# INDUSTRY CAPABILITY REPORT

# SRI LANKAN FLORICULTURE SECTOR

Prepared by:
Export Development Board (EDB), Sri Lanka
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## 1. TYPES OF PLAYERS

Majority of floriculture exporters are producer exporters operating commercial farms. Apart from the Sri Lankan companies there are foreign direct investors and joint collaborations producing floriculture products for export. According to industry classifications in Sri Lanka, floriculture industry falls under the Small & Medium category.

- There are farmer cluster organizations and out grower systems producing decorative foliage for exports under varied climatic conditions in the semi Urban and rural areas in the country.

## 2. KEY PRODUCTS AND VARIETIES

| | **Key Products** | **Varieties** |
|---|---|---|
| 01 | Decorative Foliage | *Draceana sanderiana,Draceana maasageana, Cordyline, Agalonema, Adiantum, Calathea, Maranta, Codiaeum, Monstera, Pothos, Pandanus, Thaloide, , Philodendron, Miscanthus, Anthuriums, Diffenbachia, Scindapsus, Caryota urens, Chrysalidocarpus, Differnbachia, ,Aspidistra* |
| 02 | Rooted/ Un rooted young Plants & indoor pot plants | *Draceana sanderina, Draceana maasageana, Codiaeum ,Agloanema,Scindapsus ,Draceana marginata , Cordyline, Pleomele reflexa, Polyscias, Livistonia* |
| 03 | Cut Flowers | *Roses , Carnations , Gerbera, Chrysanthemum,Lilies, Gypsophila, Limonium, Anthurium,* |
| 04 | Landscaping plants | *Plumeria, Gardenia, Codiaeum, Ixora, Hibiscus, Cassia, Bouhinia, Bougainvella, Allamanda, Jasmine,Acalypha, Neem,* |
| 05 | Tissue cultured plants | *Ananas, Musa sp, Cordyline, Dracaena, Syngonium Philodendron, Ficus* |

## 3. SEASONAL VARIATION IF ANY

Sri Lanka's climate is predominantly tropical and endowed with different climatic conditions caused by terrain enabling her to develop floriculture products ranging from tropical to temperature through out the year. Therefore the supply could be assured throughout the year.

## 4. SPECIALITIES AVAILABLE WITH PRODUCTS

- Sri Lanka has maintained her reputation as a quality supplier of floriculture products to the world market over the past 30 years.

- The floriculture industry applies advanced cultivation technology. The products are grown providing optimum micro climatic conditions under poly or shade houses. The whole supply chain is operated by experienced nurserymen to guarantee quality products for export.

- In order to facilitate safe movement of plants and plant products a well equipped plant quarantine facility is available and quarantine officials make regular visits to the floriculture nurseries and closely supervise and advise on integrated pest management and disease control.

- Export companies have obtained environmental and quality certifications such as GLOBALGAP, MPS and FAIR TRADE label to comply with requirements in the international market.

- The consistency of the product delivery is guaranteed.

## 5. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY

### a. Major Production Regions

Western province-Gampaha, Kaluthara and Colombo Districts North Western Province- Kurunegala, Puttalam Districts
Central Province – Kandy, Kegalle, Matale, N' Eliya, Bandarawela

### b. Possible Areas for Expansion

Southern Province
Sabaragamuwa Province

### c. Producer Clusters

- **Floriculture Produce Exporters Association**
  A registered association consists of around 20 major floriculture produce exporters in Sri Lanka.

- **"Bingiriya Agri Export Zone"**

  A regional project where around 200 growers in the North Western province producing Decorative Foliage and Anthurium flowers for the export market. A central facility is established to provide training for the growers, collect and process flowers and foliage for exports.

  Other producer clusters are located in the Western, Southern & Central Provinces where export companies are directly linked with them for marketing.

## 6. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)

Due to the highly scattered nature in this sector it is hard to find the size of production.

