
Impact of Import Restrictions of Fertilizer and Agrochemical on the Tea Exports in Sri Lanka

Lowe, W.D.S., Alawaththa, A.K.S.K., Jayasinghe, S.J.A.I.U.S. & Kavinda, N.P.G.S.

Abstract

Ceylon tea plays a significant role in the nation's total agricultural exports in Sri Lanka. The purpose of this study is to investigate the issues related to the import restrictions policies passed by the government on 6th May 2021, especially on the tea industry in Sri Lanka. In this study, the investigation is undertaken to ascertain whether these import restrictions have any impact on the tea exports albeit production levels or not, comparing pre- and post-periods in relation to implemented import restrictions. The average harvesting period for tea leaves is one-two weeks. Therefore, the researchers examined the information for 18 months before and after the implementation of the policy, taking 36 data points, as a time series. We compared the impact before and after the import restrictions were imposed. Secondary data sources were used for the analysis such as the Tea Board of Sri Lanka, Tea Research Institute, Tea Small Holdings Development Authority, monthly and annual reports published by the Central Bank of Sri Lanka, the Ministry of Plantation Industries, and the National Fertilizer Secretariat and analyzed those using regression analysis. Therefore, the dependent variable was tea exports in USD, while the exchange rate in USD and imports of fertilizer in USD were independent variables. Finally, the findings of this study indicated there was a negative impact of fertilizer imports on tea exports before imposing the restrictions on chemical fertilizers.

Keywords: Chemical fertilizers, Sri Lanka, Tea exports, Import restrictions
