



BUSINESS LANKA

Sri Lankan Pride Across The World

VOL. 30 - ISSUE : 03/2017

ISSN : ISSN 2579-1621

Ever Expanding and Dynamic,

SRI LANKAN FISHERIES

EXPLORING NEW OPPORTUNITIES





TAPROBANE SEAFOOD GROUP



VISION:

To be a global leader for sustainable and socially responsible seafood

MISSION:

Create premium quality seafood products for iconic brands,
sourced responsibly from sustainably managed (Sri Lankan) fisheries

CORPORATE STRATEGY:

To be innovative: encouraging our supply chains and staff to think of new ways to
differentiate Sri Lankan seafood in the global market.

Sri Lanka

Leading Seafood Company

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EDITORIAL

Focusing on a new and timely relevant topic, this edition of the Business Lanka Magazine dives deep into the waters of the Sri Lankan Fisheries Industry, showcasing a new informative side towards an industry that is ever expanding.

From a look into the current trends of the global seafood supply with a special reference to aquaculture in Asia by Kumudinie Mudalige, Senior Trade Promotion Officer at InfoFish, to an Interview with the European Union Ambassador for Sri Lanka Tung-Lai Margue about the very current topic of Sri Lanka and the GSP+, and on how we can take advantage of this opportunity, a valuable in-depth look into the Fish Quality Control System in Sri Lanka for exporting fisheries products by Sepali Wickramasinghe, Actg. Deputy Director for Quality Control of the Department of Fisheries and Aquatic Resources Sri Lanka, an Informative guide into expanding new opportunities in fisheries, both edible and ornamental fish and solidifying Sri Lanka's fisheries industry and its global position, a foray into the future of mariculture in Sri Lanka by M.R.S. Ahamed, Key Accounts Manager, Oceanpick (Pvt) Ltd, a look back at Seafood Expo Global 2017 in Brussels, Belgium and a host of other industry specific insights, we gain a better understanding of our current fisheries industry and its potential for growth.

We delve into these and more topics covering a range of informative sources that bring a shining beacon on this Industry for insight and light into its current and future prospects for a stronger, better and bigger fisheries sector in Sri Lanka.

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FISHING FOR NEW OPPORTUNITIES

Sri Lanka's fisheries industry looking to solidify its global position

For Sri Lanka, an island located strategically in the Indian Ocean, the fisheries sector plays a key role in the country's social and economic life contributing about 2.7% to the country's GDP. The fisheries sector of Sri Lanka consists of three main sub-sectors, namely coastal; offshore and deep sea; and inland and aquaculture.



The end of the civil unrest which curtailed the fully fledged development of the country's fisheries sector for more than three decades has created new opportunities for the country's fisheries industry to scope out new avenues to increase the level of contribution by the industry.

When considering the fisheries sector's performance internationally, data shows a growth rate of 5% within the last 5 years with key buyers from UK, France, Italy, Japan, Netherlands and the USA. Sri Lanka has emerged as a quality tuna exporter -predominantly yellow fin and big eye species to international markets. These include sashimi quality tuna, tuna loins, fresh tuna steaks, tuna topping and tuna saku blocks, to name a few.

Other varieties of Sri Lankan seafood relished by the world include lobsters, crabs, squid, cuttle fish, shark fin, beche de-mer and fish maws which has gained popularity in the international seafood market due to their quality taste and texture.

A fishing fleet of 1700 boats operate around the island's waters and supply approximately to 75 medium and large scale export companies, 32 of which utilize the EU-approved processing plants.

The sector has generated close to 2.4 million direct and indirect jobs. Under the government's Fisheries Sector development strategy, a modern and technically improved Vessel Monitoring System (VMS) is being established for the prevention of national fishing vessels from drifting to other countries' territorial waters. The introduction of advanced cold chain facilities as well as impressive harbour, road and highway infrastructure has ensured a quick and safe supply chain, thereby giving the industry a much needed boost to reach the next level in reducing waste and time consumption and increasing cost-effectiveness. In addition, with the opening up of the Northern and Eastern areas of the island nation, 65% of oceanic area is now free for fishing, opening up new opportunities.

When it comes to product development, processing and packaging techniques, Sri Lanka's traditional skills in manpower and advanced technology, ensure the makings of a perfect, high quality and most importantly fresh seafood export range that is well packed and ready to ship.

In recent years Sri Lanka has been steadily increasing its share in the international market. Total annual seafood exports have increased from US\$ 163 Mn. in 2015 to US\$ 170 Mn. in 2016.

With rapid technological advancements, increased shipping fleet capacity and the culturing of new inland species in Sri Lanka, the stage is set for significant expansion of the sector in the years to come.



The country successfully complies with the stringent regulations imposed by importing countries and adheres to Hazard analysis and critical control points (HACCP), British Retail Consortium (BRC), Friend of Sea and other food security environment friendly requirements. Several organizations have been established to ensure the continuous development of the Fisheries Industry which includes the National Aquatic Resources Research & Development Agency, the National Aquaculture Development Authority, the Ceylon Fisheries Corporation, the Ceylon Fisheries Harbours' Corporation, Department of Fisheries and the Cey-Nor Foundation Limited.



Over the last six months the Sri Lankan Blue Swimming Crab Fishery Improvement Project (FIP) has focused on improving the ecological status of the fisheries sector. The Fishery Improvement Project completed field studies to assess the impact of the fishery on target species and used smart phones, remote sensing and a GPS app to investigate the fishery's interactions with vulnerable marine habitats. To improve the management of Sri Lankan Blue Swimming Crab (BSC) fisheries a voluntary code of conduct was drafted. The draft voluntary code of conduct for blue swimming crab fishing included clauses such as; fisherman will fish in compliance with the Fisheries and Aquatic Resources Act No. 2 of 1996, BSC shall only be harvested using 4 ply or 6 ply bottom-set crab nets with a minimum mesh size of 114.3 mm, the maximum height of a bottom-set crab net shall be 15 eyes. The maximum length of a net piece shall be 1500 eyes, fisherman will not deliberately place or set his nets on coral / rocky reefs or sea grass beds, fishing for BSC will be limited to six nights per week, any person who intends to supply BSC for export shall not use any other gears such as traps, trawls, fixed nets, other than the prescribed bottom-set crab net and several other clauses intended at creating a sustainable BSC fisheries sector.

Furthermore, this project integrates producer organizations into supply chains for sustainable sourced seafood as a way of improving the economic and social equity of a sustainably managed fishery.

To improve the management of the fishery the FIP facilitated a series of consultations with the officers of the Department of Fisheries and Aquatic Resources, leading BSC manufacturers and BSC fishing communities in the Palk Bay and the Gulf of Mannar fisheries to identify the best practices for harvesting BSC. The outcome of these discussions was the above mentioned draft voluntary Code of Conduct for blue swimming crab fishing.

The code is designed to ensure the sustainable use of resources by applying good management measures

to maintain the status of BSC stocks at healthy levels and to minimize the impact on the marine environment and the associated species. The code is both a philosophy for fishing and a practical way of ensuring that there will be crabs for the future generations to catch.

Meanwhile, Sri Lanka's ornamental fish industry too is gaining ground, internationally. Sri Lanka exports marine, freshwater, brackish water fish species and marine invertebrates. Marine fish and invertebrates are collected by experienced scuba divers from the waters around the island while freshwater species are bred in captivity by a large number of small and medium scale producers who are dedicated to maintain the highest standards of quality.

Freshwater aquarium fish comprise the more colorful and striking species of guppies, swordtails, platys, barbs, tetras, angels, gouramies, and catfish. Out of these freshwater species exported from Sri Lanka,

about 60-70% consists of famous fancy guppies - highly recognised in international markets due to the strength and diversity of the particular fish species when compared to the competitors in the international market.

There are about 40 regular companies that export ornamental fish in Sri Lanka.

A conducive climate and the availability of coral reefs, sand bars, lagoons around the country as well as inland water bodies such as streams, rivers and reservoirs provide the ideal ground for breeding of marine, brackish water and freshwater species in the country. This is the very reason why Sri Lankan ornamental fish are in high demand and are exported all over the world.



The growth rate of Sri Lanka's aquarium fish industry is a healthy 4.7%. In time to come, the aquarium fish industry in Sri Lanka looks to expand its foothold by breeding high value marine ornamental fish including exciting new varieties and rare species endemic to the tropical island.

With the help of specialist fish breeders, Sri Lanka is continuously developing new species with different features to ensure that the collection remains fresh and exciting. In 2011, the total turnover amounted to US \$10 Mn. In the last 5 years, ornamental fish exports remain stable with slight fluctuations in the turnover. However, in the first quarter of 2013 it has recorded a 23% growth compared to 2012.

The key export markets for Sri Lankan Aquarium fish include the USA, Japan, the United Kingdom, Germany and France. There are also emerging markets such as Qatar and Canada, demonstrating high growth in demand for a Sri Lankan ornamental fish.



LEADING INTERNATIONAL EXHIBITIONS FOR FISHERIES SECTOR

SEAFOOD

Name of the Exhibition	Dates	Venue
Seafood Expo Asia	5 – 7 September 2017	HKG Convention & Exhibition Centre, HKG
Seafood Expo North America	11 – 13 March 2018	Boston Convention & Exhibition Center, Boston, USA
Seafood Expo Global	24 – 26 April 2018	Brussels, Belgium

ORNAMENTAL FISH

Name of the Exhibition	Dates	Venue
Interzoo 2018	8 – 11 May 2018	Nuremberg, Germany
Aquarama	26 – 29 May 2018	Guangzhou, China
Aqua Realm	June 2019	Singapore

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GOVERNMENT AND PRIVATE SECTOR MUST STEP UP TO TAKE ADVANTAGE OF GSP +

The Ambassador of the European Union to Sri Lanka and the Maldives



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GREEN CONSTRUCTION

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FISH QUALITY CONTROL SYSTEM IN SRI LANKA

FOR EXPORTING FISHERY PRODUCTS

Currently, the fish export industry in Sri Lanka has become an important source of foreign exchange earnings. European Union countries are the main market for Sri Lanka's fishery products. Japan, USA, China, Russia and other non - EU countries are among other major importers of fish products from Sri Lanka. In exporting of fish and fishery products, it is necessary to ensure that the products meet the required standards in relation to quality and safety laid down by the importing countries.



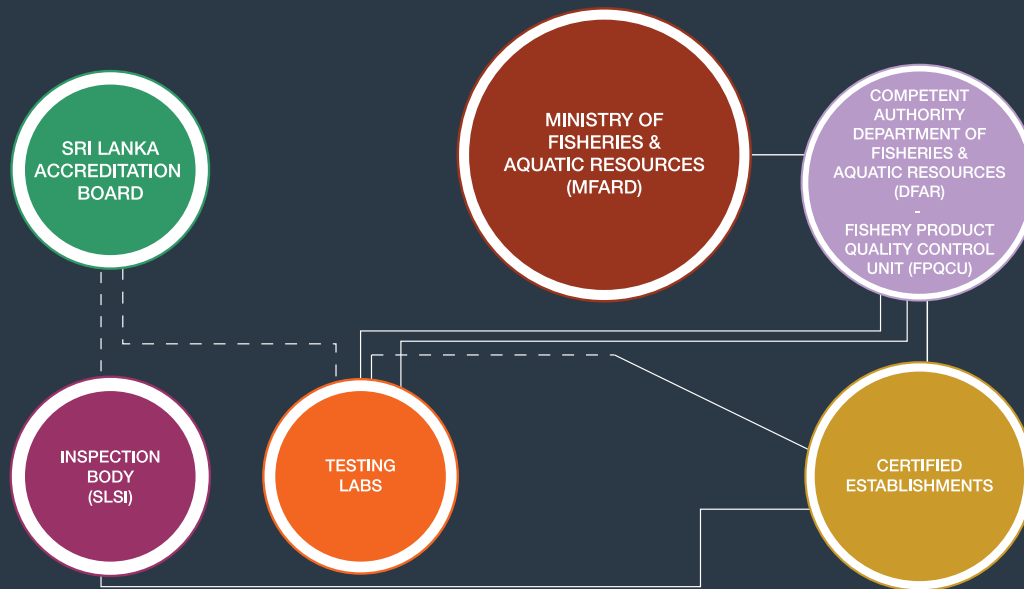
REGULATORY FRAMEWORK

FISH AS IS TRUE OF ANY OTHER FOOD CAN CAUSE HEALTH PROBLEMS. FISH DERIVED ILLNESS CAN HAVE SEVERAL TYPES OF CAUSES, INCLUDING SPECIFIC TOXIC SUBSTANCES, PATHOGENIC MICROORGANISMS AND PARASITES THAT CAN DEVELOP AND/OR BE CONVEYED BY FISH PRODUCTS. SOME TOXIC SUBSTANCES (BIOTOXIN) MAY DEVELOP NATURALLY IN THE ENVIRONMENT, SOME TOXINS MAY DEVELOP WITHIN THE FISH ITSELF (E.G. HISTAMINE) WHILE OTHERS ARE HUMAN GENERATED CONTAMINANTS. SOME PATHOGENIC MICROORGANISMS ARE PART OF THE NORMAL FLORA OF FISH AND SOME ARE CONTAMINANTS.