## 7. KEY PLAYERS IN THE SECTOR IN YEAR 2011

- Spado International (Pvt) Ltd
- Omega Green (Pvt) Ltd
- Mike Flora (Pvt) Ltd
- Mike Flora International (Pvt) Ltd
- Asian Cuttings Lanka (Pvt) Ltd
- Ceylon Foliage (Pvt) Ltd
- Ratnasiri Fernando & Co. (Pvt) Ltd
- Tropiflora Ltd
- McCallum Nurseries Global (Pvt) Ltd
- Ramya Horticulture (Pvt) Ltd
- Star Flora (Pvt) Ltd
- Décor Foliage
- Green Goddes (Pvt) Ltd
- Green Farms (Pvt) Ltd
- River View Flora
- Lanka Flora (Pvt) Ltd

## 8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

The sector is capable of providing employment through out the year at a rate of 5-7 workers per acre. There are around 5000 direct employment and over 15,000 indirect employments have been created as out growers supplying to the export companies.

## 9. GOVERNMENT POLICY AND SUPPORT AVAILABLE

- The floriculture sector has been identified by the government as a priority sector for development and promotion for exports.
- A ''Floriculture Policy'' document is being prepared to focus the key resources in the country for the development of the sector.
- Training for growers is provided by the Department of National Botanic Gardens
- The National Plant Quarantine service under the Department of Agriculture provides the extension services for pest & disease control.
- Various Tax concessions provided by the government for the Agriculture Sector in year 2011 budget are applicable for the floriculture sector as well.
- The government encourages Foreign Direct Investments (FDI)in Floriculture Sector .
- The Export Development Board provides the market intelligence and assistance for export marketing.

### a. Legislations

Floriculture production & exports are regulated by the following Acts and legislations.

- Forest Ordinance
- Wild Life Protection Act
- Convention for International Trade of Endangered Spices (CITES)
- Pesticides Control Act
- Regulations under the Pesticides Control Act
- Enactment of 'New Plant Variety Protection Act
- Seed Act
- Regulations under the Seed Act
- Plant Protection Act
- Regulations under the Plant Protection Act

## 10. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

- Government encourages R&D work done by the private sector and has offered various tax concessions for R&D in year 2011 budget.
- A National Committee for Floriculture Research & developments consisted of public & private industry stakeholders has been established to streamline the resources and set up research priorities for the industry.
- An Annual workshop is organized by the Council for Agriculture Research Policy (CARP) providing an opportunity to present important floriculture research done by the scientists attached to universities and research institutions to the industry stakeholders.

## 11. INFRASTRUCTURE/LOGISTICS REQUIRED/AVAILABLE FOR THE SECTOR

### a. Available

- International Airport
- Availability of Coco peat as a growing media

### b. Required

- Cultivable Land to expand cultivation.
- Easy road access to the Airport.
- Electricity at industry rates.
- Cold storage facilities at the Airport.
- Direct flights to major floriculture market, the Netherlands
- Competitive Air Freight rates

## 12. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

Technology on production is mainly available with the private sector. The exporters are allowed to access state of art technology from overseas (if required) to improve production, packaging, storage and transportation.

Availability of a skilled workforce is a key strength of the industry.

Floriculture is included in the curriculum of Universities to produce efficient and knowledgeable man power for the industry.

## 13. TOTAL EXPORTS OF FLORICULTURE SECTOR

| Product & HS No. | Value of Exports (US$ Mn) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | Average Growth 2005-2011 |
| **Live Plants HS 0602** | 4.1 | 5.0 | 4.9 | 6.8 | 5.9 | 6.3 | 6.9 | 7.9% |
| **Cut Flowers HS 0603** | 1.3 | 0.7 | 0.8 | 0.8 | 0.4 | 0.7 | 0.7 | -7.9% |
| **Fresh Decorative Leaves (HS 0604** | 4.6 | 5.6 | 6.3 | 6.6 | 5.1 | 6.5 | 7.2 | 5.1% |
| **TOTAL** | 10.0 | 11.3 | 12.0 | 14.0 | 11.4 | 13.5 | 14.8 | 5.33% |

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rce: Sri Lanka Customs Statistics

