



INDUSTRY CAPABILITY REPORT



SRI LANKAN FRESH FRUIT & VEGETABLE SECTOR

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1. The Industry

Agriculture is the most common livelihood of Sri Lankans, and almost eighty (80) different varieties of fruits and vegetables are grown in Sri Lanka's in varied agro-climatic areas.

While identifying the opportunities in international and local market, the present development programs are targeted to establish small farm cluster companies merged with exporters or marketing enterprises to expand productivity, promote convenient products, increase sustainable farm income, etc.

2. Production

Sri Lanka produces around 710,000 metric tons of vegetables and around 540,000 metric tons of fruits annually. The majority of the population involved in agriculture is small producers or home garden growers whose individual extent of land does not exceed a hectare.

While identifying the opportunities in international and local market, the present development programmes are targeted to establish small farm cluster companies linked to exporters or marketing enterprises to expand productivity, promote convenient products, increase sustainable farm income, etc. Private sector involvement in commercial cultivation too has been encouraged in the country.

3. Key products and Varieties

Broadly, the climatically cool and salubrious condition in the hill country are ideal for temperate crops such as carrot, leeks, cabbage, Chinese cabbage, cauliflower, salad leaves, beet, bean, bell pepper, salad cucumber, tomatoes, cherry tomatoes, sukini, strawberries while the low country and dry wet areas are suitable for a variety of tropical fruits and vegetables ranging from green chili, red onion, pumpkin, bitter gourd, melon, sweet and sour banana types, cavendish banana, queen pineapple, papaya, mango, lemon and gherkins etc.

Certain indigenous yams such as innala (*Lecranthus*) and kiri ala (*Xanthasoma sagittifolium*), underwater stems of kohila (*Lasia spinosa*) and nelum ala (*Nymphaea lotus*) and fruits and pods of perennial crops such as bread fruit, young jak fruit and drumsticks (*murunga*) are foreign exchange earners for the country.

4. Supply Chain

- Small Farms and home gardens
- Cluster organizations / Commercial farms
- Agro zone project and Integrated agriculture projects
- Village / Central collecting centres
- Provincial wholesale markets / Economic centre

5. Specialties associated with products

There are superior flavors compared to certain products exported from the region. Secondly the vicinity of Sri Lanka is untouched by the chemicals, Fertilizers and pesticides. There are couples of belts where the produced natural vegetation is organic in nature by default.

It is the same with Sri Lankan pineapple, mangosteen, ripe jak fruit, avocado, rambutan, star fruit and anoda (sour sop) which has a special flavor it, Tropical produce of Sri Lanka origin such as pineapple, rambutan, mangosteen, passion fruits etc. are very popular among the nations in the world due to their unique characteristics such as flavor, aroma and colour.

6. Quality Standards

Sri Lanka is adjusting well to the stringent ISO 22000 series and to the health & safety regulations stipulated by the European Community. Farmers are constantly educated to practice Good Agricultural Practices (GAP) at the nurseries and some farms are certified under the GLOBAL GAP certification. The Processing/ Manufacturing facilities owned by the export companies comply with local standards (SLSI) and also with International Quality Standards such as ISO, HACCP, and EU Standards. Traceability throughout the supply chain is monitored in order to guarantee a safe product to the consumers.

7. Technology

Improved technologies on crop cultivation especially cultivation under poly tunnels, application of drip irrigation systems, optimum input applications, pest and disease control, postharvest management, quality packaging and improved transportation methods are practiced specially for export marketing.

8. Extent and Production of Major Field Crops in 2009

Item	Extent (ha)	Production (Mt)
Chilli	21,751	60,031
Big-onion	4,597	62,729
Red-onion	6,151	42,648
Potato	2,171	27,175
Maize	28,904	31,471
Finger millet	6,797	5,137
Sesame	8,654	4,775
Green gram	15,362	13,805
Black gram	8,658	6,730
Groundnut	10,276	6,540
Soybean	822	797

Sweet potato 8,383 51,582

Source: Department of Census and Statistics.

