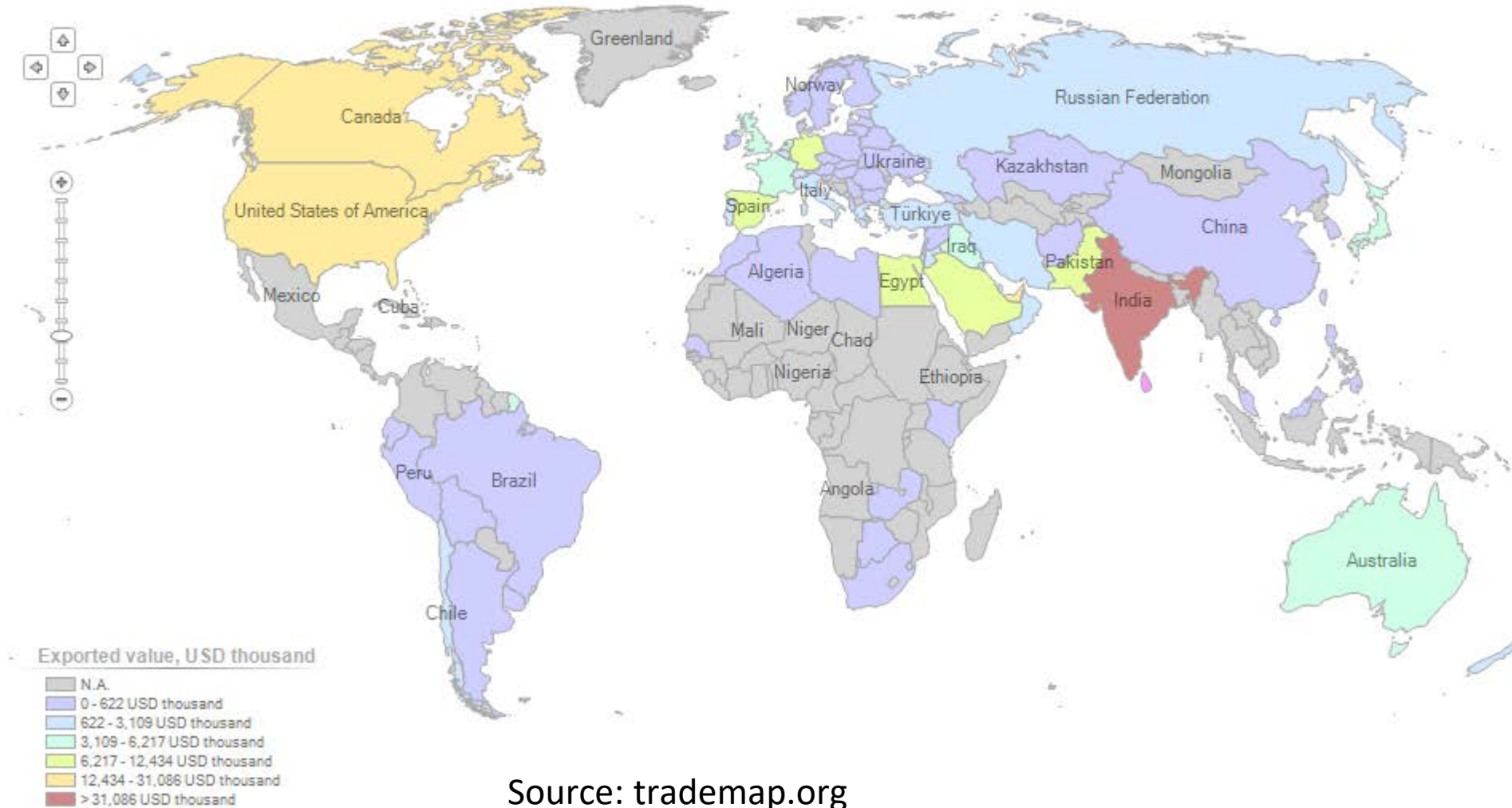




# Major export destinations of Fruits

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





# Food Crops Sector Performance

# Sri Lanka – Agriculture