FISH CAN BE CONTAMINATED AT ANY TIME FROM THE TIME OF CAPTURE UNTIL IT IS EATEN. MICROBIAL CONTAMINATION MAY OCCUR DURING HANDLING, TRANSPORTATION AND PROCESSING. IN OTHER CASES, TOXIC SUBSTANCES ARE INTRODUCED THROUGH CROSS CONTAMINATION, RECONTAMINATION OR FAULTY HANDLING AND PROCESSING.

Application of HACCP based safety assurance system is the current approach to assure the food safety in the world. The HACCP has been made mandatory for fish products processed in Sri Lanka for export market since 1999 under the Fish Products (Export) Regulations, 1998 made under the Fisheries and Aquatic Resources Act No.2 of 1996. In 1999 there had been 14 approved fish processing establishments in Sri Lanka. It has been increased up to fifty two (52) by the end of the year 2016.

The Department of Fisheries and Aquatic Resources (DFAR) is the Competent Authority (CA) for Exporting fishery products in Sri Lanka. This Department implements its fish quality control and auditing activities through the Fishery Product Quality Control Unit (FPQCU), which was established in January 1999 with the main objective of ensuring the high standards of quality and safety of the exporting fishery products intended for human consumption, placed in the international market through implementing the Fish Products (Export) Regulations gazetted in 1998. The staff of the unit is responsible for central and regional level monitoring. Apart from the monitoring carried out by the FPQCU, the Department as the Competent Authority has delegated the power to Sri Lanka Standards Institute (SLSI) to inspect the fish processing facilities and report to the CA to strengthen the control over the fish processing establishments. The Competent authority has approved the accredited testing laboratories to obtain the services to the fisheries sector. The activities of the approved fish processing establishments, fishery harbours/fish landing sites where fish are landed for export, fishing boats supply fish for export, shrimp farms/hatcheries, approved testing laboratories and the inspection body (SLSI) are under the direct supervision of the Competent Authority for fishery products.



FISH INSPECTION SYSTEM STRUCTURE IN SRI LANKA

IMPLEMENTATION OF THE SYSTEM

Ministry of Fisheries and Aquatic Resources has published a set of regulations establishing the standards to govern the seafood industry. As the Competent Authority for fishery products these regulations are implemented by the Department of Fisheries and Aquatic Resources. The Fish Products (Export) Regulations, 1998 and the necessary amendments to the said regulations has published the standard requirements for the Competent Authority, fish processing establishments, fishing boats, fishery harbours/landing sites, for processing and quality assurance, approval of testing laboratories, standards for water and additives used in the fish processing industry. The Aquaculture (Monitoring of Residues) Regulations, 2002 has published the necessary requirements for controlling and monitoring the fish farming industry. The Fish Processing Establishments Regulations 2003 has established (repealing the regulations published in 1998) the procedure to be followed to get the approval from the Competent Authority to operate a fish-processing establishment for export.

In implementation of the said regulations the Competent Authority gets the assistance of the supporting facilities such as testing laboratories and services of an inspection body (Sri Lanka Standards Institute) as stated above although all the powers lie in the hands of the CA.

The FPQCU monitors the application of HACCP based quality control system to the fish products processed for export. Under this monitoring system, there are 05 main activities followed for the necessary controls such as;

- Approval / Certification
- Inspection and sampling
- Aquaculture chemical residue monitoring
- Training and awareness
- Action on non – conformance / notifications from marketing countries.

APPROVAL / CERTIFICATION

As the initial control step over the fish processing facilities for export, the Competent Authority issues the operating licenses giving the approval to the establishments that fulfill the necessary requirements to operate as fish processing establishments for export. The Competent Authority also approves and monitors the testing laboratories providing services to the export fisheries sector. The testing laboratories are required to fulfill the applicable requirements of the ISO: 17025 and obtain necessary accreditation within an agreeable time period to obtain the initial approval from the Competent Authority. To maintain the status of the approval obtained by the CA the testing laboratories are required to continuously maintain their accreditation status. Issue of health certificates for each consignment of exporting fishery products is practised daily. The pilot level online health certification issuance only for the fish exports to the EU is being tested as per the guidance of the DG SANTE "TRACES" programme.

INSPECTION AND SAMPLING

The FPQCU of the Department of Fisheries is responsible for inspection of fish processing establishments, fish landing sites/fishery harbours, inspection of fishing boats including the fish transportation conditions, shrimp farms, and annual evaluation of approved testing laboratories. In inspection of fish processing establishments an inspection manual prepared covering all the requirements stipulated in the Fish Products (Export) Regulations, 1998 is used as a guiding tool. In inspection of fish landing sites/fishery harbours, fishing boats, transportation conditions and shrimp farms standard checklists that cover the regulatory requirements are used. An audit checklist formulated based on the standard ISO: 17025 is used by the Competent Authority in annual evaluation of testing laboratories. Drawing samples from fish processing plants and fishery harbours for lab testing is followed according to an annual official sampling plan.

AQUACULTURE CHEMICAL RESIDUE MONITORING

Monitoring of shrimp farms according to the Aquaculture (Monitoring of Residues) Regulations, 2002, is implemented by the FPQCU of the Department of Fisheries and National Aquaculture Development Authority of Sri Lanka which is an institute under the purview of the Ministry of Fisheries and Aquatic Resources under the power delegated by the CA. Carrying out the annual aquaculture chemical residue-monitoring programme is an important task carried out by the FPQCU in ensuring the safety of the aquaculture shrimp products placing on the EU market.

TRAINING AND AWARENESS

Training on safety assurance procedures, new regulatory requirements and /transfer of new technologies are on going activities. These programmes are scheduled for newly recruited officers to the Competent Authority and/ to the industry. Refresher courses are conducted time to time. Awareness programmes for the industry, fishermen, and shrimp farmers on product safety aspects and safe handling practices are carried out according to an annual plan and found effective. Training materials have been developed to convey a better sense of training.

ACTION ON NON – CONFORMANCE / NOTIFICATIONS FROM MARKETING COUNTRIES

Taking necessary action whenever fishing boats, landing sites/fishery harbours do not comply with the requirements coming under the regulations is considered as important. Whenever any nonconforming results are detected in aquaculture chemical residue monitoring programme necessary regulatory measures are taken by the CA according to the Aquaculture (Monitoring of Residues) Regulations, 2002 and according to the provisions of the Fisheries and Aquatic Resources Act No. 2 of 1996. Whenever, Complaints/notifications are received from importing countries, investigations are carried out by the FPQCU to find out the root causes for such incidence. All the necessary measures are taken to avoid the recurrence. Outcome of the investigations are conveyed to the relevant authorities of the marketing countries.

ACHIEVEMENTS

The Department of Fisheries as the Competent Authority in Sri Lanka faced 03 EC mission inspections successfully in 2000, 2006 and 2009. The findings of the mission inspections were used to further develop the Fish Quality Control System in Sri Lanka for exporting fishery products.



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GOVERNMENT AND PRIVATE SECTOR MUST STEP UP TO TAKE ADVANTAGE OF GSP+

With the European Council, remaining to be Sri Lanka's biggest export market, accounting for nearly one-third of Sri Lanka's global exports, the GSP+ presents the opportunity for Sri Lankan enterprises to venture boldly in new unexplored markets.

The Ambassador of the European Union to Sri Lanka and the Maldives Tung-Lai Margue speaking to the Business Lanka Magazine in an exclusive interview, reiterated the importance of maximizing the opportunities presented by the recent granting of the GSP+ facility by the EU. He further elaborated on how Sri Lanka can capitalize on the direct and indirect potential presented by the GSP+ tariff concession.

HERE ARE EXCERPTS OF THE INTERVIEW

Q: What factors lead to Sri Lanka regaining the GSP+, after it was temporarily suspended in 2010?

“The progress that has been made by this government in terms of reforms on human rights and good governance has been a decisive factor to regain GSP+. Specific progresses relating to 27 International Conventions in these two areas as well as on environment were also noted.”

Q: With the regaining of GSP+ what are the possible short-term and long-term advantages that Sri Lanka could look forward to ?

“The GSP+ has a big potential to boost the exports of the country at a time where there is a trade deficit. It’s an opportunity that needs to be used to the maximum by the exporters, as it should be seen as a concession that will not remain in place forever. Sri Lanka is categorized as a lower middle income country and when that status is lost in the future, as the country becomes an upper middle income country, GSP+ would be discontinued. Therefore, my advice would be to take full advantage of this concession now even if GSP+ can be expected to remain in place still for several years.

Sri Lankan enterprises should use GSP+ to explore new markets within the EU and other regional markets, because once you can enter into the most difficult market, which is the EU market, then it would be easy to conquer regional markets as well.

The EU remains Sri Lanka’s number one export partner so it’s a very important market for Sri Lanka. With effect from 19th of May there is zero customs for more than 6000 products. This is a huge advantage, but it doesn’t mean that the process would be easy as there are technical standards in place to guarantee the

quality of the products and to protect the EU consumer. So there needs to be a major effort from the small and medium enterprises and also from the government to prepare the small and medium enterprises to conquer new markets in the EU.

We are also helping this process by launching a trade related assistance project to facilitate the access to new EU markets and even the SAARC markets for the benefit of small and medium Sri Lankan enterprises.”

Q: Do enlighten us about the project that was launched with the aim of increasing Sri Lanka’s trade competitiveness in regional and European markets.

“We anticipated that Sri Lanka may regain the GSP+, so it was a matter of clever timing so as to not have a huge gap from the time the GSP+ was regained and the moment the project took off. The scope of the project is also larger than the EU as it also covers the SAARC.

It is a 8 million Euro project that will run for four-years which will be implemented by the International Trade Centre (ITC) and United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce. The aim is to enhance the efficiency of small and medium entrepreneurs by helping them understand the range of export possibilities.

The project focuses on the type of difficulties Sri Lankan small and medium enterprises encounter when entering the EU market because of their manufacturing capacity.

We intend to support these SMEs in a practical manner, which in turn will help them grow larger in terms of capacity and be more daring when venturing



into the the export market.

Unfortunately, as of now, most of the enterprises continue to look at the inner market and not the opportunities that exist outside.

As a whole when considering exports and trade , the government has to take on the responsibility and needs to set up the trade strategy.”

Q: Do you believe that “removal of the fishing ban” would enhance volumes for Sri Lankan fishery products in EU market?

“There was a ban on fisheries due to illegal fishing practices and that ban was lifted last year. It was lifted because Sri Lankan authorities modernized the way they looked at the IUU regulations and implemented them. There have been a lot of efforts in terms of capacity building from the government side to monitor the fisheries sector and change the way that the licenses were provided. All this

has led to the result that the EU accepted to lift the ban and since last year exports to the traditional markets have resumed once again. So you can certainly expect this market to grow tremendously in the coming years.

The enforcement of regulations by the EU ensures fair competition between the industries and the sustainability of fisheries resources. The EU is very

much in favour of sustainable development. Which is why among the 27 international conventions that need to be respected and implemented fully by Sri Lanka as part of the commitment to regain GSP+, there are several environment conventions that need to be implemented as well.”

Q: Apart from Sri Lanka’s ever growing agriculture industry and newly emerging fisheries sector, is there anything additional what you like to see entering the EU market?

“There are lots of interesting products here in Sri Lanka but they need to be labeled better and developed into attractive products that would interest the EU consumer. Customers in the EU love pro-environment products and focus a lot on green labels. Therefore, organic food is an area that can be

developed more in terms of exports to the EU, because there is a keen interest from our consumers. This is an area Sri Lanka should be focusing on.

Meanwhile, The GSP+ will allow better flow to the traditional markets, which are garments, and rubber products

etc, but Sri Lankan enterprises must start looking at other markets as well.

The purpose of the project mentioned above is to identify also new products that have potential to be exported to the EU.”

Q: Do you think there can be improvements to our export product basket to EU?

Yes of course, if you look at the present export basket, it is very limited. Sri Lanka needs to look at diversifying its exports to the EU. There are several industries that none of the entrepreneurs have been looking into because there was no competitive edge up until now, but with the zero tariff Sri Lankan businesses can think big.

Also, when you talk of diversifying, there should be a diversification in terms of exports and exploring trade possibilities with different member states. Sri Lanka should not try to limit itself to the same basket and same member states. The 28 member states represent quite a huge market, which presents an untapped potential for local enterprise who wish to export to the EU.

What is significant is that once you enter into the EU internal market, goods can move freely. What Sri Lankan exporters need to do is find countries in the EU where the consumers are interested in buying specific Sri Lankan goods.”

Q: How can Sri Lankan enterprises capitalize on regaining the GSP+ ?

“Most of the people are thinking of the exports only and not looking at the indirect benefit of GSP+ and how it will attract foreign direct investment. For instance there is a large possibility that the companies that left the country in the past when GSP+ was lost in 2010 and who currently operate in the garment industry in Bangladesh, may consider coming back. Certain of them may look to establish companies here and to take advantage of the GSP+ so there are a lot of indirect benefits in terms of job creation and growth.”

Q: What measures can the Sri Lankan government take in order to encourage investors from the EU in the country?

“ If you want to take the full benefit of the GSP+ and its indirect possibilities the government needs to create a business friendly environment to attract more investors. There is a very strong presence of EU investors in the country, not only in the tourism industry but also in the IT and garment sector. This should be continuously encouraged. There have been positive steps taken by the government recently, in particular with regards to the Visa for the foreign investors and

more can be done.

We are also looking at what Sri Lanka can do in terms of encouraging European companies to come here. We have re-launched the investor dialogue between the Sri Lankan authorities and the EU, where on a regular basis we identify and find solutions to obstacles faced by EU enterprises in Sri Lanka.

