INDUSTRY CAPABILITY REPORT




SRI LANKAN FLORICULTURE SECTOR

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

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

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

2. KEY PRODUCTS AND VARIETIES

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

3. SEASONAL VARIATION IF ANY

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

4. SPECIALITIES AVAILABLE WITH PRODUCTS

Sri Lanka has maintained her reputation as a quality supplier of floriculture products to the world market over the past 35 years.

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

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

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

The consistency of the product delivery is guaranteed.

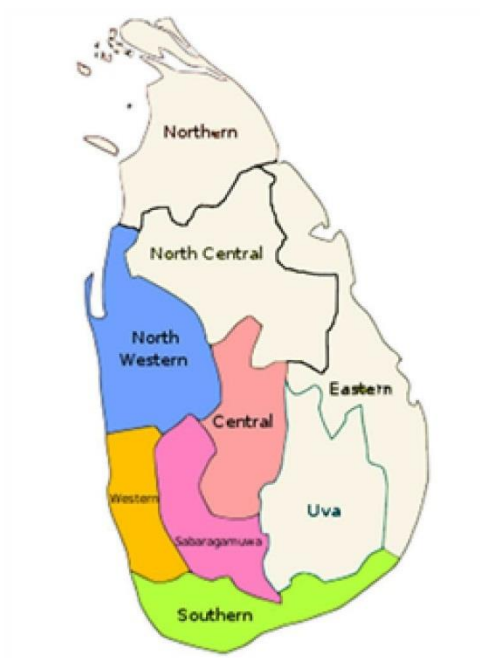
5. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY

a. Major Production Regions

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

b. Possible Areas for Expansion

Southern Province
Sabaragamuwa Province



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

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

7. KEY PLAYERS IN THE SECTOR IN YEAR 2016

Omega Green (Pvt) Ltd
Mike Flora International (Pvt) Ltd
The Leaf Company Pvt Ltd
Star Flora (Pvt) Ltd
Tropiflora Ltd
Spado International (Pvt) Ltd
Asian Cuttings Lanka (Pvt) Ltd
Green Goddes (Pvt) Ltd
Ceylon Foliage (Pvt) Ltd
Hayleys Agro Biotech Pvt Ltd
River View Flora
Borneo Exotics Pvt Ltd
T R Exports International Pvt Ltd
Shekulanka Foliage Pvt Ltd
Ramya Horticulture (Pvt) Ltd
Green Farms (Pvt) Ltd
Décor Foliage
Lanka Flora Pvt Ltd
United Flora Pvt Ltd
Sunflower Lanka Pvt Ltd

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

9. GOVERNMENT POLICY AND SUPPORT AVAILABLE

The floriculture sector has been identified by the Government as a priority sector for development and promotion for exports.
A floriculture park aiming to direct exports of floriculture products is being implemented by the relevant government institutes in collaboration with private sector.
Floriculture has been included to the Mega Zones of Agriculture to be developed by the Government.
Training for growers is provided by the Department of National Botanic Gardens
The National Plant Quarantine service under the Department of Agriculture provides the extension services for pest & disease control.
The government encourages Foreign Direct Investments (FDI) in Floriculture Sector.
The Export Development Board provides the market intelligence and assistance for export marketing.

a. Legislations

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

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

b. Related Institutes

- Department of Agriculture
- Department of National Botanic Gardens
- Department of Forests
- Department of wildlife conservation
- Department of Commerce
- Sri Lanka Customs

10. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

- EDB by its Action Plan 2016-2020 is assisting the growers/ exporters to promote new/innovative products to the international market.
- By achievement of the GSP+ concessions from the EU market, floriculture sector is subjected to receive zero duty benefits for the export products.
- A World Bank project received to Sri Lankan government for agriculture sector modernization includes export oriented floriculture sector as a potential area to be assisted.
- National Botanical Gardens is engaged in developing new floriculture varieties and EDB is assisting the grower/exporters to commercialize these products aiming the international market.
- A National Committee for Floriculture Research & Developments consisted of public & private industry stakeholders has been established to streamline the resources and set up research priorities for the industry.
- An Annual Symposium is organized by the Council for Agriculture Research Policy (CARP) providing an opportunity to present important floriculture research done by the scientists attached to universities and research institutions to the industry stakeholders.