Sector

## Paddy

2.3 million farm families

Low land (paddy) - 31%

Upland

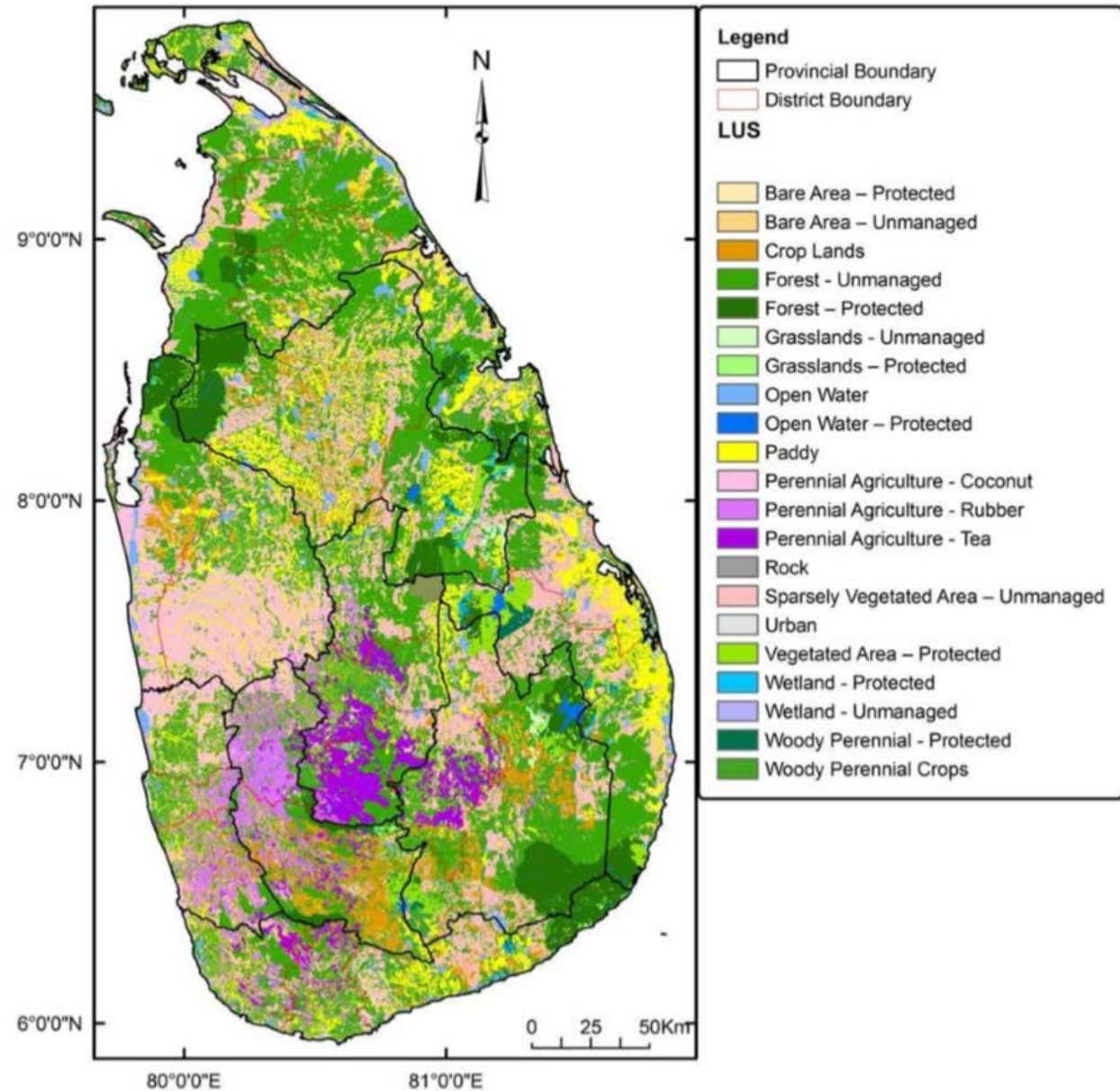
homestead - 38%

home garden – 31%

Paddy area - 890,000 ha

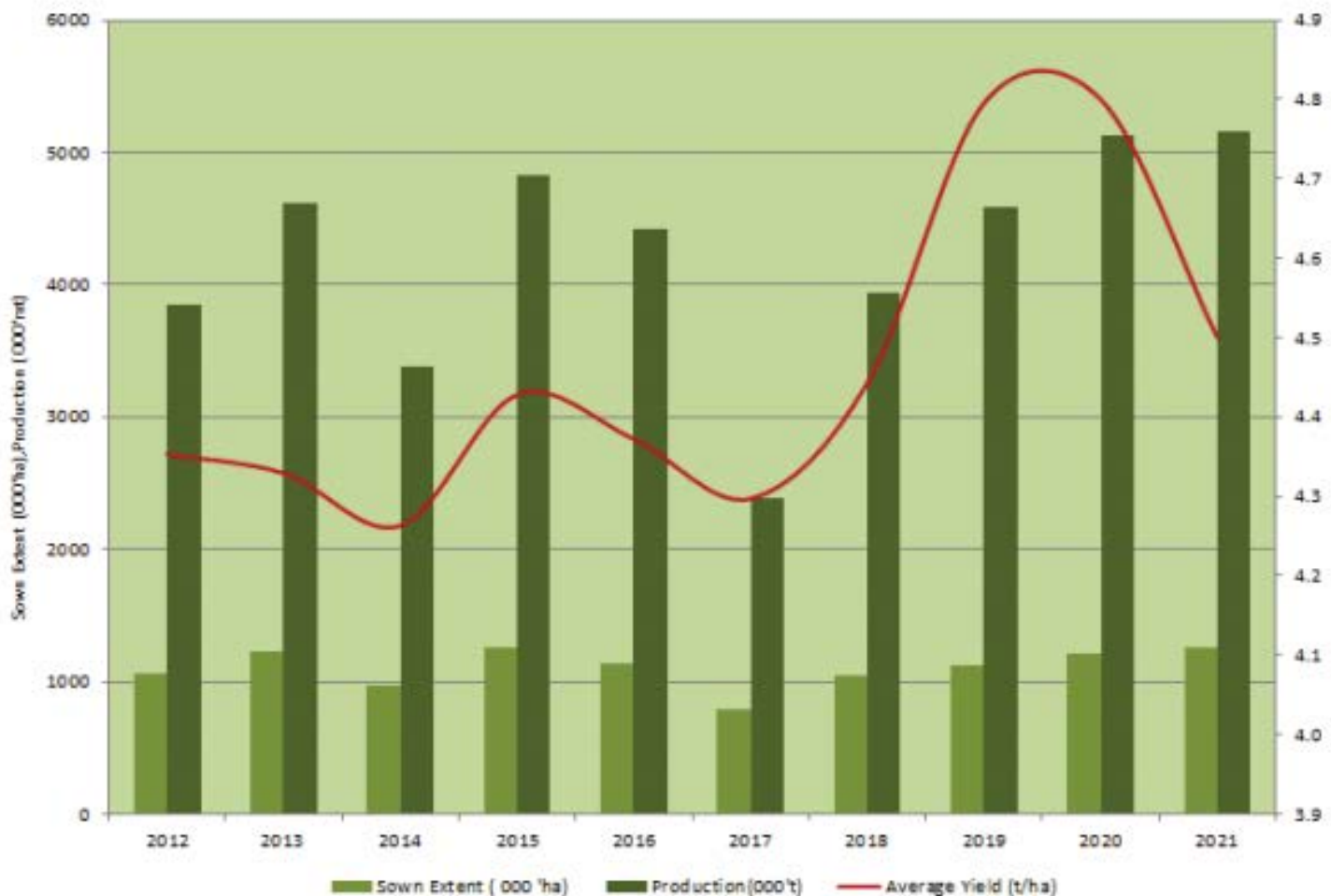