It’s important to understand that

investors are looking at a number of aspects including the transparency of tenders, if the anti-corruption policy put in place by the government is effective, and how realistic the possibilities are in creating joint ventures. In addition, this also requires a change in the mentality of the enterprises here in Sri Lanka, where they need to be more open towards partnerships and joint ventures.”



Q: On a more lighter note, how has your tenure in Sri Lanka been? What do you enjoy most about the country?

"I wanted to come to Sri Lanka, so I'm not here by chance. Three years ago I came here as a tourist with my wife and we fell in love with the country, so it's a love story. But like in every love story there are ups and downs but I'm here to support the Sri Lankan people through the EU Delegation.

The nine months I've been here has been an interesting learning process. I've experienced the daily life in Sri Lanka and find it to be very pleasant. I like the attitude of the people, they are very friendly. For the short period I've been here, my wife and I have been able to build already strong friendships with some Sri Lankan people."

The European Union and the Sri Lankan Government have joined forces to embarking on a four-year, 8 million Euro project, geared towards increasing Sri Lanka's trade competitiveness in regional and European markets.

The project will be implemented by the International Trade Centre (ITC) and United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

The project has been designed with four expected results in mind: The design and implementation of a coherent trade strategy for export competitiveness, inclusive of policies, regulatory reforms and trade negotiations, as shaped by the World Trade Organisation, regional integration process and EU GSP+ Scheme; enhanced efficiency of cross-border procedures and SMEs' capacity to comply with cross-border procedures for exporting to SAARC and EU markets; improved compliance and quality infrastructure services to meet quality and Sanitary and Phyto Sanitary (SPS) requirements in the regional and EU markets; and increased SME competitiveness in export-oriented sectors such as spices, food and ITO/BPO industry.

The project is expected to help Sri Lanka integrate WTO policies and regulatory reforms so as to make the most of the potential opportunities from the EU GSP+ scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constraints to market access, especially for small and medium businesses.

Furthermore, specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors, which have been identified as having the highest export potential.



TAPROBANE SEAFOOD GROUP

In Sri Lanka, fishing is a way of life to the many communities that live along the coast of the island. The pains and sacrifices of traditional fishing have long been acknowledged in history and literature, but it has remained the livelihood of thousands of local families who struggle to earn a decent living. During the ethnic conflict between 1982 and 2009, these families were among the hardest hit, finding it too perilous to fish and unable to keep up with global trends and demands, and the industry itself suffered from stagnation. The Taprobane Seafood Group (TSG) is a relatively young but ambitious company that aims to address these issues through a commitment to sustainable practices and community empowerment.

BEYOND SUSTAINABILITY

HOW TAPROBANE SEAFOOD GROUP IS
CHANGING THE LIVES OF
COMMUNITIES IN THE NORTH AND
NORTH WEST OF SRI LANKA



Timothy O'Reilly and Dilan Fernando accepting their award from the Export Development Board for Highest Foreign Exchange Earner in Seafood Sector (2014)

Since its inception, the TSG has strived to reach the highest standards of sustainable seafood farming and processing by partnering with various governmental and non-governmental bodies in addition to its independent initiatives. TSG's vision is to be a global leader in sustainable and socially responsible seafood and with the company's premium product blue swimming crab on the verge of becoming Asia's first sustainably sourced blue swimming crab is now looking beyond sustainability. TSG has forged partnership with both

governmental and non-governmental bodies, it has created a model working environment in their factories, which are located in former war-torn areas in the Northern and North Western Provinces of Sri Lanka, and ensure their workers are treated equally, paid fairly and given the opportunity to rebuild their lives after many years of living in the shadow of a violent conflict.



Crab Processing at one of TSG's processing facilities

AWARD-WINNER FOR QUALITY AND EXPORT EARNING

TSG was founded in 2011 by Mr Timothy O'Reilly and Mr Dilan Fernando, whose shared vision for producing seafood of impeccable freshness and quality has helped it become a 25 million dollar company within a short period of time, employing over 1,100 direct employees in the Northern and North Western Provinces. In 2014, TSG company was awarded the Presidential Award for Highest Foreign Exchange Earner award in the seafood sector.

The company has come to be known for producing pasteurized crab meat, frozen and fresh tuna, and various other seafood products for some of the world's most respected brands. At present, its clientele is largely based in the United States of America (USA), Japan and the European Union (EU).

The company's extraordinary and rapid success stems from its commitment to state-of-the-art facilities and technology, with production facilities throughout Sri Lanka. TSG is the first seafood company in Sri Lanka to be FSSC 22000 certified, the highest certification for food standards. TSG is

also a proud member of the Ethical Trading Initiative (ETI) which ensures and promotes the ethical conditions for workers through the implementation of codes labour practices based on national law and international labour standards.



Former Minister of Fisheries Dr. Rajitha Senarathne handing over the FSSC 22000 certification to Directors of TSG.

EDUCATION AND EMPOWERMENT OF LOCAL COMMUNITIES

Whilst charging ahead in terms of quality and safety of its seafood, TSG has also been in the forefront of ethical labour practices in the industry. Over the last few years, it has paid a great deal of attention to the working and living standards, wellbeing and professional development of its employees, who hail from some of the most economically-disadvantaged communities in Sri Lanka. The company sees this commitment as more than just corporate social responsibility (CSR), but a way in which both employer and workers can mutually benefit from a system that incorporates fair and sustainable practices.



The Australian Minister for International Development, Concetta Fievravanti-Wells and Australian High Commissioner to Sri Lanka, Bryce Hutchesson, visiting the TSG primary processing plant in Kilinochchi

Together with the International Labour Organization (ILO) and AusAID, the company was able to provide employment to persons living in conflict-affected areas in the North of Sri Lanka. As is the case in war-torn regions across the world, women have been the most affected by conflict. Many of them have lost their husbands during the war, and have rarely surpassed primary education. This left them with little to no employment opportunities, with many of them depending on welfare and carrying out menial jobs to support their families.



Sri Lankan Minister of Fisheries and Aquatic Resources Department, Honorable Mahinda Amaraweera officially declaring open the TSG processing plant in Mannar

Their stories are inspiring, with many having faced hardships before employment at the factories. “It’s been five years since I joined (TSG). At the beginning I earned six to seven thousand rupees. I was quick at my work and now I earn 20,000 rupees,” says Selvi, an employee at the TSF Mini Plant in Mannar. “Our hard work has always been recognized by the company.” The current wage most employees are paid for their work at the factories have allowed them to support their children through school, purchase better food and household goods and reach better living standards. “After being displaced due to the conflict, we were left with only our clothes,” recalls Vijaya Lalitha, who is originally from Karainagar and works at the TSF Processing Facility in Jaffna. “We faced a lot of difficulties then. It’s only after joining TSG that I was able to buy new clothes for my children as well as groceries and rear cattles, and rebuild our lives.”



Honorable Mahinda Amaraweera speaking with employees at the TSG processing plant in Mannar

But it’s not just women from the local communities who have benefitted from TSG’s ventures in these areas. Many previously unemployed men, both young and old, as well as small-scale fishermen have been able to improve their lives by working with the company. “Three years ago, my business was still making losses,” says Deva, a primary supplier to the TSG Mannar Mini Plant. “However, I was able to get my business back on track after I started working with the company.” He remains thankful to the company for his own success. “They have helped me immensely to reach where I am today,” he says.

PROVIDING EQUAL OPPORTUNITIES FOR DISABLED PERSONS

The tales of personal loss of those who live in the North are many. Homes and loved ones were not the only belonging that were taken away from them. Some of them suffered serious injuries during the war, leaving them disabled or ill with major health complications. It was a double blow to these victims; many of them who already struggled to find jobs in conflict-affected areas with little to no education, were now further isolated from any opportunity to gain an income.



A workshop held by the Employers’ Federation of Ceylon (EFC) with employees at the TSG processing plant in Jaffna

In 2014, TSG became the first privately-owned seafood company to employ persons with disabilities in this region at their factories. This was carried out in partnership with the Disability Network of the Employers’ Federation of Ceylon (EFC) and was facilitated by the Local Empowerment through Economic Development (LEED) project of the International Labour Organization (ILO). The EFC had already been working to help disabled persons in the North since 2011, by mentoring, training and placing them in mainstream jobs offered by various companies that operated in the region.

But travel to and from the workplaces proved to be a huge obstacle for those who suffered disabilities. This was the motivation behind Sara House, a purpose-built accommodation for up to 25 persons who have been successfully recruited by TSG. The house was named after O’Reilly’s own cousin, who suffers from a spinal disorder, and is located in close proximity to the factory in Jaffna. The initiative is a part of TSG’s commitment to providing equal opportunities for the communities that live around its factories, regardless of gender, race and religion. “You can say you have a truly inclusive workforce when your employees

understand disability, not from a CSR point-of-view, but from the experience of working shoulder-to-shoulder with persons with disabilities, and communicating, collaborating and cooperating, all together contributing to the betterment of the company,” says Tanya Warnakulasuriya, Head of the EFC Disability Network.

Loganna Usaa was one of the lucky first 15 persons who were employed by TSF. “During the war, I was hit by shrapnel and my arm was severely damaged. I went through an operation, and have a steel plate inserted in. Till now, I had no job,” she says. “I was referred to TSF through a welfare society in our village. I am very happy to have landed this opportunity.”

Since the end of the conflict in 2009, the GoSL has implemented various activities to increase seafood production and generate higher export earnings. But the Government alone is not able to provide employment and empower all those who can benefit from this growth. TSF understands the growing need for the private sector to play a larger and more active role in the development of local communities. The company is committed to its responsibility to both society and the environment as its gains. It has seamlessly taken the principles of a social enterprise and applied them to a model that works for a multimillion dollar company, without compromising on a healthy work environment and ethical employment practices. It is also an example of how the Government can work together with the private and non-governmental sector towards a shared purpose to improve the lives of the country's people.



Timothy O'Reilly gifting employees of the TSG processing plant in Jaffna with traditional sarees

PROTECTING THE OCEAN FOR GENERATIONS TO COME

“What’s good for the ocean, is good for TSG.” This has been the motto of the company since its early days, when it became important to both O’Reilly and Fernando that TSG adhere to the most sustainable and earth-friendly practices in their business. The demand for sustainability in the global fishing industry has never been greater, with urgent calls for the reformation of fishing practices and management by international and local conservationists and organizations. Over the last century, irresponsible practices of fishing have damaged marine ecosystems and caused rapid depletion of resources.

Due to its slow growth in the years of the war, the ocean waters of Sri Lanka have not yet faced adverse effects of large-scale commercial fishing operations. Nevertheless, as the industry picks up, it becomes a priority

for seafood companies to scale up whilst being responsible and ethical. For this reason, TSG partnered with the Sri Lankan Seafood Association (SLSA) to implement a Fisheries Improvement Plan under the guidance of the Sustainable Fisheries Partnership (SFP). This initiative was designed to ensure better management and sustainable practices in the tuna industry.

However, one of TSG’s largest projects is a voluntary code of conduct with the National Fisheries Institute (NFI) to become Asia’s first certified sustainably-sourced Sri Lankan blue swimming crab. This partnership aims to improve the management of blue swimming crab fisheries in the North and North West of the island, by integrating best practices and traditional knowledge from local fishermen and the technical expertise

of the NFI. This had led to the regulation of fishing operations by setting strict standards for the type, number, mesh size and height of fishing bottom-set crab nets, and has enabled the safe disposal of fishing gear. The company expects to receive this certification in the next two months

One of the more exciting projects is also one in collaboration with the University of Colombo (UoC) to design and develop a smartphone app that uses GPS and GPI tracking. This app will provide crucial information to those involved in fisheries management and 100% traceability to consumers, who will be ensured they are buying seafood that has been sourced locally.



Minister of Fisheries and Director General of NAQDA meeting with executives from Thai Union PLC

LOOKING AHEAD

TSG will soon venture into a partnership with the Department of Fisheries and National Aquaculture Development Authority (NAQDA) to introduce a new species of shrimp called vannamei. This new project will consist of a state of the art Specific Pathogen Free (SPF) broodstock hatchery and a model 360 pond sustainable farm using the latest technology and is expected to generate US\$ 50 million in sales after its completion in 2020. The farm and hatchery will be designed using best aquaculture practices (BAP) and hoping to have BAP 4 star certification from the inception.

FUTURE

TSG is unwavering in its efforts to be in the forefront of both sustainability and innovation, continuously finding ways to include local communities in their plans to revolutionize the fishing industry and reach a larger consumer base internationally. As one of the first, and few, seafood companies in Sri Lanka that have committed to working in conflict-affected areas, it serves as a model for other private sector organizations, who are better positioned than ever before to reach out to local, disadvantaged communities and include them on their paths to success.



TSG's product display at Brussels Seafood Show 2015

A part of the practices that TSG is exploring with its international partners is the benefits of impact purchasing, where fisherman will be rewarded for fishing sustainably. It will also enable the end consumer to take an active role in promoting sustainable and responsibly sourced seafood.