## 14. MAIN IMPORTING COUNTRIES

### a. Live Plants

| Description | 2010 Value(US$) | 2011 Value (US$) | % Avg. Growth |
|---|---|---|---|
| **Selected Products** | **6,286,068** | **6,907,507** | **9.43** |
| Netherlands | 2,717,540 | 3,129,279 | 14.11 |
| Japan | 1,049,306 | 1,553,447 | 39.23 |
| Germany | 711,086 | 702,884 | -1.16 |
| Denmark | 497,681 | 362,161 | -31.79 |
| Australia | 117,850 | 152,639 | 25.87 |
| United Kingdom | 110,079 | 142,583 | 25.87 |
| Maldives | 78,752 | 131,279 | 51.1 |
| France | 197,386 | 89,008 | -79.64 |
| Poland | 82,280 | 74,079 | -10.5 |
| Korea South (Korea, Republic of) | 65,943 | 72,867 | 9.98 |
| Qatar | 92,620 | 67,860 | -31.11 |
| Saudi Arabia | 40,419 | 62,058 | 42.88 |
| United States | 121,812 | 42,908 | -104.34 |
| Switzerland | 32,403 | 42,416 | 26.93 |
| Kuwait | 17,179 | 35,776 | 73.36 |
| United Arab Emirates | 72,843 | 31,614 | -83.47 |
| Thailand | 13,701 | 27,148 | 68.38 |

### b. Decorative Foliage

| Description | 2010 Value (US$) | 2011 Value (US$) | % Avg. Growth |
|---|---|---|---|
| **Selected Products** | **6,468,830** | **7,163,575** | **10.2** |
| Japan | 862,166 | 2,179,339 | 92.73 |
| Netherlands | 1,314,865 | 1,464,028 | 10.75 |
| United Kingdom | 1,066,652 | 847,981 | -22.94 |
| Saudi Arabia | 523,261 | 529,121 | 1.11 |
| United Arab Emirates | 424,982 | 390,993 | -8.34 |
| Qatar | 557,315 | 304,582 | -60.42 |
| Germany | 295,683 | 260,383 | -12.71 |
| Kuwait | 236,535 | 227,126 | -4.06 |
| Italy | 187,920 | 156,650 | -18.2 |
| France | 195,169 | 140,099 | -33.15 |
| Switzerland | 64,198 | 82,081 | 24.57 |
| Australia | 92,206 | 69,798 | -27.84 |
| Poland | 213,373 | 68,898 | -113.04 |

### c. Cut Flowers

| Description | 2010 Value | 2011 Value | % Avg. Growth |
|---|---|---|---|
| **Selected Products** | **737,105** | **688,499** | **-6.82** |
| Japan | 266,670 | 287,667 | 7.58 |
| Netherlands | 130,276 | 124,212 | -4.77 |
| United Arab Emirates | 78,103 | 76,989 | -1.44 |
| Qatar | 23,049 | 37,003 | 47.34 |
| Turkey | 12,653 | 32,980 | 95.8 |
| Saudi Arabia | 5,833 | 21,239 | 129.23 |
| United States | 91,818 | 18,260 | -161.51 |
| Maldives | 14,521 | 17,467 | 18.47 |
| United Kingdom | 29,101 | 16,521 | -56.61 |
| Ecuador | 3,582 | 9,755 | 100.19 |
| Switzerland | 17,866 | 9,727 | -60.8 |
| Argentina | 5,185 | 8,252 | 46.46 |
| China | 3,852 | 6,436 | 51.34 |

## 15. POTENTIAL FOR EXPANSION IN THE SECTOR

Potential available to develop supplies of existing varieties in demand and expand the product assortment with the introduction of new varieties

## 16. STRENGTHS AND WEAKNESSES OF THE SECTOR

### a. Strengths

- Climatic variations and diverse topography which enables to cultivate a range of products from tropical to temperate.
- Geographical location of the country facilitates to supply products within 24 hrs to any destination in the world.
- Knowledge & technology to finish products according to international standards.
- Availability of skilled & trainable labour force.
- Availability of coco peat as a growing media.
- Reputation built up as a supplier of quality products.
- Institutional support.
- Application of Good Agricultural Practices to protect the environment, safeguard workers and sustainable use of natural resources.

### b. Weaknesses

- Limited product assortment
- Lack of R&D to develop new products.
- Relatively small production units.

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