

Prospects and Challenges of Vegetable Exporters in Sri Lanka during Year 2000 to 2015

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Abstract

The vegetable sector is one of the leading subsectors which significantly contribute to commercialize the non-plantation agriculture in Sri Lanka. This sector has a potential for diversifying the peasant farming while generating foreign income to the country. This study is a situation analysis in terms of the competitiveness, potentials and the limitations in vegetable export sector during 2000-2015. Primary data was collected using a pre-tested questionnaire. Sample size was 28 exporters out of 40 registered vegetable exporters. Secondary data was collected from the annual reports of Export Development Board. Revealed Comparative Advantage (RCA) and Comparative Export Performance (CEP) indices were used to analyze the competitiveness. Potential vegetables for the major importing countries were identified calculating the Indicative Trade Potential (ITP). Results reveal that the contribution of the vegetable export sector to total export was 0.25% in 2015 and the world market share was less than 0.1% from 2006 to 2015. SAARC, Middle East, Europe and countries with NAFTA are the main export destinations. Dried leguminous vegetables are exported in the highest quantity. Sri Lanka has occupied the 81st position among vegetable exporting countries to the world in 2015. RCA index described that Sri Lanka has the comparative advantage over Malaysia and comparative disadvantage over Egypt. However, the CEP index reveals that, Sri Lanka is losing its vegetable export performances. HS: 071340-Dried and shelled lentils have recorded the highest trade potential in the SAARC, Europe, NAFTA countries and Middle East. Results show that vegetable export industry is still underdeveloped in agribusiness infrastructures. Further, high air freight charges, inability to offer satisfactory prices, lack of advanced technology, irregularity and insufficiency of quality vegetable supply and lack of incentive programs are identified as main limitations of the sector. This research recommends that competitive countries for particular markets should be identified and need to analyze the factors to compete with them. Government should give subsidies and incentives to the exporters to increase the production of potential vegetables. Sri Lanka should use the latest technology to the continuous quality vegetable production.

Keywords: Comparative export performance, Export, Foreign exchange Vegetable, Revealed comparative advantage

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