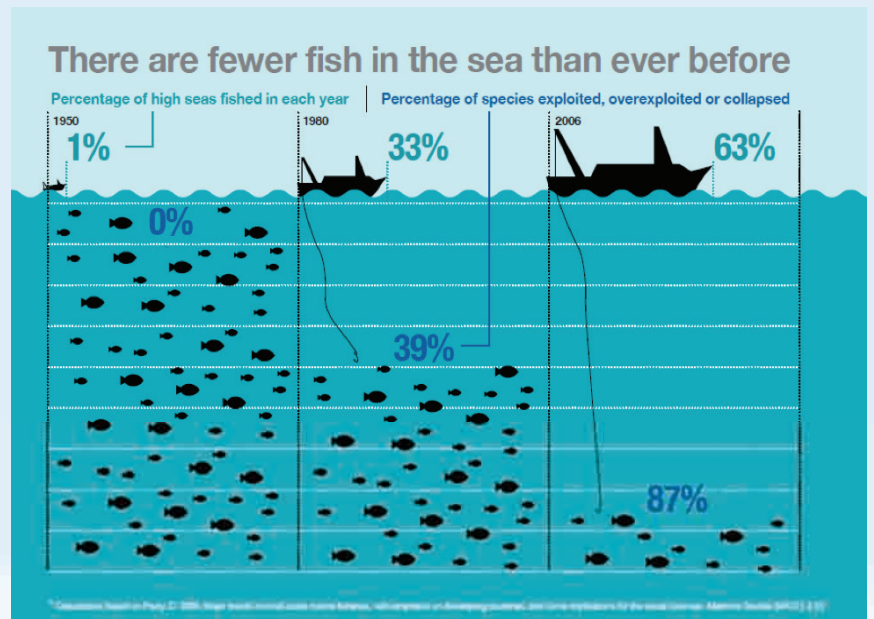
Surrounded by the ocean all around that is now undisturbed by conflict, Sri Lanka is home to an abundant species of seafood that are loved and enjoyed both locally and internationally. As such the national fisheries sector is undoubtedly yet to experience its highest potential. TSG continues to find ways to harvest and process these seafood to the highest international standards, making them accessible for a discerning clientele across the globe. With responsibility in mind, it is no doubt that TSG is on its way to becoming one of the region's most respected seafood companies, with practices that can only be seen as inspiring and exemplary.

FUTURE OF MARICULTURE IN SRI LANKA

With the increasing demand for fish from the fast growing population and the limited wild stock that's been overly exploited, it is important to stimulate development of a modern fisheries industry in Sri Lanka by setting up oceanic aquaculture (offshore), and offering consumers with a product, which is nutritious, tasty, fresh, clean and hygienic and convenient to prepare. Oceanpick is Sri Lanka's first ever offshore oceanic farm for finfish, rearing in pristine waters off the north east shores offering the perfect natural environment. Focusing on "responsible farming" that is highly sustainable, producing high quality seafood packed with taste and goodness; while offering food security in tractability, throughout the supply chain. It alleviates the pressure on native wild stocks, in and around the marine waters of the island, while changing and revolutionizing the way Sri Lanka sources its fish.

FEEDING THE WORLD WITH SHRINKING STOCKS

New studies have shown that marine fish stocks are exploited beyond the sustainable point all around the world. Especially in Sri Lanka where its marine sea food consumption is dependent on what's caught in the wild. The fish stock in the Indian Ocean and elsewhere in the world has been threatened by overharvesting. The project, which ensures controlled production and harvesting of fish, will help to maintain healthy levels of wild fish stocks. Thus the project will be in the forefront in developing sustainable consumption and marine animal production, aligned with the environmental interests of the modern society.



BARRAMUNDI AQUACULTURE

Lates calcarifer, also known as Asian Sea Bass or Barramundi is a white fish that is well known for its taste and texture. It's a fish that can live in both salt and fresh waters. Barramundi are protandrous hermaphrodites (they can change sex from male to female). They mature first as functional male fish and then undergo sex change to become female. Its popularity has prompted many farmers around the world to increase the production capacity. During the 80s and 90s Barramundi farming expanded to China, Indonesia, Australia, and Vietnam whereas more recently countries such as USA, Sri Lanka & Netherlands have also adapted into playing a major role in the production for the rising demands. Oceanpick is aiming to be a major player in the production of sea grown Barramundi by helping the retail and leisure industry and leading Sri Lanka to be a major player in the industry.

PRODUCTION & TECHNOLOGY



HATCHERY

Hatchery production begins with the spawning of broodstock (captive breed fish) and is completed when the small fish or 'fingerlings' are about 25 mm long.

NURSERY

The Barramundi that is acquired from the hatchery at the size of around

25 mm goes into the nursery stage. It encompasses the completion of the process of weaning the fish from a live food diet onto formulated feeds. Currently Oceanpicks nursery is in full operation where sea water is pumped to the round tanks. The Juveniles spend about 2 months until it reaches about 30 - 40 g in weight before being transferred to the Sea cages (grow out).

SEA CAGES

The transferred fingerlings are stocked in the sea cages which are located in the deeper waters of Trincomalee, Sri Lanka. Oceanpick adapts Scottish standards which opens up a great opportunity for the local people to gain the knowledge of modern marine aquaculture practices for the first time in South Asia. The grow out cages are directly placed in the sea which are made out of black polyethylene, PVC & steel. The farm at Trincomalee harbor in north - east Sri Lanka comprises of four 40 m - circumference Marine pens with safety workstations.

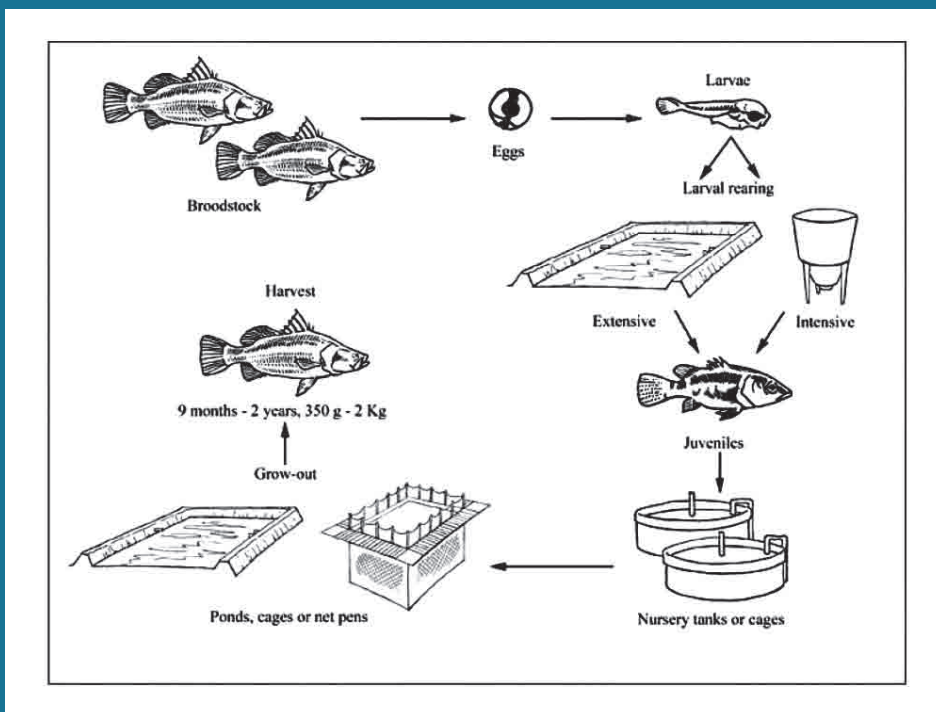


LOCATION

Trincomalee is a natural bay area in the northern part of Sri Lanka which is well known for its clean waters with year around uniform temperatures ideal for Barramundi mariculture. With the support from the Government of Sri Lanka and its fisheries sector, Oceanpick will lift the countries fishery sector profile and provide a sustainable equilibrium between farmed and wild-caught production. Extensive studies and modelling were carried out to assess the suitability of the site, which was conducted by locally based environmental specialists.



PRODUCTION CYCLE OF BARRAMUNDI



Barramundi life cycle has primarily 3 stages, namely Hatchery stage – Nursery Stage – Mariculture stage. In 12 months time the post larvae will become 500 g and within 2 years the fish can grow up to 3 kg.

COLD CHAIN MANAGEMENT

It's important to minimize the damage & stress of the harvested fish, Oceanpick uses modern technologies during harvesting and follows hygienic post-harvest practices. The cold chain process starts immediately after harvesting where the fish are gutted and placed straight in ice without delay.

Everyone who handles chilled fish down the food chain has a prime responsibility to treat it with utmost care. It may only be a 'dead fish' to a handler, but it is 'food' to someone else. Thus, everyone involved in Post Harvest Management (PHM) has a personal responsibility: preservation of freshness and the delivery of a clean and hygienic product, which can be bought, transported and prepared conveniently.

RETARDATION OF BACTERIAL AND AUTOLYTIC SPOILAGE

Bacterial and autolytic spoilage occur most at certain temperatures. Temperature control offers the most common and practical way of keeping fish fresh. The lower the temperature the longer the fish will take to spoil. There are two methods of lowering temperature: chilling and freezing. Chilling requires the fish to be held at a temperature as close to 0°C (+/- 2). Chilling can increase the storage life of fish upto 14 days. As chilling is a short-term storage method, Oceanpick maintains an On-demand harvesting process where harvesting is carried out based on the demand predicted.

BENEFITS OF OFFSHORE FARMS

Offshore farms have advantages over onshore farming. Oceanpicks Barramundi has better fish quality due to the action of waves & tide on the fish that grows. Also offshore farming ensures that diseases and uses of antibiotics are mitigated especially because of the natural marine environment.

SPECIFIC BENEFITS TO SRI LANKA

With the resource limitations, increasing fishing costs and new laws of the ocean, all developed and developing countries are giving more attention to aquaculture. The maintenance of the current levels of production from capture fisheries will not be possible in the long run. The improvement of fisheries & Aquaculture will also help on poverty & hunger. As Sri Lanka's only mariculture project, Oceanpick provides a livelihood to the coastal community through employment by also breaking new grounds in the advancement of Sri Lanka's aquaculture development.



Mr. Shabir Ahamed
Key Accounts Manager
Oceanpick (Pvt) Ltd.



CURRENT TRENDS OF THE GLOBAL SEA FOOD SUPPLY, TRADE AND MARKETS WITH SPECIAL REFERENCE TO AQUACULTURE IN ASIA

As per the statistics of Food and Agriculture Organization (FAO) the global fish production is increasing at an average rate of 5% totaling 169.2 Mn MT in 2015. Aquaculture is responsible entirely for the production growth as capture fisheries production is almost stagnant. Production from aquaculture accounts for 45 percent of the total fishery production which is about 76.6 Mn MT in 2015.

GLOBAL FISH PRODUCTION, TRADE AND CONSUMPTION AT A GLANCE

	2014	2015	2016 (estimated)
Total fish production (Mn MT)	164.8	169.2	172.2
Capture fisheries production (Mn MT)	91.1	92.6	91.8
Aquaculture production (Mn MT)	73.7	76.6	80.4
Traded value (US\$ Bn)	148.3	132.9	141.6
Traded volume (Mn MT)	60.0	59.3	60.5
Per capita consumption (kg/year)	19.9	20.2	20.4
From capture	9.7	9.7	9.5
From culture	10.2	10.5	10.9

Source: Norwegian seafood council.

Despite the continuous increase in world fishery production, it is observed that the traded volume of sea food has remained approximately flat during the past three years, emphasizing the importance of domestic markets of the producing countries. The increased production is absorbed to the domestic markets of the producing countries for their local consumption. Traded value of fish has shown fluctuations during the past 3 years and recovered partially in 2016 due to the strengthening of the US economy and the US Dollar value. Another reason was that the prices have pushed up for some important traded species during the last year.

The global seafood per capita consumption has been increasing over the years. As per the FAO projection for per capita consumption, it is estimated to be 20.4 kg in 2016, where 0.2 kg is higher than the year 2015. Interestingly aquaculture is overtaking the capture fisheries as a main source of fish for human consumption and 2014 was the landmark year that the consumption of farmed fish surpassed the wild fish.

Global capture fisheries production is dominated by China followed by Indonesia USA and Japan; major species contributing to this are Alaska Pollock, Peruvian Anchovy, Skipjack tuna, sardine and the mackerel (SOFIA 2016), while global culture fisheries production is dominated by China again and followed by Indonesia India and the Vietnam, the major species groups contributing to the production from culture fisheries are Fin fish, Mollusk and the crustaceans.