11. INFRASTRUCTURE/LOGISTICS REQUIRED/AVAILABLE FOR THE SECTOR

a. Available

International Airport
Highways for easy transportation
Availability of Coco peat as a growing media
Electricity at Industrial Tariff category

b. Required

Cultivable Land to expand cultivation.
Cold storage facilities at the Airport.
Direct flights to major floriculture market, the Netherlands.
Competitive Air Freight rates

12. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

Technology on production is mainly available with the private sector. The exporters are assisted by the EDB to access state of art technology from overseas (if required) to improve production, quality, packaging, storage and transportation. (Foreign experts to Sri Lanka / Floriculture growers/exporters overseas to Technology Exposure Prorammes)

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

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

13. TOTAL EXPORTS OF FLORICULTURE SECTOR

Sri Lankan Exports for the year 2016– US$ 13.63 Mn
Annual Growth in value in Sri Lankan exports (2012-2016)-5.21%
Sri Lankan Share in the World Market (2016)- 0.1%
World Ranking (2016) – 52

Major Export Markets - The Netherlands, Japan, Saudi Arabia, Germany, UK, UAE, Quatar, Kuwait, Korea, USA, Australia,

Product & HS No.	Value of Exports (US$ Mn)							
	2010	2011	2012	2013	2014	2015	2016	Average Growth 2010-2016
Bulbs, tubers HS 0601	...	...	...	...	...	...	0.01	-1.44
Live Plants HS 0602	6.29	6.91	5.05	6.29	6.25	5.02	6.33	-31.35
Cut Flowers HS 0603	0.74	0.69	0.3	0.2	0.22	0.15	0.12	4.33
Fresh Decorative Leaves HS 0604	6.47	7.16	5.05	7.67	8.39	8.74	7.17	0.96
Total	13.49	14.76	10.41	14.17	14.86	13.91	13.63	23.47

Source: Sri Lanka Customs Statistics

14. MAIN IMPORTING COUNTRIES

a. Live Plants

Country	2014	2015	2016
	Value (US$)	Value (US$)	Value (US$)
Netherlands	2,532,313	2,090,076	3,434,671
Japan	1,263,419	1,048,365	968,796
Maldives	148,395	119,937	333,723
Australia	300,025	274,397	303,812
Germany	705,858	496,081	251,761
United States	149,846	155,847	212,373
United Arab Emirates	117,122	98,498	139,609
Korea South (Korea, Republic of)	117,214	96,572	129,578
Denmark	181,160	119,644	120,064
United Kingdom	81,310	68,094	87,050

b. Cut Flowers

Country	2014	2015	2016
	Value (US$)	Value (US$)	Value (US$)
Netherlands	83,326	81,820	70,683
Qatar	24,358	17,047	15,173
Hong Kong	144		13,175
Saudi Arabia	31,814	28,729	13,058
China			2,504
Maldives	5,704	1,654	2,317
United Arab Emirates	20,868	5,797	2,100
Korea South (Korea, Republic of)			1,040
Japan	21,293	4,187	1,020
Bahrain	2,521	1,238	245
Netherlands	83,326	81,820	70,683

c. Decorative Foliage

Country	2014	2015	2016
	Value (US$)	Value (US$)	Value (US$)
Netherlands	1,645,427	1,778,256	2,003,041
Japan	1,539,026	2,169,830	1,423,036
Saudi Arabia	1,200,419	1,300,563	1,207,236
United Kingdom	1,467,180	909,207	685,406
United Arab Emirates	725,341	718,622	543,496
Qatar	475,410	493,633	405,099
Kuwait	421,184	414,106	352,569
Bahrain	74,292	97,401	85,715
Germany	238,677	91,551	63,598
Italy	86,359	64,231	46,383
Netherlands	1,645,427	1,778,256	2,003,041

d. Bulbs, tubers

Country	2014	2015	2016
	Value (US$)	Value (US$)	Value (US$)
Maldives	356		8,043
Korea South (Korea, Republic of)			5,453
Germany			578
Netherlands	1,276	229	56

United Kingdom			12
Japan		91	
Switzerland	36	57	

15. POTENTIAL FOR EXPANSION IN THE SECTOR

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

16. STRENGTHS AND WEAKNESSES OF THE SECTOR

a. Strengths

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

b. Weaknesses

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

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