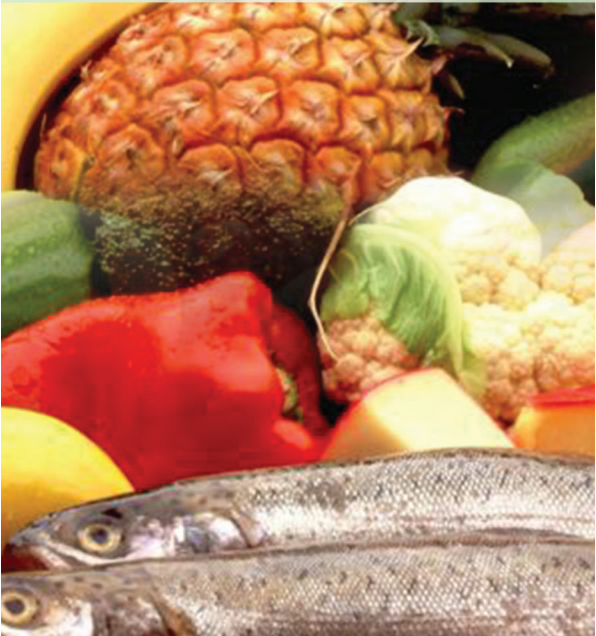


FOOD
&
BEVERAGES
from
SRI LANKA



Processed Food and Beverages – a good alternative to the fresh option, provide a great way to add the required amounts of nutrition to one's daily intake of food. According to the British Heart Foundation a well-balanced diet should include at least 5 portions of fruit and vegetables a day of varying types. They can be fresh, frozen, dried or tinned including fruit juice, pulses and beans. Since the entire range fresh fruit and vegetables are not accessible across the globe, processed products provide an option to consume varieties other than the indigenous types available in one's own country.

Sri Lanka is abound with arable lands of many climatic variations from temperate, to tropical to sub tropical, with naturally occurring resources for a lucrative agro industrial economy. It also boasts of an age old traditional agricultural base. A wide and varied range of fruits and vegetables flourish on its lands. With a geographic distribution of highlands and low lands, the spread of varieties differ to what is commonly known as up country and low country types. The large range of fruit and vegetables of high quality, taste and flavour which are unique to Sri Lanka, form the base raw material for the processed food and beverage industry of Sri Lanka.



PRODUCT CATEGORIES

The global food and beverage (F&B) sector, which comprises of farming, food production, distribution, retail and catering, was valued at US\$ 5.7 trillion in 2008. The industry is expected to increase at an average growth rate of 3.5 percent to US\$ 7 trillion by 2014.

The food and beverage industry has been relatively less affected by the economic slowdown faced by other industry sectors due to the fact that food products continue to be essential to consumers. Currently about 58% of global food production is consumed by developing countries. This is expected to increase further to 72% by 2050, supported by the fact that 37% of the world's population currently live in China and India. The growing population, favourable demographics and rising income levels are key drivers in developing countries where as rising health consciousness and increasing demand for convenience foods are expected to drive the growth in developed countries.

Meeting Global Trends

In developed countries, consumer preferences are expected to shift toward high quality, nutritional products, in pre-packed form or as home-cooked food, with more people opting for low cost dining options.

With the demand for formal types of food and beverages shifting towards high nutritive, health and diet foods Sri Lankan processed food and beverage players are moving towards producing Health foods, Diet Foods, Food with Natural Ingredients, Frozen Foods using technology and innovation based processes. This demand is prompted by



the increasing occurrence of non communicable diseases all over the globe and the awareness that these could be contained by a well balanced diet. With changes in lifestyles the need for pre-packed and home-cooked type food is also increasing. Sri Lankan producers and exporters are working continuously towards manufacturing “Low sugar”, “low fat”, “high fiber”, “anti-oxidant rich”, “organic”, “Gluten-free”, “allergy-conscious” foods and beverages which are in demand the world over. They are also gaining the confidence of importers through international certifications, adapting food safety practices and meeting other regulatory requirements of buyer markets to gain consumer acceptance.