9. Extent and Production of Major Fruit Crops in 2009

Crop	Area (ha)	Production (1,000 Fruits)
Banana	48,075	3310,600 Bunches
Cashew	21,218	1898,326
Lime	6,955	117,663
Mango	25,800	431,214
Orange	3,464	23,998
Papaya	3,476	26,874
Passion fruit	425	6,202
Pineapple	4,774	32,626

Source: Department of Census and Statistics.

10. Extent and Production of Vegetables-2009

Crop	Extent(ha)	Production(mt)
Bean	7109	28939
Tomato	6729	42470
Capsicum	2812	10381
Cabbage	3244	40126
Radish	2244	19830
Carrot	2241	24374
Beetroot	2170	13301
Knol-khol	1487	12063
Leeks	1425	19830
Brinjal	1139	24374
Bandakka	9518	13301
Red pumpkin	7066	12063
Bitter gourd	6374	191484
Snake gourd	3597	15227
Cucumber	2615	68164
Ash pumpkin	2196	37330

Source: Department of Census and Statistics

11. Varieties of Fruits Developed by the Department of Agriculture

Crop	Variety
Avocado	Simmonds, Fuerte, TowerII, Booth Pollock Purple hybrid
Papaya	Ratna
Mango	Malwana, Kartha colomban, Willard & Vellai Colomban, Peterpassand

Rambutan	Malwana No. 1
Banana	Nadee
Mandarin	Madhu

Source: Department of Agriculture

12. Varieties of Vegetables Bred by the Department of Agriculture

Crop	Variety
Luffa	LA33
Cucumber	LY53
Bitter gourd	MC 43
Snake gourd	TA-2
Pumpkin	ANK
Tomato	KWR, T-146, T245
Eggplant	Vihara Hybrid
Capsicum	SM-164, Padagoda
Radish	CA-8
Okra	Beeralu, Bola
Wing bean	Haritha, MI5, SL44, SLS 40, UPS 122

13. Geographical Distribution Across the Country

Main crops grown in each district

No.	District	Crop
01.	Kurunegala	Cucumber (10%), Orange (11%), lime (12%), Mangoes (19%), Banana(19%), Pineapple (40%)
02.	Monaragala	Brinjals (10%), Cucumber (10%), Ash Pumpkin (29%), Red Pumpkin (15%), Ash Plantain (20%), Oranges (13%), Limes (37%) Plantain (13%) Papaw (10%)
03.	Anuradhapura	Luffa(10%), Okra (12%) Brinjals ((15%), Ash Pumpkin (29%), Red Pumpkin (27%)
04.	Badulla	Tomato (24%), Cabbage (33%), Carrot (32%), Knolkhol (33%), Beetroot (11%), Raddish (16%), Beans (46%), Leeks (10%), Capsicum (18%) Brinjals (10%), Oranges (20%)
05.	Rathnapura	Beans (10%), banana (16%), Passion Fruit (23%)
06.	Kandy	Tomato (14%), Cabbage (10%), Beans (13%)
07.	Nuwara Eliya	Tomato (17%), Cabbage (38%), Carrot (60%), Knolkhol (51%), Beetroot (50%), Raddish (30%), Beans (14%), Leeks (86%), Capsicum (18%)
08.	Gampaha	Pineapples (35%)
09.	Hambantota	Luffa (19%), Bitter Guard (16%), Snake Gourd (15%), Cucumber (11%), Ash Plantain (10%). Papaw (12%)
10.	Puttalam	Beetroot (19%), Capsicum (15%)
11.	Ampara	Cucumber (17%), Red Pumpkin (10%)
12.	Kaluthara	Passion Fruit (34%)

Source: Department of Agriculture

14. Total Growth in exports the sector in last 5 years (US \$ Mn.)

Product	2010		2011			2012			2013 (January To June)	
	Qty - Kg	Value	Qty - Kg	Value	% Growth to 2010	Qty - Kg	Value	% Growth to 2011	Qty - Kg	Value
Vegetables	13,539,769	16	13,062,819	19	13.76	11,138,142	15	-18.77	6,409,474	8
Fruits	17,211,046	16	20,116,256	17	7.26	27,046,978	19	7.6	15,565,545	14
Total	30,750,815	32	33,179,075	36	10.52	38,185,120	34	-6.02	21,975,019	22

Source: Sri Lanka Export Development Board

The export revenue has been fluctuated over the last few years due to the economic crisis in the world, and the value of export of fresh and processed fruits and vegetables stood at US \$ 34 Million in year 2012. But the sector has indicated that there is a 22% of increased January to June in year 2013 compared to the first six months of the year 2012. The fruits and vegetable exports account for about 0.3% percent of total exports of the country. Fruit & Vegetable sector is expected to achieve the export target of US \$ 43.83 Million in year 2015.