FISHERY EXPORTS

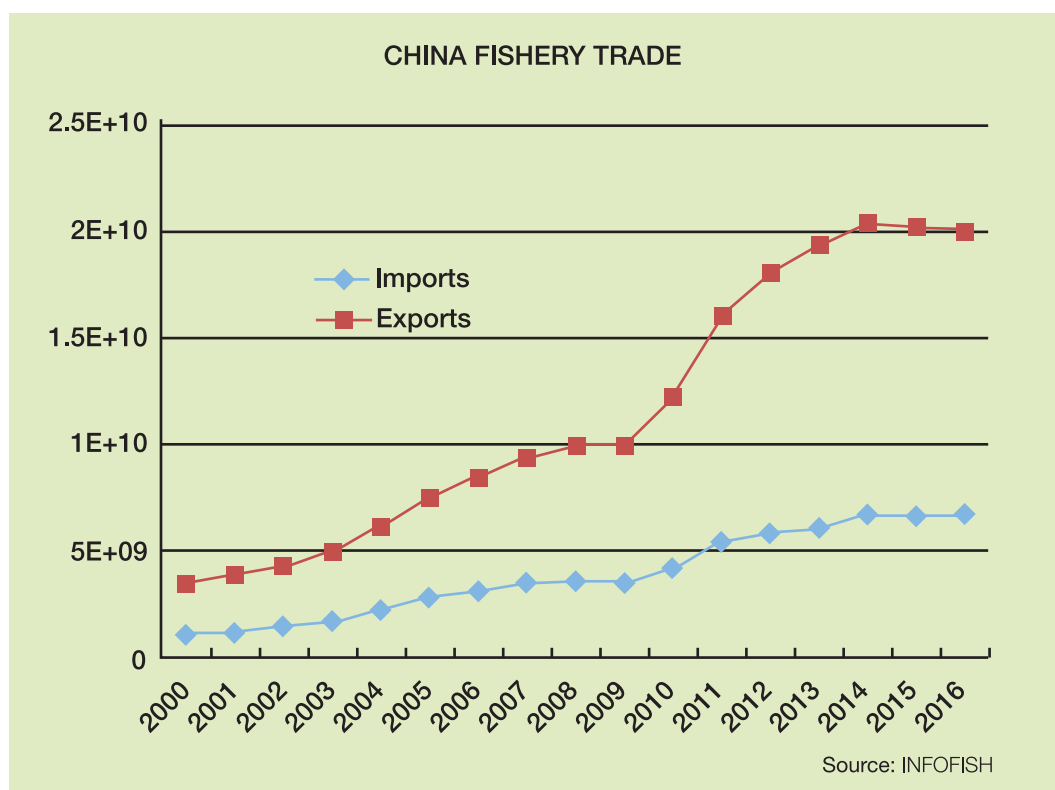
WORLD'S TOP TEN FISHERY EXPORTERS 2011-2015 (US\$ BILLIONS)

Country	2011	2012	2013	2014	2015
China	16.97	18.01	19.19	20.58	19.38
Norway	9.23	8.74	10.14	10.56	8.84
Vietnam	6.11	6.13	6.72	7.80	6.54
Thailand	8.42	7.97	6.81	6.33	5.38
USA	5.12	5.45	5.56	5.73	5.54
India	3.25	3.35	4.54	5.50	4.76
Chile	4.41	3.78	4.36	5.22	4.31
Canada	4.14	4.14	4.25	4.47	4.64
Indonesia	3.18	3.58	3.82	4.23	3.29
Denmark	3.87	3.59	4.03	4.16	3.70

Source: INFOFISH

China is the biggest fish producer in the world as well as the biggest exporter; it also has become the 4th largest importer due to the high rate of raw material outsourcing from other countries for reprocessing and also due to the increased imports for domestic consumption. However, in 2015, China has recorded a slight slowdown in exports mainly due to the reduction in processing. Norway is the 2nd largest exporter while Vietnam became the 3rd largest overtaking Thailand which has been experiencing a significant decline in exports since 2013 due to the continuous EMS outbreaks occurring in the country which affected shrimp production drastically. Thailand at present is recovering from the above adverse condition but at a slow pace.

FIGURE 1.



Even with slight ups and downs China's fishery trade is growing steadily in terms of imports and exports. The booming economy and the increased domestic demand in China are creating export opportunities to other suppliers in the world and has become an important market in the world.

The government of China is supporting the fisheries industry in the country by implementing various assistance schemes through the government channels. Among them are financial schemes to modernize the farms, pond reconstruction etc, are on priority in order to increase the efficiency of aquaculture production. The government is allocating funds for these schemes and also to establish required laboratory facilities etc. Apart from that the standardized pond designs are made available among the public in order to follow the proper procedures in farming.

FISHERY IMPORTS

WORLD'S TOP TEN FISHERY IMPORTERS 2011-2015 (US\$ BILLIONS)

Major Markets	2011	2012	2013	2014	2015
EU (Extra)	25.8	23.82	25.6	27.26	24.37
Japan	18.71	17.28	14.74	14.13	12.81
USA	16.6	16.52	17.8	20.08	18.54
China	7.5	5.64	6.1	6.83	6.55
South Korea	3.83	3.62	3.54	4.13	4.22
Hong Kong	3.51	3.3	3.07	3.34	3.28
Thailand	2.69	3.95	3.13	2.71	2.47
Russia	2.57	2.56	3.2	2.92	1.58
Canada	2.64	2.48	2.63	2.78	2.5
Australia	1.34	1.46	1.53	1.62	1.33
World Total	129.8	129.1	136.4	143.9	129.01

Source: INFOFISH

EU is by far the biggest importer as a region followed by the USA and Japan. These countries are highly dependent on the fishery product imports in to the countries in order to satisfy their domestic demand. Japan, traditionally the largest single importer of fish and fishery products, has slowed down and been overtaken by the USA since 2013. Japanese fishery imports are declining continuously due to the weakening of the yen which made imports more expensive to the country. In 2015 Japanese fishery product imports declined by 9% in US\$ terms and is continuing to further (SOFIA 2016).

Trade in fish and fishery products have been expanding significantly during the last decades due to increased production and the increased demand; fish can be produced in one country and processed in another country and also could be consumed in another country. This is basically due to the current trend of outsourcing of processing in countries where low costs labor force is available. Trade liberalization policies of the countries concerned, improvement of transportation and logistics, technological advancements etc. are the other reasons for ongoing trade expansions.

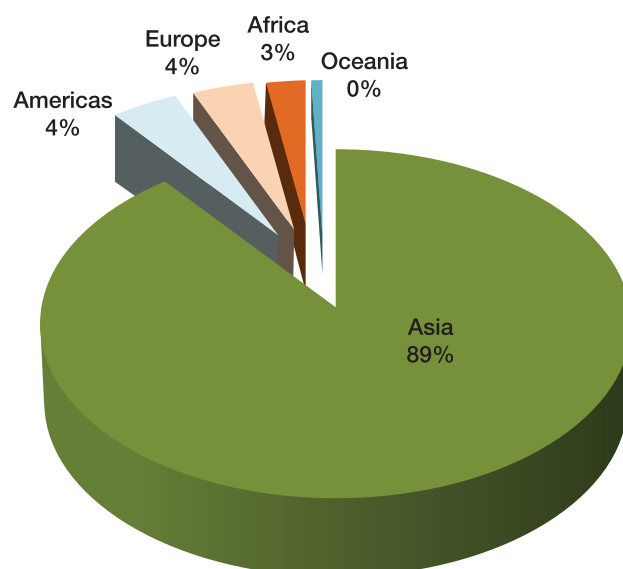
ASIA, THE LEADER IN THE GLOBAL FISHERY INDUSTRY

Despite the multiple challenges in the region, Asia is taking the lead role in global aquaculture production and trade.



FIGURE 2.

REGIONAL CONTRIBUTION TO THE GLOBAL AQUACULTURE PRODUCTION.



Source: INFOFISH

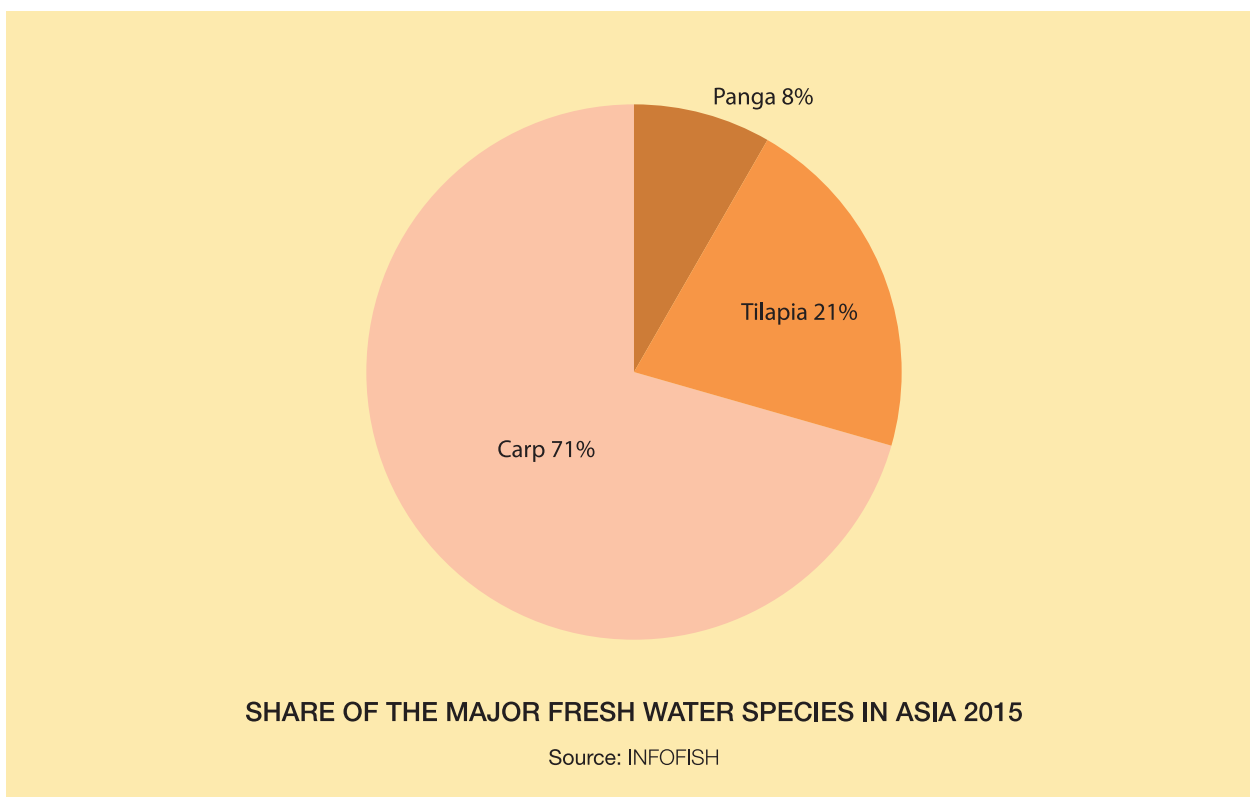
The Figure 2 shows the Asian contribution to the global aquaculture production in 2015, indicating that 89 percent of aquaculture production has come from Asia when compared to the other regions of the world. It clearly shows the importance of Asia as a main fish supplier to the global sea food market.

**MAJOR AQUACULTURE PRODUCERS IN ASIA 2010-2015
(PRODUCTION IN MT, EXCLUDING AQ. PLANTS)**

Top 10	2010	2011	2012	2013	2014	2015
China	35982382	37905685	40305290	42694335	44629489	46760188
India	3785779	3673082	4209478	4550707	4881019	5235017
Indonesia	2304350	2718202	3067182	3973627	4253758	4340436
Vietnam	2679763	2842235	3081501	3202633	3335143	3433930
Bangladesh	1308515	1523759	1726066	1859808	1956925	2060408
Myanmar	823348	815382	883438	926175	946551	997306
Thailand	1282986	1197005	1267663	993454	894560	893892
Philippines	744695	767287	790894	815008	788029	781798
Japan	707481	557025	631939	608203	642129	695215
Rep of Korea	460547	487887	469228	385980	464488	448802
Total (including others)	51636993	54033097	58121252	61755428	64615362	67489773

Two species of groups called fin fish and crustaceans are the major contributors to the Asian aquaculture production and trade. Among fin fish, fresh water aquaculture species in Asia have become very important in terms of the national food security of the producing countries especially in China, India and other Asian countries as well. The contribution of freshwater aquaculture sector to the global aquaculture production has increased over the years from 56% in 1993 to 62% in 2015. In addition, species like Tilapia and Pangasius are playing an important role in the international trade due to their acceptance among consumers, commercial availability and cheaper price when compared to marine fish species. These two species have a huge demand in

the international market in developed countries and also in developing countries as well. An individual export value of these two species has crossed US\$ 01 billion in 2010 and has been increasing ever since. In spite of the success of Tilapia and Pangasius in the international market, a wide range of other fresh water species available in Asia has potential in the international market. This can be done through aggressive campaigns and promotion of the products in international markets and also conducting consumer market research.



Global Tilapia production is dominated by China followed by Indonesia and Bangladesh. Global production and the market is showing a slight declining trend due to price decline in the international market and also production related issues in major producing countries due to weather changes which highly affect the production volume. USA, the major market for Tilapia is also showing a declining trend currently.

Vietnam is the major producer of Pangasius in the world followed by Indonesia, the production has been increasing steadily over the years, USA the major market is growing steadily for Pangasius. Demand is also increasing from Asian countries, China has almost doubled the imports from Vietnam recently and became the top importer in Asia. India is also importing pangasius specially to cater to the demand from the catering industry.

Shrimp is considered as one of the high value Aquaculture commodities in Asia giving greater contribution to the aquaculture production as well as for foreign exchange earnings to the countries involved in production and processing. India is the top producer in the world followed by Ecuador, China, Indonesia and Thailand. In 2010, Thailand the top producer in the world was highly affected due to Early Mortality Syndrome (EMS) and the production declined drastically. Since then, India has become the top producer as of now. The Indian government is taking all possible measures to avoid EMS and other disease out-breaks in India which includes the screening of imported Broodstock at the airport.