Maha (major season) – 730,000ha

Yala (minor season) – 400,000ha



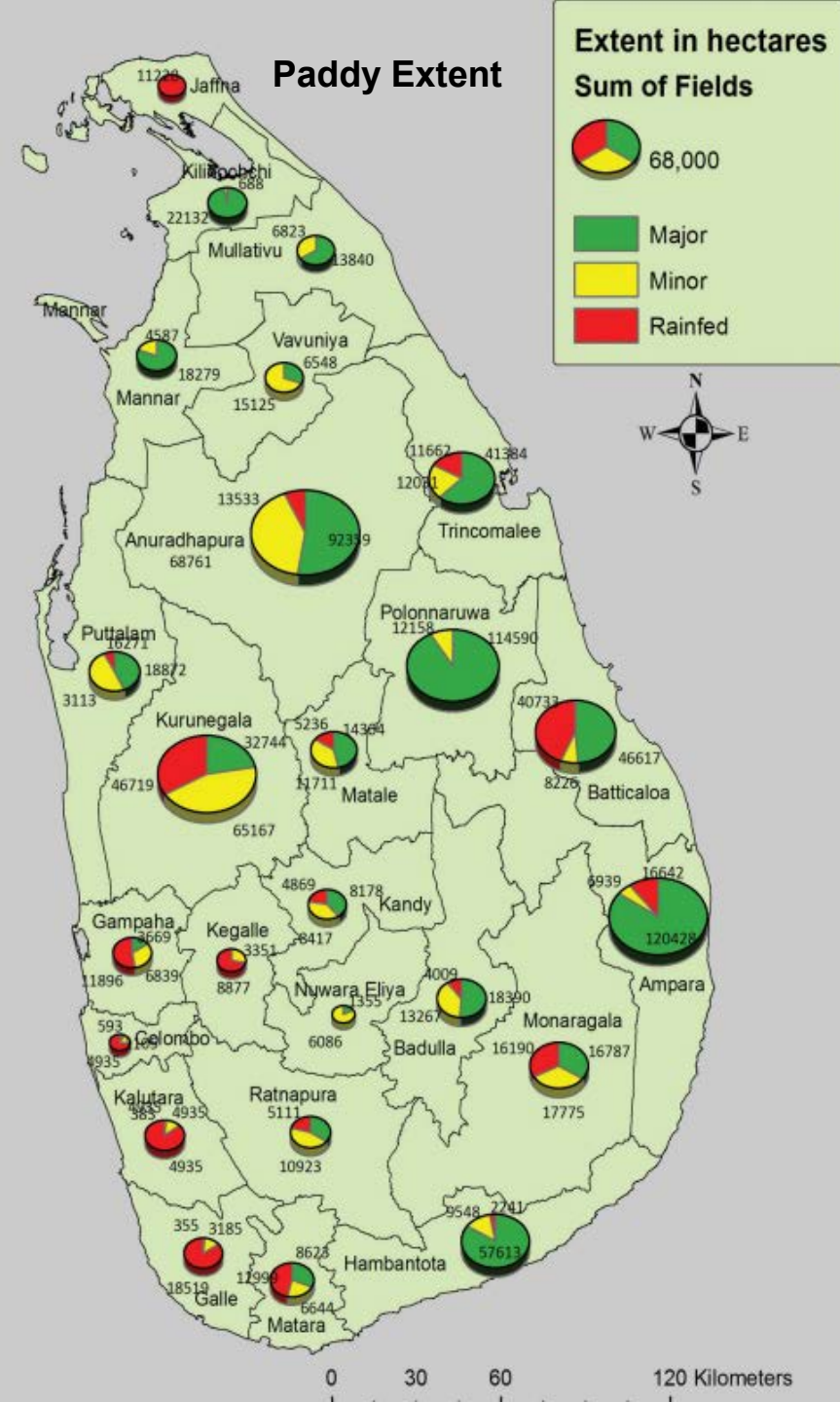
# Paddy Sector

Extent, Production, Average yield of Paddy



Source: AgStat, 2021