The Sri Lankan Industry

The Sri Lankan industry counts more than 110 food and beverage manufacturing and marketing companies. The large manufacturing companies cater to the export markets while also linking up with a strong supply base through small and medium scale farmers/companies. Private labels are increasing with ensured quality assurance by the parent company.

Even though unpredictable climatic changes sometimes affect the raw material supply, the industry maintains a steady output in production making full use of the different types of the produce available in the various parts of the country. Pineapples, mangoes, banana etc. are available year round from various climatic regions of Sri Lanka.

Considering the demand for food and beverage products, the government has recognised it as a “Thrust area” under its development strategies and offers many incentives for growers and producers of fruits and vegetables and also manufacturing companies such as subsidies for agro produce, duty free imports of machinery, etc. In 2012 its performance is ranked at No. 5 among the export product sectors from Sri Lanka.



The Product Range

The range of items produced under the food and beverage industry are varied with products such as Tea, Coconut, (as traditional products) Processed vegetables, Fruits and juices, Processed food, Spice based products, Rice and cereals, Confectionary and bakery products, Pre cooked/ frozen food, Alcoholic and non-alcoholic beverages, Natural sweeteners (Kitul / coconut / Palmyrah), Bee honey, Dairy products, Fish/meat based products, Animal feed etc., intended for the local and export markets.



Processed Fruits, Vegetables and Juices

Available as pieces, pulp, juice, preserves, dehydrated form, these products still have the flavours and textures unique to no other. Packaged attractively in cans, bottles, pouches and cartons for the retail market, they are also offered in bulk form for the food connoisseurs, hoteliers and others in the food trade. Frozen/chilled forms are also marketed for the markets in nearby regions. The most popular varieties of fruits that are processed are pineapple, mango, papaya, melons, guavas are within the top ten processed forms with other seasonal fruits such as rambuttan, mangosteen etc. showing an increasing trend.

Processed coconut, as milk, cream and powder and desiccated forms are also available for the food industry adding value to the traditional export commodity of fresh coconut.



Processed vegetables are offered in chilled or frozen forms and are destined to the ethnic communities in Europe, Middle East, Australia, New Zealand and others. Brined and dehydrated forms are also exported.

Sri Lankan gherkins-in-brine are used in a popular multinational food chain for their fast food preparations. Tomato Paste and purees is another popular export item used by the food industry.



Rice and Cereal Based Products

Rice and cereals are a preferred option to wheat based products as they offer higher nutritional value for those consumers preferring high fibre foods.

From centuries, Sri Lanka's staple food has been rice, most consuming it three times a day. As a result it is said that ancient Sri Lankan kings had giants who "moved mountains" in their clans. In recent times with developments in agro technology, new varieties of high yielding and hence cheaper varieties of rice were developed but these are low in terms of nutritional quality and taste. Hence, health conscious consumers are going back to the traditional varieties increasing the demand for these varieties. Kalu Heenati, Suwadel, Rathudel, Madathawalu, Hetadha Wee, Pachchaperumal, Ma-Wee, Kuruluthuda are some



of the traditional varieties that are now being grown and exported in increasing volumes.

Flours from rice and other cereals such as maize are also manufactured and available for exports.

Confectionery and Bakery Products

Cocoa butter and powder, Sweet biscuits, Chocolates, Sugar confectionery, Jaggery and Kitul treacle are products exported under this category. Sri Lankan biscuits exporters have made a name among those who have a taste for savoury crackers, and also for fruit flavoured cream layered biscuits. Our cocoa is among

the best in the world and cocoa butter is exported for its high quality as a main ingredient for the chocolate industry. It is used by many a chocolatier in France and other European countries.

Jaggery and treacle – Caramelized coconut/kitul products in solid and syrup form are also a popular sweetener for desserts and a healthy option to sugar.



Processed Food

Prepared and preserved meat, and fish products are also offered as pre cooked and instant meals. Sausages, sardines, mackerel, salmon and tuna are among the products exported in canned forms mainly for the tourist trade in nearby countries and for the ethnic communities overseas.



Beverages

Bottled Mineral water from Sri Lanka caters to the hospitality industry locally and to tourist destinations in the Asian region. Cool crystal spring waters originating from the central hills which are said to be full of natural minerals is purified and packed according to international standards, to offer a refreshing and clean product to the consumer.