According to the FAO Globefish Highlights, the top five shrimp exporters to the international market in 2016 were India (438500 tonnes), Vietnam (425,000 tonnes) Ecuador (372600 tonnes) Indonesia (220000 tonnes) and Thailand (209400 tonnes). Average US prices for Indian and Ecuadorian shrimps has shown an increasing trend while the US prices for Indonesian, Thai and Vietnam shrimps recorded lower prices. Vietnam remains as number one market for Ecuadorian shrimp in 2016. The value added shrimp exports from India has increased from 130% in 2016 compared to 2015 mainly to the US Market.

The major shrimp varieties contributing to the Global aquaculture shrimp production are dominated by Vannemi shrimp or the white leg shrimp (75%), Giant tiger prawn or Monodon shrimp (14%) freshwater prawn or the Machro brachium (5%) Giant river prawn (4%) etc. Disease and adverse weather conditions are the main factors affecting the global shrimp production in the current years.



EMERGING IMPORT MARKETS FOR SEAFOOD

World fastest growing economies are located in Asia, especially China, India, and South Korea etc., becoming the main drive to the global economy. The strong economic growth in these countries and the ongoing financial crisis in traditional developed markets continue to encourage imports of sea food into Asia, particularly the high value sea food products like Atlantic salmon, cod and Pollock, while developed markets are turning to cheaper products. Asia is becoming the hub of emerging markets showing a steady growth of imports into these markets from the EU, US and also from other Asian countries. Intra-regional trade is becoming significant for seafood and related accessories.

South Korea, Middle East, Russia and Latin America are the other emerging markets becoming lucrative and almost recording US\$ 1.0 bn and over in imports. South Korea imported US\$ 4.2 bn worth of seafood to the country in 2015 and Vietnam is one of the top suppliers to this market. The Gulf Cooperative Council (GCC) in Middle East imported nearly 1bn worth of seafood and main suppliers are India, Indonesia and Thailand. Main products imported were canned fish, shrimp, frozen fish, snapper etc. Annual seafood import into Russia is worth over US\$ 3 bn. Imports from Asia and Latin America have increased into this market due to the continuous import ban from Western countries.

Import requirements from seafood importing countries are evolving constantly. While sustainability is becoming the key concern, quality and safety of seafood, technical standards, labeling and voluntary certifications, labour issues and Illegal, Unreported and Unregulated fishing (IUU) issues are of prime importance.



Kumudinie Mudalige
Senior Trade Promotion Officer
at INFOFISH



GLOBAL SEAFOODS SRI LANKA AND THE FISHERY SECTOR IN SRI LANKA

Sri Lanka is an island, situated in the Indian Ocean between 6 – 100 N latitude and 80 – 820 E Longitudes. This island has an approximately 1700 km long coastline and sovereign power for the 21,500 km² territorial sea and an Exclusive Economic zone (EEZ) of 517,000 km². Therefore the fisheries industry significantly contributes to the food security and the foreign exchange earnings of Sri Lanka. The fisheries sector plays an indispensable role in the economy of Sri Lanka contributing around 2.5% to the GDP. However the figure really does not highlight the significant contribution of the fisheries sector as a livelihood component which provides direct and indirect employment to around 550,000 people.

The country exports mainly tuna, shrimp, lobsters, crab, shark fins, ornamental fish and variety of other frozen fish. The main markets are the EU, Japan, USA, Singapore, China and Hong Kong.

Total fishing fleet of Sri Lanka accounts for about 65,000 boats and about 93% of the boats are considered as costal operated boats. Only about 3% of the boats go fishing beyond the EZZ for high seas. Except for a small number of large commercial operators with modern facilities, the fisheries sector in Sri Lanka comprises mostly of small scale operators. The poorest industry workers are the fishermen who use small traditional boats, fish workers, small scale vendors and low-paid workers of associated, often labor-intensive industries.

However majority of livelihood based fisheries of Sri Lanka has no connection and facilities to link with the export market and conduct fisheries at small scale for multi-species using multi-gears depending on the fish availability and the seasonal changes of the pattern of monsoons. Boat owners of these boats are often traditional fishermen who depend on their indigenous knowledge for fishing

and thus having a less idea of the latest available technology. Therefore unique strategies have to be adopted when introducing technologies related to fisheries managements. As an example establishment of Vendor Management System (VMS) for high seas boats took about 05 years. Sri Lankan Tuna Long line fishery too is a unique type of industry which you don't find in most Tuna fishing nations in the world. It has very small long line crafts of artisanal nature with about 3-4 net tonnage in each but with the comparatively large fleet of 3000 odd vessels, the industry falls in to the large category in volumes. The exported tonnage is around 15000 – 18000 MT for a year after local consumption and the revenue approximately is around 280 Million USD. With the introduction of the mechanization program to the fishery industry last year, the volumes are slightly on the rise but due to reportedly depleting stocks, the country is compelled to take precautionary measures.



BACKGROUND

Sri Lanka seriously looked at the challenges faced by the Tuna fishery and initiated a Fishery improvement program in 2014 with the assistance from SFP UK and the retailers in UK. However we now notice that the Yellow-Fin Tuna stocks within the Indian Ocean are reportedly in the Red area of the Cobe Chart indicating possible overexploitation and need to be addressed with immediate effect. With the new developments taking place in the industry, and as a nation and an industry once suffered due to sustainability issues with regard to the Tuna stocks, Seafood Exporters Association along with all the stake holders such as the fishers, industry, department, ministry, export development board and all the customers have decided to revisit the concluded Tuna fishery improve program with a new scope and launch an all-new Tuna Fishery Improvement program in the year 2017. Whilst improving the quality of the catch by post-harvest management measures the restriction, limitations and harvest control regulations with regard to Tuna and Pelagic fish will be brought in in the near future to maintain a sustainable fishery in Sri Lanka.

INTRODUCTION VANNAMEI SHRIMP FARMING IN SRI LANKA

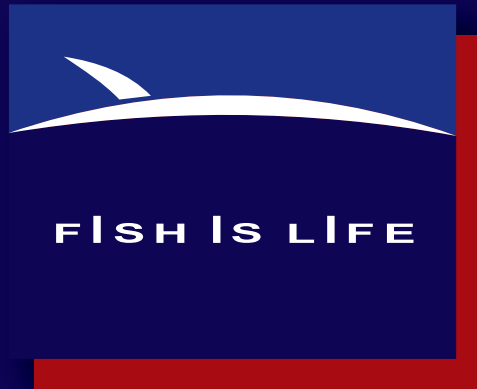
Sri Lanka is also a country where the majority of seafood export earnings came from Shrimp farming and exports for a very long period of time. However due to the white spot disease, entire shrimp farming was destroyed and after lots of damage control, the industry is evolving in a very small scale. The disease still damages many farms from time to time the government is presently in a process of introducing another species. As an alternative the industry has urged the GOSL to introduce Vannamei Shrimp farming in Sri Lanka.

Vannamei is a much more resistant to disease against Monodon (Black Tiger Shrimp) and the expected yield is approximately three – four times against Monodon. This species is used worldwide successfully and the industries have grown very large in countries like India, Vietnam and Indonesia. Hundreds of farms abandoned by the growers of Monodon (BTS) could be rehabilitated with minimum investment and farms could be operated with minimum delay. The GOSL is presently planning to develop a 2000 Hectare land in

Mannar District in collaboration with the private sector and some exporting companies have already shown a very positive response. Still there is very large chunk of land available in the same area for small and medium range investors. In addition to meet the declining raw material supply in Sri Lanka, in the world and to meet the GOSL plan of 1.5 Billion USD in the year 2025, land requirement for Shrimp farming would be ten times larger than Mannar farm land.

UNIQUE OPPORTUNITIES IN THE SEAFOOD SECTOR IN SRI LANKA

Unlike in regional countries and the rest of the world where shrinking has become the need of the time in seafood industry, in Sri Lanka there is ample opportunity, atmosphere and reasonable land and sea areas for a considerable growth. With this unique situation, Sri Lanka is in, any potential investor need not have second thoughts in investing in the seafood industry in Sri Lanka. In addition there are very large numbers of seafood processing plants with all kinds of world class standards such as IFS where the capital investment may be minimized to the production only.



GLOBAL SEAFOOD (PVT) LTD

Global Seafood (Pvt) Ltd is a Board of Investment approved project under Global Group Companies operating and exporting Tuna and other fish and crustacean products from two (02) large processing plants in Badalgama since 1999. Totally Sri Lankan owned GSF, owns and operates few other subsidiary companies, namely Global Fisheries for the purpose of acquiring raw material required for Global factories in Sri Lanka.

Global Seafood (Pvt) Ltd processes and exports Tuna and other seafood products to the markets world over to more than twenty (20) countries and in Europe to niche markets supplying to Marks & Spencer, Carrefour, Tesco to name a few and our products are also found in supermarkets across the USA. GSF owns and operates 500 MT cold storage, cold supply chain and owns laboratories in support of the business. We have with us a reliable logistic infrastructure which delivers our premium products on time to our International Markets. We have been accredited with highest quality standards in the world such as ISO 22000, BRC "A" Grade, IFS Standards, HACCP, SA8000 and Friends of the Sea Certified which are essentials for the purpose of processing, hence capable and have the capacity of carrying out processing of large segment of seafood products for the international market not alone for the USA and European region but also for the Asian region such as Japan at present.

We continue to strive for the advancement of the organization by employing the most up to date systems and technology in all stages of the fishing industry, we have progressively improved the services we offer, from marketing our products internationally and implementation of modern plants for processing. The measure of success we have achieved to-date, is beyond our expectations, and can be attributed to the competent workforce of the group at all levels, whose skills and dedication to producing the finest quality, is worthy of special mention.

Being the Winner of many Gold and Silver Awards at the Presidential Exports Award, National Business Excellence Awards and NCE Exports Awards from Year 2007 to date is indeed a feather in our cap.

We are a reliable Sea Food expoter in Sri Lanka. We have been recognized by our customers as a committed company which has the best customer service, best products at the right price.

The company's vision is to be the biggest processor of seafood in South East Asia with a focus on value addition.

FISH-IS-LIFE - OUR BRAND SAYS IT ALL.....

ORNAMENTAL FISH AND AQUATIC PLANTS



Sri Lanka has been exporting various marine invertebrates, brackish water, freshwater and marine fish species collected through experienced divers throughout the island and even by a significant number of producers who breed these fish in captivity.

Our exported fresh water aquarium fish are known for their colourful variety, especially the guppies, who make up to 60-70% of our exports in ornamental fish which have gained increased recognition overseas for their strength and variety in comparison to other countries that offer exports in this industry.

With our major customers being from the US, Japan and European Union, Sri Lanka exports through over 60 producers, with each and every exported shipment going through thorough inspection before being issued a certificate of good health by the Department of Animal Quarantine.

The ornamental fish culture industry is wide spread in the island, while the breeders and exporters are mainly confined to Colombo and suburbs. Grow out systems in the ornamental fish culture industry are wide spread

throughout the country. Boasting a controlled conducive climate with a vast number of coral reefs and lagoons all over the island, and a plethora of inland water bodies like rivers, reservoirs and streams, Sri Lanka has proven to be an ideal ground for breeding marine, freshwater and brackish water species. The breeders practice simple natural spawning techniques to breed freshwater ornamental fish.

NAQDA is involved in the development of new ornamental fish strains, development of technology; provide brood fish, fish disease diagnosis, provide practical training and technical assistance etc. to support development of ornamental fish and aquatic plant culture and exports. Aquaculture Development Centres at Rambodagalla and Ginigathena are dedicated for ornamental fish and plants and providing practical training. A tissue culture laboratory established at Rambodagalla is involved in tissue culture of ornamental aquatic plants to provide high valued parents aquatic plants for growers and also to disseminate tissue culture techniques and commercial supply.