**Paddy productivity has improved from 3mt/ha to 4.5mt/ha for 1979 to 2020**

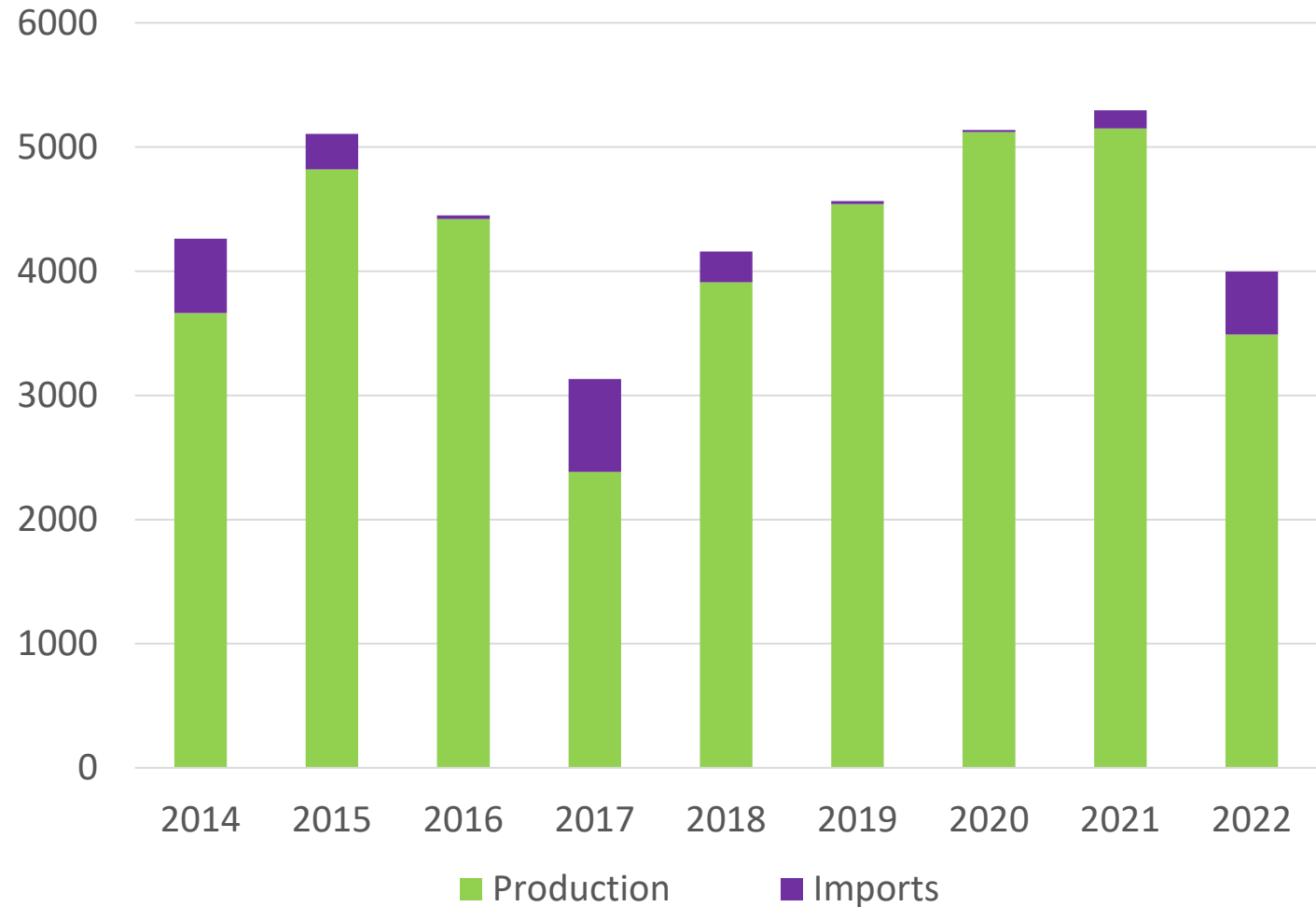


0 30 60 120 Kilometers

## 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

