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 massengeana, Cordyline, Aglaonema, 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 massengeana, 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 35 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 25 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 2014

Mike Flora International (Pvt) Ltd
Omega Green (Pvt) Ltd
Spado International (Pvt) Ltd
Star Flora (Pvt) Ltd
Tropiflora Ltd
Asian Cuttings Lanka (Pvt) Ltd
The Leaf Company Pvt Ltd
Green Goddes (Pvt) Ltd
Ratnasiri Fernando & Co. (Pvt) Ltd
Ceylon Foliage (Pvt) Ltd
Hayleys Agro Biotech Pvt Ltd
Green Farms (Pvt) Ltd
AMP Ceylon Pvt Ltd
United Flora Pvt Ltd
Décor Foliage
CIC Agri Business Pvt Ltd
Ramya Horticulture (Pvt) Ltd
Serendib Horticulture Technologies Pvt Ltd

8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

The sector is capable of providing employment throughout 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.

Floriculture has been included to the Mega Zones of Agriculture to be developed by the Government

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.

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 2014 budget.
- EDB by its Action Plan 2016-2020 is financially assisting the growers/ exporters to introduce new/innovative products to the international market.
- National Botanical Gardens is engaged in developing new floriculture varieties and EDB is assisting the grower/exporters to commercialize these products aiming the international market.
- 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 Symposium 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
Highways for easy transportation
Availability of Coco peat as a growing media
Electricity at Industrial Tariff category

b. Required

Cultivable Land to expand cultivation.
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 assisted by the EDB to access state of art technology from overseas (if required) to improve production, quality, packaging, storage and transportation. (Foreign experts to Sri Lanka / Floriculture growers/exporters overseas to Technology Exposure Prorammes)

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)							
	2008	2009	2010	2011	2012	2013	2014	Average Growth 2008-2014
Live Plants HS 0602	6.80	5.89	6.29	6.91	5.05	6.29	6.25	-1.22
Cut Flowers HS 0603	0.82	0.44	0.74	0.69	0.3	0.2	0.22	-22.9
Fresh Decorati Leaves HS 0604	6.57	5.12	6.47	7.16	5.05	7.67	8.39	4.62
TOTAL	14.18	11.45	13.49	14.76	10.41	14.17	14.86	1.09

Source: Sri Lanka Customs Statistics

14. MAIN IMPORTING COUNTRIES

a. Live Plants

Country	2013	2014	Average Growth
	Value (US$)	Value (US$)	
Netherlands	2,819,806	2,532,313	-10.20
Japan	1,041,127	1,263,419	21.35
Germany	932,011	705,858	-24.27
Australia	145,177	300,025	106.66
Denmark	134,770	181,160	34.42
United States	158,208	149,846	-5.29
Maldives	263,910	148,395	-43.77
Korea South	91,189	117,214	28.54
United Arab Emirates	101,683	117,122	15.18
Saudi Arabia	70,287	98,411	40.01
South Africa	6,495	95,740	1374.06
Sweden	73,387	84,669	15.37
United Kingdom	91,183	81,310	-10.83
Ireland	15,185	78,373	416.12
Poland	90,308	77,337	-14.36

b. Decorative Foliage

Country	2013	2014	Average Growth
	Value US$	Value US$	
Netherlands	1,691,087.77	1,645,427.42	-2.70
Japan	1,534,125.64	1,539,025.98	0.31
United Kingdom	969,285.59	1,467,179.90	51.36
Saudi Arabia	989,066.67	1,200,419.18	21.36
United Arab Emirates	666,038.94	725,341.32	8.90
Qatar	462,047.31	475,410.16	2.90
Kuwait	321,574.41	421,183.67	30.97
Germany	131,170.63	238,676.77	81.95
France	148,924.29	98,195.35	-34.06
Italy	111,500.88	86,359.08	-22.54
Bahrain	85,790.15	74,291.82	-13.40
Switzerland	32,431.26	56,084.15	72.93
Turkey	30,674.75	52,346.39	70.64
Jordan	87,288.90	48,686.99	-44.22
Korea South	23,219.85	39,812.51	71.45
Brazil	35,972.40	38,838.33	7.96
Australia	31,667.47	38,151.91	20.47

c. Cut Flowers

Country	2013	2014	Average Growth
	Value US$	Value US$	
Netherlands	74,437.76	83,326.16	11.94
Saudi Arabia	46,312.95	31,814.06	-31.31
Qatar	41,332.35	24,358.42	-41.07
United Kingdom	18.53	23,449.74	126450.13
Japan	18,026.84	21,293.31	18.12
United Arab Emirates	15,994.48	20,867.68	30.47
Maldives	1,255.15	5,703.59	354.42
Bahrain	1,293.37	2,521.28	94.94
Belgium	1,507.68	2,359.81	56.52
Kuwait	10.88	501.97	4513.69
Lebanon	-	268.35	
Hong Kong	-	143.76	
Jordan	1,629.10	101.08	-93.80
Seychelles	57.82	79.79	38.00
Oman	56.25	79.27	40.92

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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