15. Export Market for Fruit & Vegetable

Processed food and Fruits & vegetables sectors have been identified as a sector with high potential in the world due to the increasing demand from end consumers and for value added products in the world market. Sri Lanka exports both fresh and processed fruits and vegetables and 65 per cent of the fresh products are targeted to the Middle East and the Maldivan market. Almost 90 per cent of the processed products are exported to the European market. United Arab Emirates, Saudi Arabia, Qatar, Maldives, India, U.K. Kuwait, Germany, Pakistan are the top fruit & vegetable importing countries from Sri Lanka.

16. Top Fruit & Vegetable Exporting Countries (US \$ '000)

Description	2011		2012		Growth %
	Quantity	Value	Quantity	Value	
India	789,044	1,721	2,540,662	3,613	52
United Arab Emirates	10,827,580	8,410	8,426,777	5,624	-50
Maldives	4,713,704	6,647	3,831,696	5,784	-15
Saudi Arabia	5,559,504	3,257	10,772,815	4,652	30
Qatar	2,647,893	2,008	2,988,481	1,891	-6
Germany	379,573	2,177	283,083	1,838	-18
Switzerland	311,958	1,208	237,522	858	-41
United States	145,234	776	157,019	491	-58
China	865	2	47,956	23	91
United Kingdom	1,103,118	1,643	647,852	1,314	-25
Canada	280,871	814	275,580	844	4
Japan	977,230	830	935,763	736	-13
France	631,651	1,298	313,714	712	-82
Kuwait	1,432,874	1,021	1,378,559	922	-11
Australia	131,949	567	145,117	514	-10

Bahrain	618,534	595	377,307	353	-69
Italy	424,668	409	289,953	382	-7
Norway	62,036	555	30,388	190	-192
Korea South (Korea, Republic of)	218,857	219	372,727	237	8
Andorra			1,351	1	100
Oman	204,185	193	108,099	122	-58
Singapore	60,194	72	273,255	771	91
Malaysia	35,709	87	62,577	73	-19
Pakistan	639,793	224	2,819,599	766	71
Netherlands	118,608	155	138,585	386	60
Denmark	5,965	27	12,408	31	13
New Zealand	56,973	131	24,283	85	-54
Austria	50,751	98	10,161	28	-250

Source: Sri Lanka Export Development Board

17. Top Fruit & Vegetable Export Varieties (US \$ Mn)

Description	2010	2011	% Growth	2012	% Growth
Vegetables					
Onions	0.08	0.24	200.00	0.06	-75.00
Tomato	0.00	0.00	0.00	0.10	0.00
Garlic	0.03	0.04	33.33	0.01	-75.00
Carrots	0.01	0.00	-100.00	0.00	0.00
Potatoes	0.01	0.01	0.00	0.07	600.00
Sweet Potatoes	0.01	0.01	0.00	0.01	0.00
Gherkins	0.52	0.46	-11.54	0.49	6.52
Mushroom	0.78	0.51	-34.62	0.94	84.31
Manioc	1.29	2.89	124.03	1.39	-51.90
Kiri Ala	0.38	0.51	34.21	0.43	-15.69
Chilies	0.68	0.87	27.94	0.79	-9.20
Turmeric	0.11	0.28	154.55	0.19	-32.14
Ginger	0.42	1.38	228.57	0.95	-31.16
Other Vegetables	12.00	11.34	-5.50	9.07	-20.02
Fruits					
Pineapples	1.83	1.80	-1.64	1.52	-15.56
Tamarind	0.20	0.20	0.00	0.57	185.00
Goraka (Garzenia)	1.90	1.98	4.21	2.55	28.79
Bananas	1.95	4.08	109.23	5.69	39.46
Lemons	1.34	0.97	-27.61	0.35	-63.92
Melons & Papayas	0.62	0.74	19.35	0.80	8.11
Other Fruits	8.36	7.60	-9.09	6.52	-14.21