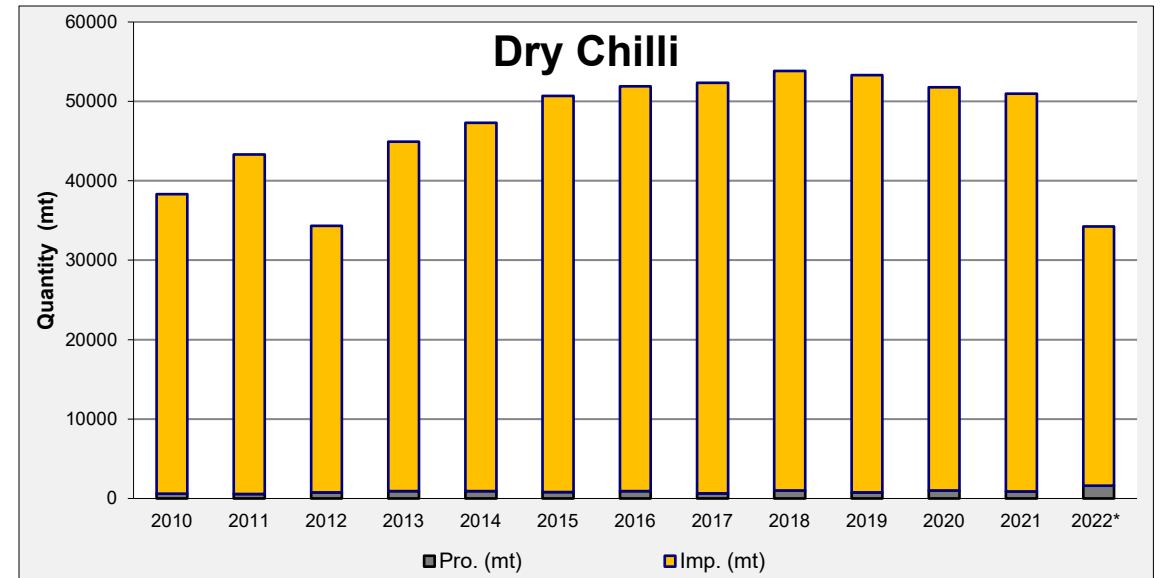
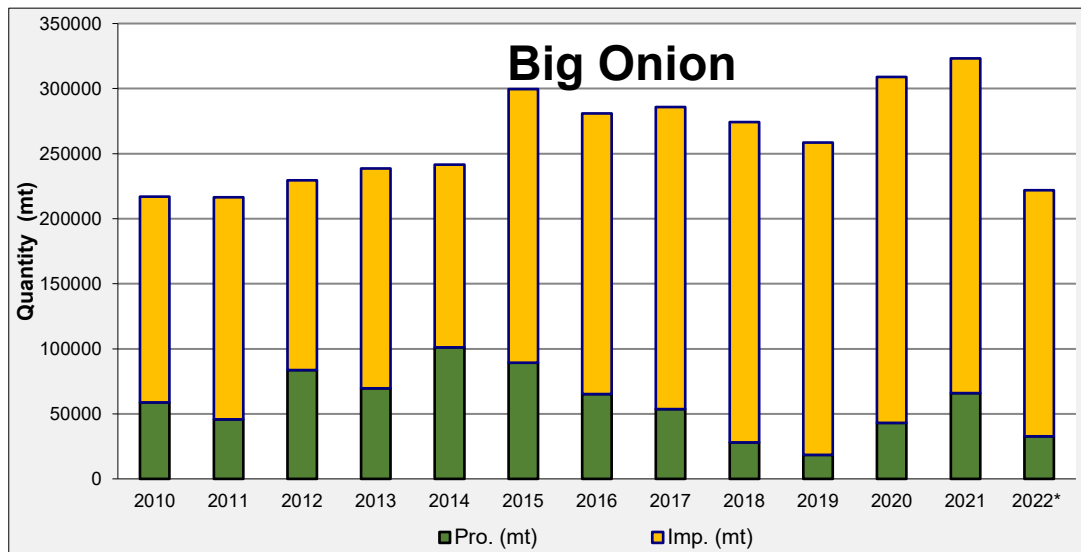
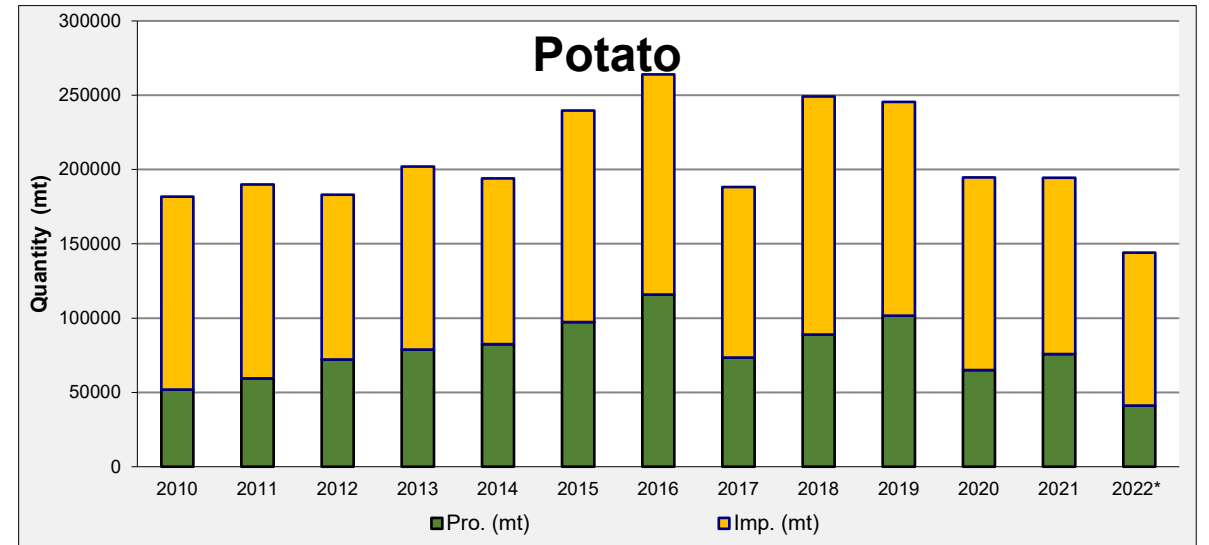
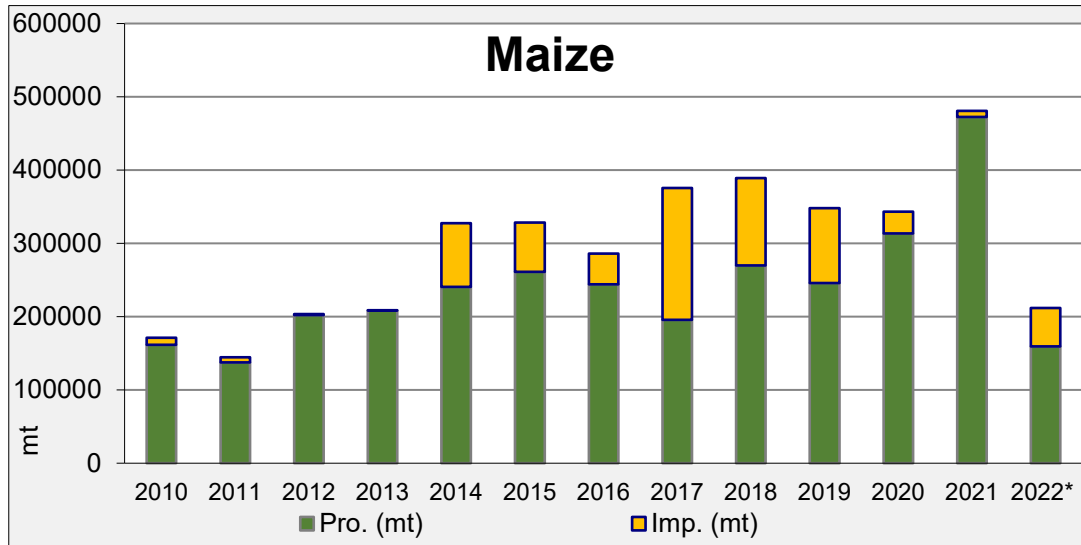
Rice Availability in Sri Lanka ('000 mt)