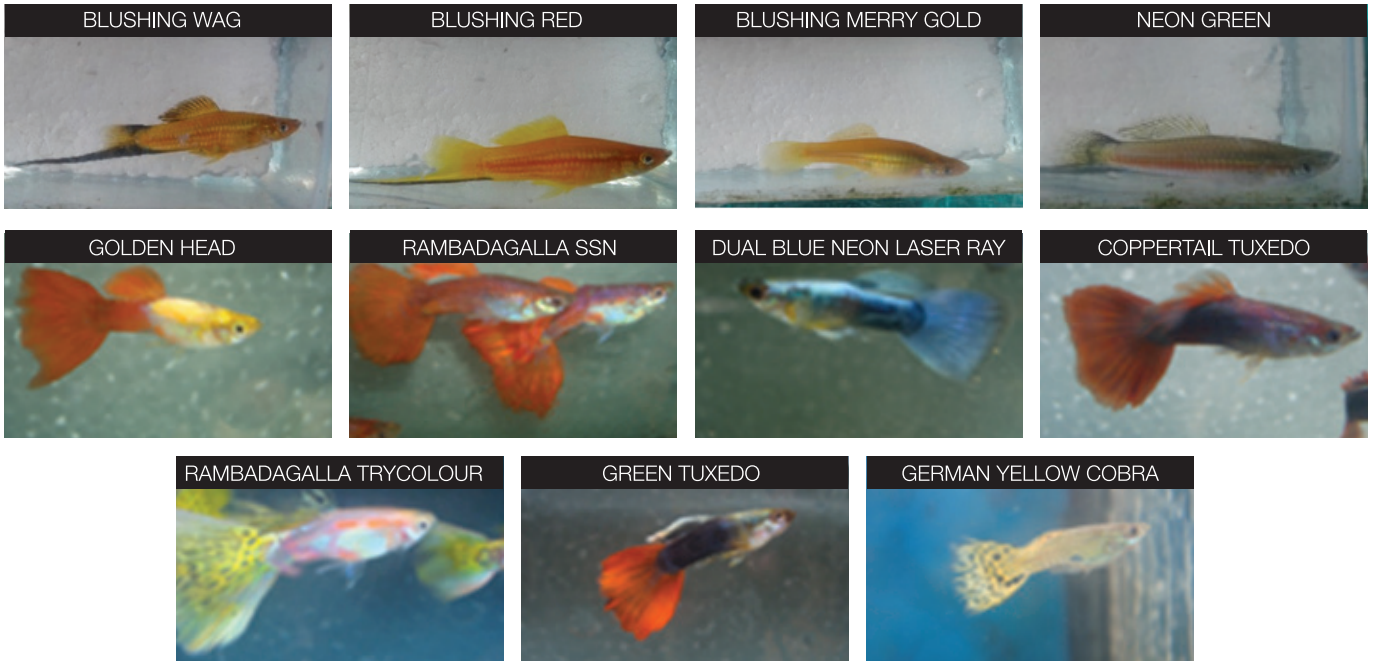


Ornamental Fish Breeding and Training Centre,
Rambodagalle



Ornamental Fish Breeding Centre, Ginigathena

SOME NEW STRAINS DEVELOPED AT GINIGATHENA & RAMBODAGALLA



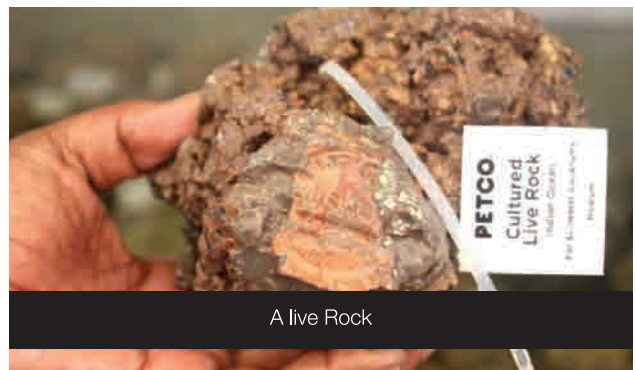
The marine ornamental fish export sector is totally dependent on the wild stocks and currently over 200 marine species belonging to 40 families are being exported. Several species of wild marine fish populations have declined due to increased harvesting pressure on marine ornamental fish. As a result, the government of Sri Lanka has prohibited or restricted export of certain marine as well as wild caught freshwater fish species.

Sri Lanka exports ornamental fish to more than 18 destinations. There are 66 large-scale and small-scale ornamental fish exporters in Sri Lanka. The total exports of ornamental fish (marine and freshwater) and aquatic plants amounted to Rs.1847 Mn in 2016.

Live rock export is a new addition to our product range and live rocks to the values of Rs.16.87 Mn has been exported in 2015.



Live rock harvest at Galle



A live Rock

Few decades ago Sri Lanka entered the World ornamental fish trade as a supplier of wild caught varieties, mainly marine fish. By 2015, Sri Lanka has earned, Rs. 1847 Mn through export of ornamental fish, of which main contributor is cultured / reared freshwater ornamental fish varieties. Guppy is the dominant species contributing around 70% to the freshwater ornamental fish exports from Sri Lanka.

The table below shows the ornamental export value from year 2000 to 2016.

ORNAMENTAL FISH EXPORT VALUE (Rs. Mn)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Export Value (Rs.Mn)	593	545	529	624	745	756	888	906	973	979	919	1,112	960	1,383	1,636	2,392	1,847

SHRIMP FARMING INDUSTRY

Unlike freshwater aquaculture, in the early 1980s, a number of local entrepreneurs and a few multinational companies embarked on culture of *Peneaus monodon* (black tiger shrimp) in ponds along the North-Western coastal belt from Madampe to Puttalam responding to the initiatives by the government to develop shrimp farming for the export trade.

The shrimp aquaculture industry in Sri Lanka originally commenced in Batticaloa in the eastern coast in the late 1970's but gradually declined due to civil unrest in the area. By mid 1980s shrimp aquaculture concentrated in the northwestern coastal belt covering a farm area of more than 4,500 ha. This industry also triggered the establishment of about 120 hatcheries simultaneously catering to the post larvae needs of the industry. Of the total developed area, grow-out culture ponds occupied an area of around 3,000 ha belong to total of 1,344 farms. In Batticaloa District, where shrimp farming first began recommenced the activities in recent years. Over 60 small scale farms with an average farm extent of 1-2 ha are in operation at present, with a total pond area of 155 ha.



Small scale shrimp farm in Puttalam



'White Spot' viral disease

Shrimp farming has been the most lucrative commercial aquaculture activity in Sri Lanka. The industry recorded its peak economic performances in the year 2000, earning Rs. 5041 Mn worth of foreign exchange. However, the quantity of processed (headless) shrimp exported in the year 2004, was 2462 MT earning a total export value of SL Rs. 2359 Mn (Ministry of Fisheries and Aquatic Resources, 2005). This has been as a result of the advent of 'White Spot' viral disease, which sprang up intermittently from 1996 onwards.

With the intervention of NAQDA and the mitigation measures put in place and being now implemented, the disease situation has been brought under control. Various activities were implemented during last few years through the Shrimp Farm Monitoring and Extension Unit of NAQDA to rehabilitate the shrimp farming industry, which was devastated by the White Spot disease. Main activities undertaken were Dredging of Dutch Canal; Introduction of a crop calendar and zoning; Formation of relevant rules & regulations and implementation; Regulation of shrimp hatcheries and Screening of post larvae of shrimp and broodstock. In addition, services are being provided at the Shrimp Disease Diagnosis and Health Management Laboratory at Battuluoya for shrimp farmers to detect shrimp diseases.



Shrimp Disease Diagnosis and Health Management Laboratory at Battuluoya

On the other hand, stringent regulatory measures have been imposed by the authority to obtain permission for operation of shrimp farm industry throughout the country. In this regard shrimp farm operation is allowed only in the pre-identified areas where proper zonal plans have been prepared for Batticaloa and Trincomalee districts. As a initial steps for development of Shrimp farming in Batticaloa district, a brackish water shrimp hatchery was established during first quarter of 2011 on Public-Private Partnership Basis and supplies the seed requirement of the shrimp farmers of the area. A private company manages the hatchery and Rs. 21.4 Mn post larvae were produced in 2016. This is the only hatchery available in the East and caters to the post larvae requirement of the expanding shrimp industry in the Batticaloa District.



Puthukudirippu hatchery, Batticaloa

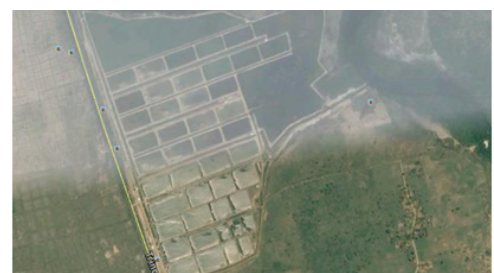
Demonstration Shrimp Farm at the Air Force Base Camp in Batticaloa will train shrimp farmers of the area on Best Management Practices (BMP) & sustainable development of Shrimp Farming. This Demonstration Farm is managed by the Air Force, Batticaloa.



Demonstration Shrimp Farm at the Air Force Base Camp in Batticaloa

In order to disseminate technology and the BMPs of farming NAQDA has established a community based cluster shrimp farm complex of model with integration of a private company at Vakarai DS Division as a rural development project and also to undertake training of farmers and this was funded by International Fund for Agricultural Development (IFAD).

This project on cluster shrimp farming which was implemented to create alternative livelihoods to coastal communities specifically affected by the 2004 Tsunami by engaging them in shrimp farming on a cluster system. Further it was intended to develop the necessary infrastructure required to achieve the primary objective for creating livelihood. This is a model for the ecosystem approached shrimp farming based on a concept of cluster system. NAQDA together with Divisional Secretary, Vakarai selected an investor and beneficiaries. It was formed as an Aquaculture Development Society which was registered with NAQDA and the membership comprised of all the beneficiaries. A company named Vakarai Ocean Aqua Cluster (Pvt) Ltd. was formed with the investor and society as shareholders. This cluster farm is managed by Vakarai Ocean Aqua Cluster (Pvt) Ltd Company.



Cluster shrimp farming, Vakarai

From 2014 culture cycle, profit earned by the company was SL Rs. 5.4 Mn and each beneficiary received profit of SL Rs. 2 Lakhs. 2.72 Mn post larvae were stocked and 61.81 Mt were harvested in 2016.

EXPORT POSSIBILITIES AND PRODUCTION TARGETS

The aquaculture for export of Sri Lanka includes four major types of species: shrimp, seaweed, sea cucumber and freshwater prawn (*Macrobrachium*) at present. Production of farmed shrimp are tiger prawns (*P. monodon*) which are mainly exported in the various forms of frozen products. Export volume of shrimp products from Sri Lanka in the last 10 years (the years 2006-2015) tend to be uncertain and volatile between 854 - 2,023 tonnes per year depending on the yield both from capture (Wild catch) and from culture. The important export markets include the US, Japan and EU. The table below shows the Shrimp Production from Aquaculture and wild catch & Export from year 2000 to 2015.

SHRIMP PRODUCTION FROM AQUACULTURE AND WILD CATCH & EXPORT

Year	Production (Mt)			Export Quantity & Value	
	Aquaculture	Wild Capture	Total	Quantity (Mt)	Value (Rs. Mn)
2000	4,360	7,540	11,900	4,855	5,041
2001	3,540	7,360	10,900	3,941	4,300
2002	2,560	9,820	12,380	3,202	3,286
2003	3,360	10,190	13,550	4,467	4,165
2004	2,390	10,730	13,120	2,462	2,359
2005	1,570	4,680	6,250	1,800	1,769
2006	2,480	7,840	10,320	1,837	1,987
2007	3,580	7,320	10,900	2,023	2,487
2008	2,230	9,240	11,470	854	1,082
2009	3,550	13,110	16,660	1,432	1,627
2010	3,480	17,640	21,120	1,262	1,521
2011	4,150	22,680	26,830	1,380	1,799
2012	3,310	26,730	30,040	1,078	1,662
2013	4,430	29,230	33,660	1,625	2,521
2014	5,150	23,940	29,090	2,001	3,375
2015	7,090	20,090	27,180	1,341	1,971



P. Nimal Chandraratne
 Director General / Chief Executive Officer
 National Aquaculture Development Authority of Sri Lanka



The Sri Lanka Export Development Board (EDB) with the guidance of the Ministry of Development Strategies & International Trade, is formulating the National Export Strategy (NES) of Sri Lanka, in consultation with relevant public and private sector stakeholders. The National Export Strategy is being developed to enhance and achieve sustainable economic growth in the export sector by encouraging competitiveness, value addition and in particular, focusing on product diversification in competitively advantageous areas. A comprehensive analysis is being carried out at the national and institutional levels to identify priorities for enhanced performance. Anchored in strong private and public dialogue, the blueprint strengthens the links between export development and socio economic growth.

NES FOR AN EXPORT DRIVEN SRI LANKA

The National Export Strategy is an important policy initiative for the Sri Lankan Government working in partnership with the private sector, to enhance the performance of Sri Lanka's exports. Improving access to both traditional and non-traditional markets and enhancing export performance through diversification will reverse the widening trade deficit, thereby further stabilizing the country's foreign reserves. The design and implementation of the Sri Lanka 2018-2022 National Export Strategy (NES), builds on the lessons learnt from previous trade development strategies. As such, it focuses equally on ensuring the final NES is targeted, realistic and achievable, as well as on building the necessary conditions for its effective implementation.

The Government recognizes the importance of strengthening export development and diversification, opening up to Foreign Direct Investment and emphasizes the need to create locally value added products. The strategy provides a national vision for export growth, identifying a pivotal role for thrust export sectors to drive economic growth and development. The NES process is driven by a Core Team comprising public and private sector stakeholders and representatives from key national institutions and Chambers of Commerce, trade and product associations, to ensure an optimal balance of views and perspectives among key institutions having a bearing on export competitiveness. As the Navigator, Hon. State Minister of International Trade is leading the NES process and Core Team. The NES process is being facilitated with technical assistance by the International Trade Centre(ITC) Geneva and through financial assistance from the European Union.

The strategy is being developed based on comprehensive research and trade analysis carried out by the EDB and BOI teams under the guidance of the Harvard University, along with the findings of the World Bank and the Commonwealth Secretariat, in partnership with public and private sector organizations which integrate fully with other elements of the Government's economic development policies and programmes for the country.



The strategy will provide the private sector with a comprehensive framework and unique approach for export development. The benefits of the strategy will be realized as Sri Lankan exporters learn how to benefit from existing and forthcoming trade agreements, adherence to quality and standards regulations, target new markets and furthermore, to develop their competitiveness in the regional and international markets.

Sri Lanka's First National Symposium to develop the National Export Strategy was held at 'Temple Trees' on 6th and 7th April 2017. The event was organized and conducted by the Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board. The two days of consultations confirmed the export performance diagnostics and defined main strategic orientations for

the NES, including priority sectors and the selection of trade functions. Following this event, sector specific meetings which will be led by sector experts held in July in Colombo and in the regions, to define respective action plans.