18. Key players in the sector (Top 20 Exporters)

- DOLE LANKA PVT LTD
- C R EXPORTS PVT LTD
- ISHANA EXPORTS PVT LTD
- MUBARAK TRADING CO.
- EASTERN & ALLIED AGENCIES LTD
- PULSES SPLITTING & PROCE INDUST P L
- WAYAMBA TRADERS
- EXPOLANKA PVT LTD
- NIDRO SUPPLY PVT LTD
- CONDIMENTS LTD H J S
- GLOBAL TRADING & MARKETING PVT LTD
- C B L NATURAL FOODS PVT LTD
- MULTIFOODS PVT LTD
- TARGET AGRICULTURE PVT LTD
- VEGILAND EXPORTERS PVT LTD
- ALOY EXPO PVT LTD
- A N G E AQUA MARINE INT'L P L
- CONSOLIDATED BUSINESS SYSTEMS PT LD
- JAGRO PVT LTD
- AITKEN SPENCE HOTEL MANAGERMENTS P.L

Source: Sri Lanka Export Development Board

19. Government Policy and Support Available in the Sector

Ministry of Agriculture has introduced wide range of assistance and development programs for this sector since many years. The EDB also has initiated a number assistance programmes to assist export oriented agriculture project at regional level. The program includes awareness programs on different varieties of horticultural crops, soil testing, crop selection, crop protection, poly house and post harvest technologies including pack houses and quality certifications, Interrelated Agriculture Projects, GMP centres etc. Premier quality institutions like SLSI, SGS and others also runs awareness programs on Globalgap and other Market access requirements of developed world.

The government has also initiated couple of support programs for integrated farming basically meant for a group of farmers with an intent to do contract farming. The scheme also offers cash subsidy/grants to the beneficiaries.

20. R & D and Product Development Facilities Available

Research and Development facilities are available in Sri Lanka to support the industry and here are large numbers of Institutions involved in agricultural researches. A couple of prominent institutions at regional levels are also established to support the sector such as Department of Agriculture in Peradeniyis, Gannoruwa Agrarian Research Centre –Kundasale and Angunakolapelessa Agrarian Research Centre –Matara are the few important institutions.

21. Infrastructure/logistics Required/ Available for the Sector

A well established road-rail network and high ways constantly developed to meet the demand of the modern age, facilitates production, for both local consumption and export trade. Within a few hours of motoring, produce can be delivered to the port. Modern communication systems are well established in the Island. Sri Lanka is well served by major international airlines while the national carrier, Sri Lankan Air Lines, itself operates regular and charter services to major destinations in the world, for passengers and commercial cargo. Even private air charter services are available exclusively for cargo. The cargo village at the Colombo International Airport is equipped with cold room facilities and many other modern equipment. The dry zone, with an intricate network of irrigation facilities, and long recognized as the hub of agricultural activity in Sri Lanka, has its own in-built cold chain facilities, catering especially to the fruit and vegetable sector.

22. Availability of Technology and Skilled Labour

Improved techniques on crop cultivation, input application, post harvest management, packaging, transport etc. are practiced specially for export marketing

Organic production is also coming up well and large number of players getting certified under farmer's certification schemes for becoming export capable in organic produce of fruits and vegetables.

23. Strengths and Weaknesses of the Sector

Strengths

- Diverse Climatic conditions
- Skilled and effective labor
- Unique Characteristics in selected fruit varieties such as Pineapple, Passion Fruit , Rambutan etc)
- Technology
- Traceability
- Quality Standards (SLSI, HACCP , GAP, GMP, EU Standards for fresh fruits & vegetables, Organic, ISO 22000)

Weaknesses

- Fragmented production by small and marginal farmers
- No continuity in supply
- Small land holding
- Lack of awareness about quality standards
- Lack of infrastructure
- Lack of quality supply
- High cost of production
- High Cost of labour, Packaging, Transport, Air freight, Electricity ect.
- Inadequate quality seed materials
- High cost of investments for new technology
- Inadequate researches
- High interest rates
- Labour issues

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