\* 2022 Production and imports up to end of August

# Availability of OFC \*\*

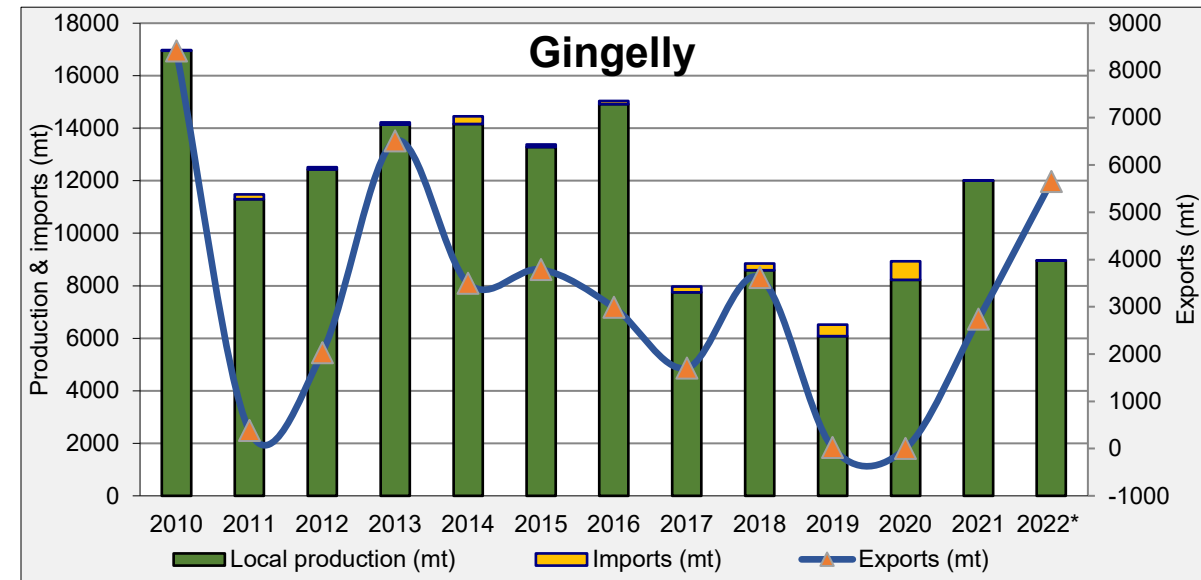
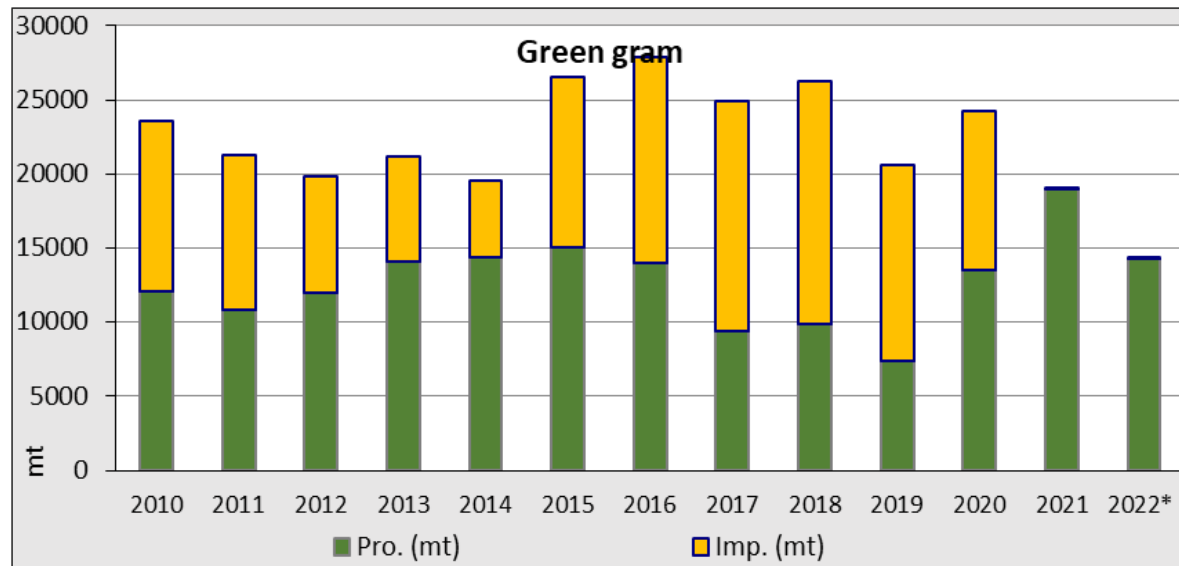
## Other field crops -Trend of Production and Imports