Alcoholic beverages such as arrack, a smooth and popular drink and beer are also offered from distilleries and breweries manufacturing from centuries ago now adding modern equipment and processes to improve quality and volumes.

Coconut water is a refreshing drink that has an increasing demand due to it's health benefits as an energy provider. An all-natural hydrating drink, full of nutrients, potassium and other electrolytes it is an ideal sports drink. Sri Lanka is



now producing this drink in bottled and boxed form , as a ready to drink beverage.

Vinegar used worldwide in food preparations and as a food preservative, is traditionally made from Coconut water found in abundance in Sri Lanka. Several types are known - traditional vinegar, coconut vinegar and Distilled white vinegar. The latter is made from sugar cane syrup and Sri Lanka is second in South East Asia using this technology in the manufacture of the distilled product. It is also used as mild disinfectant and in herbal preparations to soothe sunburn and insect bites and as a cleaning and deoderising agent.



Animal feed

Residues and waste from agro industry such as brans, sharps from rice, maize and other leguminous crops are processed to make up animal feed for exports and for the local market. Poultry feed is also offered processed under standard conditions. Exports of this product are mainly to the South East Asian countries.

Current Markets

A range of food and beverage products are channeled to diverse markets in the world, especially the EU, USA, Australia and Middle East where quantities are increasing annually.

According to recorded statistics Preserved gherkins, Herbal powder, Herbal tea, Sausages, Sauces, Milk and cream, Soya based products mainly exported to the United Arab Emirates, Ireland, the Maldives, Japan, Australia etc.

Coconut milk, cream and powder, various types of fruit juices (eg. Pineapple, passion fruit, mixed fruit etc.), jams, jellies, cordials, frozen and canned vegetables are mainly exported to the United States as the most significant market, followed by Germany, Netherlands, France, Maldives, Australia, India.



Quality Assurance

Sri Lankan food producers are constantly working towards “Food for Health” concept and they ensure consumer health by supplying quality products. Using state-of-the-art technology to maintain the unique quality, taste and flavour of the Sri Lankan product while improving production capability, manufacturers maintain the highest hygienic and quality standards throughout the production process.

Companies engaged in the processed food industry comply with international standards such as ISO 9000, ISO 22000, HACCP, Halal, Kosher, Organic etc. to maintain food safety for consumers and also to meet individual requirements of global buyers. Most of the large scale food exporting companies have their own farms and farmer clusters with GAP, Organic farming etc. to ensure quality of raw materials at producer level. Sri Lankan companies are constantly striving to create a greener fresh produce export image while continuing to improve crop quality, phytosanitary and organic standards, post-harvest handling procedures, and importer/marketer trade relations.



To the food and beverage importer the world over Sri Lanka has a unique offering of a wide range of processed foods, made according international standards and food safety practices. An intelligent workforce is the backbone of this industry which is further strengthened by nature’s endowments and a conducive investment environment set up by the state.

Enjoy the fruits of nature to the fullest by engaging with the Sri Lanka Food and beverage industry.

SRI LANKA EXPORT DEVELOPMENT BOARD

The Sri Lanka Export Development Board is Sri Lanka's apex organisation for the promotion and development of exports. It was established in 1979 under the Sri Lanka Export Development Act No. 40. EDB is the executive arm of the Export Development Council of Ministers, headed by H.E. the President of Sri Lanka, which is the policy-making body of the EDB.

What We Do

We assist in negotiating business with Sri Lanka, either as an importer or an investor in export production.

Functions of the EDB encompass a range of activities such as promoting exports, organising buyer-seller meets, and exhibitions, providing essential information to both local and foreign entrepreneurs and assisting in the formulation and maintenance of quality standards wherever applicable.

The EDB is manned by a team of professionals, knowledgeable in their own specialized areas, who maintain close personal links with the respective sectors and hence highly competent in providing you helpful advice.

The EDB has on its Board of Management, representatives of both state and private sector organisations involved in export activities. Dedicated to the task of promoting more exports and better exports for the benefit of exporters and importers alike, the full range of its services are provided free of charge.

SRI LANKA EXPORT DEVELOPMENT BOARD



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