The National Export Strategy is targeted to ensure that the development of exports is focused and maintained through out a given period of time and will continue to support visionary and emerging sectors to become champions. The emphasis will be on the diversification of the product (range) basket to ensure that innovation and value addition will be supported to move into new sectors rather focusing only on the already established star performers such as tea, apparel, rubber, coconut, etc. However, the NES will support the star performers by implementing and

supporting trade support functions which will be the critical element in providing strategic support.

As a further step, the Sri Lanka Export Development Board has initiated diversifying exports from the traditional, mature products and envisaging the future, EDB has identified priority sectors which have the potential to increase the growth of FDIs in the coming years and has been supporting these sectors to develop further. With the reinstatement of GSP+, the global market for many products have been opened now for Sri Lanka, along with the indirect benefits of attraction of foreign investments and increased employment opportunities for Sri Lankans.

Policy & Strategic Planning Division
Sri Lanka Export Development Board
Updated on 02.06.2017



SEAFOOD EXPO GLOBAL - 2017

The Seafood Expo Global/Seafood Processing Global took place in Brussels, Belgium from Tuesday, 25 April to Thursday, 27 April 2017



H. E. Mr. E. Rodney M. Perera, Ambassador of Sri Lanka to the European Union visited the Exhibition on 26th April 2017

Celebrating 25 editions of bringing the global seafood community together in Brussels, this event of the year had the largest number in terms of exhibit space. More than 1,800 exhibiting companies from 79 countries displayed their seafood products, services and equipment in more than 38,350 sq. meters of space. 73 national and regional pavilions showcased their seafood products and equipments. This world's largest seafood trade event served 26,000 attending buyers, suppliers and processing-industry professionals from over 140 countries.



A closer view of Sri Lanka Pavilion

Sri Lanka pavilion was located in Hall No.7 and the following eight Sri Lankan companies displayed their products at the Sri Lanka pavilion.

1. Global Seafood (Pvt) Ltd.

5. Lihini Seafoods (Pvt) Ltd.

2. Jay Seafood Processing (Pvt) Ltd.

6. Rainbow Foods (Pvt) Ltd

3. Tess Agro Limited.

7. Arrow seafood (Pvt) Ltd.

4. Tropic Fishery (Pvt) Ltd.

8. Aloy Expo (Pvt) Ltd.

The products such as Tuna, Sword fish (loin/chunk/steak), Grouper, Reef Fish, Sea Crabs, Emperor Fish, Trevally, Snapper, Red snapper and Red mullet in Fresh, Chilled, Super Frozen and value added forms were displayed at the exhibition.

The Sri Lanka Stand attracted around 1,200 business visitors during the three-day period. The exhibitors were able to receive 27 confirmed orders worth of SL Rs. 47 Million (US \$ 0.301 Million) and 150 positive trade inquiries from the business visitors. The estimated value of orders under negotiations is around SL Rs. 890 Million (US\$ 5.5 Million).

The main objective of Sri Lanka's participation was to regain the lost market share during the past due to the EU ban on Sri Lanka seafood and

also to strengthen relationships with existing buyers and to look for more export opportunities with new buyers.

The Exhibition provided a unique opportunity for the Sri Lankan seafood exporters to meet buyers searching to purchase fresh, frozen, value added and packaged fish & seafood.

The Exporters also had the chance to meet international seafood industry service providers including processing & packaging equipment suppliers, freight forwarders as well as logistical service providers.

Sri Lanka Export Development Board in collaboration with Embassy of Sri Lanka in Brussels and Seafood Exporters Association of Sri Lanka (SEASL) organized a publicity programme on 26th April 2017 at the

European Seafood Exposition.

The objective was to bring to the attention of the market places of key development that had taken place in the industry level complying with international standard and contributing to sustain the fishery resources through ethical practices.

During this event, the seafood exporters association of Sri Lanka announced the launch of a new Fishery Improvement Project (FIP) in Sri Lanka Tuna and Bill fish.

This was a timely event as Sri Lanka was on the verge of regaining GSP+ concessions and the seafood sector is to be the most benefitted sector from the concession.



Products displayed at Sri Lanka Stand



A Booth of One of the Companies participated at the Exhibition

OrnaFish (PVT) LIMITED
NATURE'S BEST

AN INSIGHT INTO ORNA FISH ORNAMENTAL FISH EXPORTER

COMPANY HISTORY

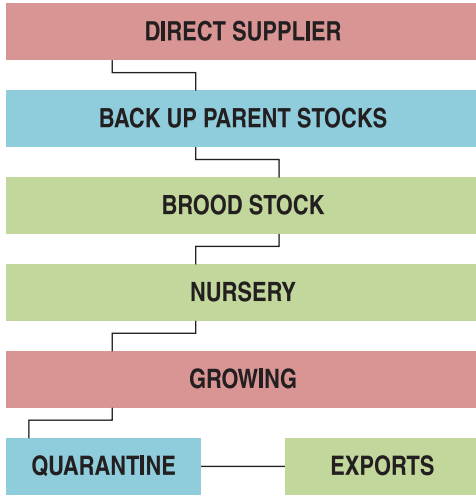
Established in the year 1994, Orna Fish is a subsidiary of Euroscan Exports Ltd., a leading exporter of value added gourmet teas from Sri Lanka under the brand name Mlesna. Orna Fish is a Sri Lankan company with an investment of Rs. 100 million.

We operate an Eco-friendly farm situated in the Western Province, 40 Km from the Colombo International Airport. The farm is managed by an enthusiastic group of animal lovers employing the best husbandry practices.

COMPANY STRENGTHS

- Service - Customer is Always Right.
- Trained, experienced & dedicated work force.
- Willingness to assist in upgrading "the quality of life of the work force".
- Year-round suitable weather conditions for the breeding and growing of fresh water fish.
- Healthy and colourful live bearers & egg layers.
- Non-Usage of anti-biotics.
- Ability to supply at short notice according to customer requirements.
- Availability of flights to USA, Europe, Far East, and Japan.
- Guaranteed high quality, consistent supplies, good value and reliability.
- Continued research & development in critical areas.
- Availability of marine fish throughout the year.
- Ability to source marine fish from Maldives & Red Sea Fish.
- Ability to supply fresh water Aquatic Plants.

DIRECT SUPPLIERS OPERATIONS

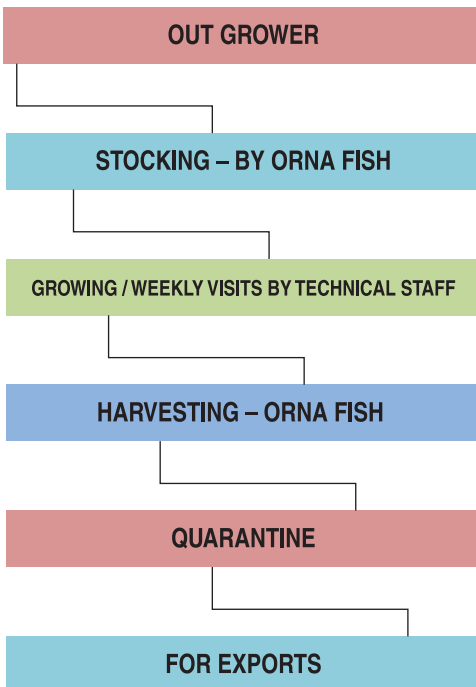


36 families breed and grow fish solely for “Orna Fish” according to our market needs. Each family breeds a maximum of three varieties. They have been trained at “Orna Fish” in fish husbandry practices. These families are further trained during the weekly visits undertaken by our technical staff. Periodical in house training programmes are also undertaken. Payments are made to them fortnightly.

The following information is harnessed/discussed during the weekly visits to direct suppliers, to monitor the progress and the quality of the product

- Weekly production actuals - compared with estimates.
- Weekly growing actuals compared with estimates.
- 10 week supply forecast which indicates the quantities available for exports in relation to estimated quantities.
- Preventive treatments to be undertaken.
- Month end statements of Parents Back Up and Brood (Parent) Stock of all varieties.
- Water quality analysis when required (Ammonia, Nitrite, PH and Hardness).
- Distribution of weekly feed requirements.

OUT GROWER OPERATIONS



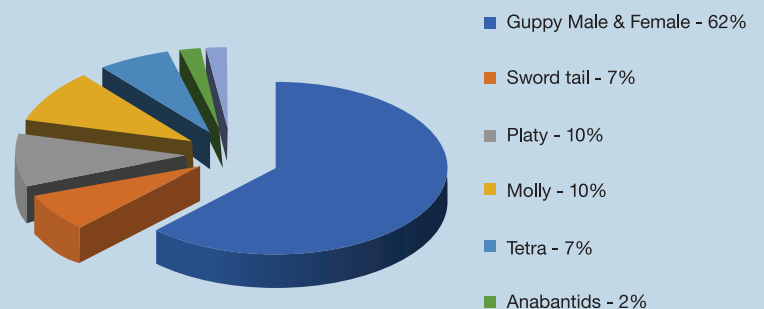
The following information is harnessed during the weekly visits to the out growers to monitor the progress and Quality of the product:

- Fish stocking report – water quality parameters detected in growing tanks when fish were stocked at out growers.
- Weekly mortality records.
- Water quality parameters.
- Preventive treatments.
- Harvesting information:
 - A. Estimated quantity & sizes.
 - B. Projected date of harvesting in relation to actual growth.

Marketing & Sales

Live Ornamental Fish is purchased by Animal Lovers & Hobbyists. Live Ornamental Fish also assist in the mental relaxation of Human Beings. As it is of paramount importance that the quality & the beauty of the fish is safe guarded at all times, we market to destinations with direct flights or with short transits.

Our export markets are - Germany, England, Ireland, France, The Czech Republic, Poland, Spain, Italy, The Netherlands, Denmark and Dubai. Most of our clients have been purchasing from us for over 16 years. 89% of our sales are of Live bearers. The balance 11% are of egg layers. The analysis of the total sales according to species are indicated in the “Pie chart” below.



NEW OPPORTUNE VARIETIES

	GUPPY BLUE SAPPHIRE		GUPPY RED SAPPHIRE
	GUPPY BLUE JEANS		GUPPY CORAL
	GUPPY WHITE		GUPPY METALLIC BLOND
	GUPPY PARROT		GUPPY BUMBLE BEE

NATURE'S BEST

Bred and Nurtured by an enthusiastic group of animal lovers employing the best husbandry practices

Quarantined & Ready to Export at Short Notice

Wide Variety Fresh water Ornamental fish

Marine Fish and Invertebrates

Aquatic Plants - Potted, Bunches & Tissue cultured



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GO DEEPER WITH THE
NEXT ISSUE...

GREEN CONSTRUCTION

PROPELLING A GREENER, SUSTAINABLE SRI LANKA



The fate of the world and its resources are a constant topic amongst peers and people across the globe, especially in today's day and age. With rising environmental factors and debacles concerning possible shortages or depletion of natural resources in the future, various industries are taking strides in adapting new methods and using new techniques and products to their manufacturing process or business to help push towards a more sustainable environment and world.

While not a relatively new topic, at present Green Construction has amassed a following as a trending topic, diverting a lot of attention in the many positives it has to offer. Essentially, Green Construction is classified as a practice that involves the creation of structures with the assistance of processes that are deemed environmentally responsible and ultimately resource efficient. This dictates on principles that would have the structure, built preserving most of the natural environment around it, all the while making sure the structure serves a purpose. The construction and operation of said structure should facilitate a healthy environment to everyone involved without disruption to land, water, resources and energy in and around the structure. But its principles not only cover the areas as mentioned, they also expand to complement important classical building design concerns relative to economy, utility, durability and comfort.

The Green Construction concept is an incorporative one, meant to be implemented in all stages of the life cycle of a construction project and thus can be taken in measures by reducing trash, due to its pollution and degradation of the environment, by efficiently using energy, water and other resources and by protecting occupant health to improve productivity. This ensures an overall reduction on the impact caused on not just the environment but on human health as well. Ultimately making earth a more sustainable place for the species that inhabit it, present and future.

Ever evolving technology today presents interesting and creative arena's to explore under Green Construction, thus further bringing down the notion of the cost involved for such a concept, going away from the common misconception due to the market price of green materials and products at present. However this is seen as an investment, not just for the consumer but for the environment as well. The Green Construction concept brings out its cost efficiency at present mainly in the long run, saving more rather than having to end up spending more such as in the case of regular building. And as such, potential benefits of Green Construction could be described as three fold, Environmental, Economic and Social.

ENVIRONMENTAL ADVANTAGES

- Refined water and air quality
- Scaling down on water wastage
- Sustaining natural resources
- Safeguarding ecosystems and biodiversity

ECONOMIC ADVANTAGES:

- Enhancing consumer productivity
- Cutting back overhead expenses
- Increasing demand for Green Constructions

SOCIAL ADVANTAGES:

- Enhancing consumer well-being
- Advancing the overall quality of life
- Reduction in damages to local infrastructure

In recognition of this growing need and topic, especially towards propelling Sri Lanka as a nation towards a greener and more sustainable future, the Ceylon Institute of Builders (est.1961), which is the premiere construction institute in the nation, has launched a Green Mark Programme, dedicated to assessing and qualifying various Green Construction products in the market geared towards building practitioners as options for building products for their projects, marking a shift and positive stance in the hopes of greener and healthier buildings that would impact and propel the construction industry of Sri Lanka towards a more sustainable one.

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ISSN 2579-1621



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