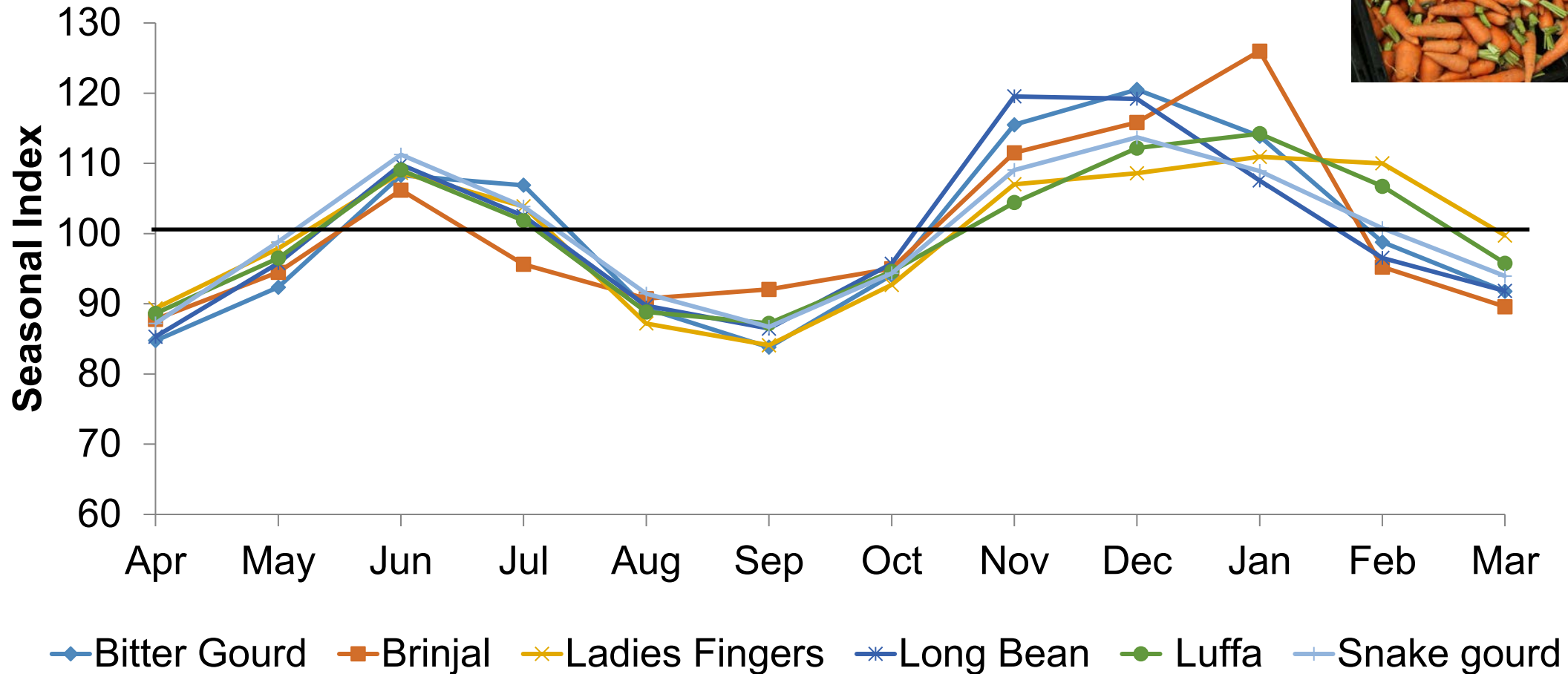
# OFC Sector.....

- We are almost self sufficient in green gram, gingelly, ground nut, cowpea
- Gingelly exports as value addition forms



# Vegetables

## Seasonal Price Index for Vegetables (2007-2021)



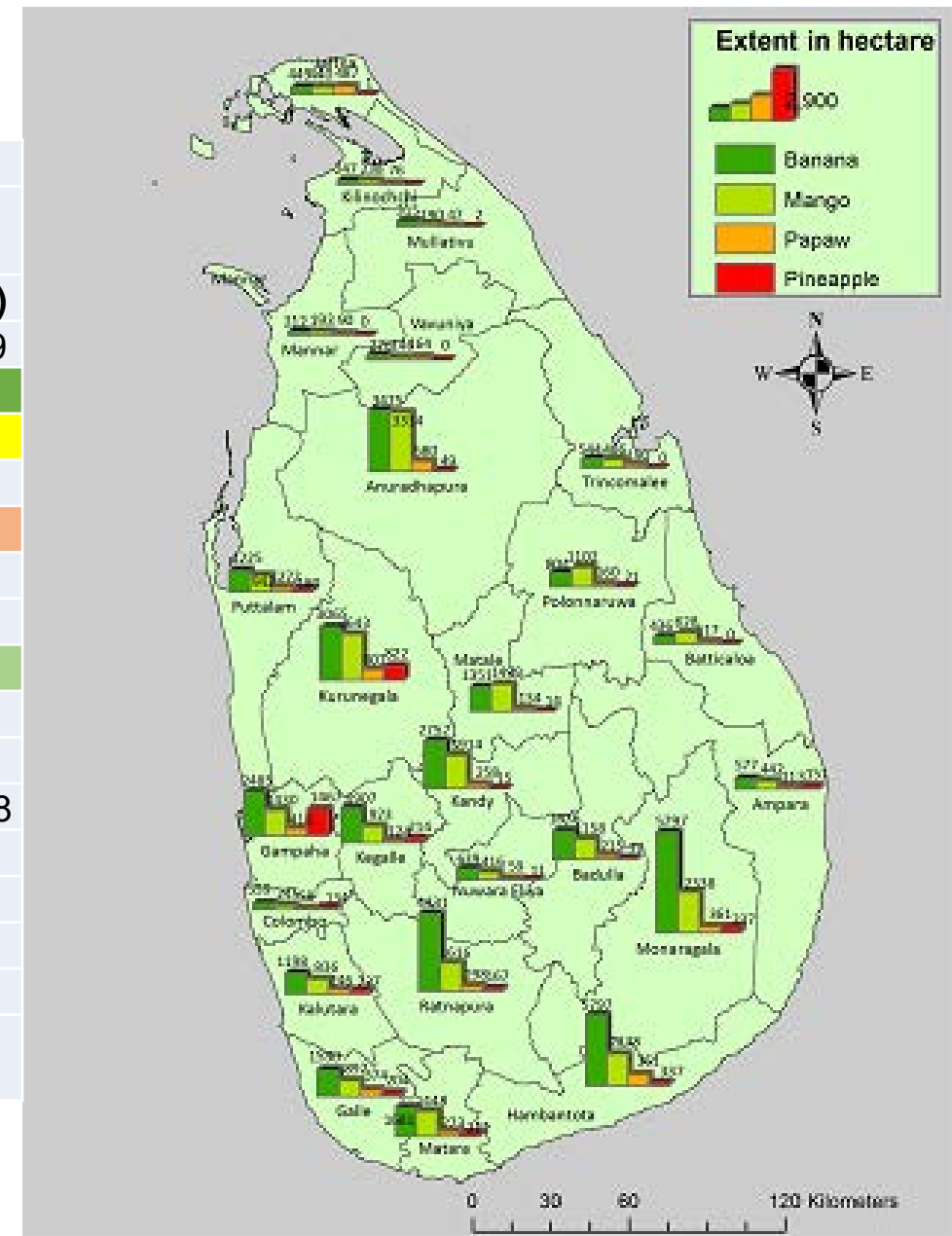
# Fruits Sector

Crop	2020			2021*		
	Quantity (t)	Value (Rs'000)	FOB Value (Rs/kg)	Quantity (t)	Value (Rs'000)	FOB Value (Rs/kg)
Cashew	40	99,707	2,511.45	31	110,450	3525.59
Banana (fresh)	17,847	2,427,224	136	18,991	2,536,473	133.56
Pineapple (fresh)	508	200,522	394.98	1,130	328,008	290.4
Pineapple (dried)	115	142,270	1,235.99	233	138,652	595.44
Papaw	12,470	1,008,204	80.85	16,075	1,288,749	80.17
Lemon (fresh)	87	9,563	110.54	73	8,669	118.37
Lemon (dried)	130	57,514	442.29	1	676	540.19
Mango (fresh)	312	198,085	634.18	372	199,497	536.66
Mango (dried)	124	56,617	457.66	149	61,723	413.93
Avacado (fresh)	56	35,337	634.72	34	21,270	634.44
Strawberry	4	4,197	1,004.33	35	54,421	1,574.18
Mangosteen (fresh)	6	616	110.75	17	6,523	389.82
Watermelon	82	8,400	103.04	54	6,274	115.51
Guava (fresh)	74	44,418	602.96	84	45,530	540.45
Guava (dried)	90	24,638	273.7	44	23,967	550.01

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

# 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**