

PRESENT SITUATION AND CONSTRAINTS IN THE ORGANIC FOOD EXPORT SECTOR

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Abstract

Global trade in organic foods has grown tremendously over the past years. Organic production has considerable potential in the agriculture sector in Sri Lanka. The major market channel for organic produce in Sri Lanka is the export market and major certified organic products exported at present are value added tea, spice based products, coconut based products, fruit based products and herbs. The future of organic farming is promising in Sri Lanka primarily as an export specialized commodity enterprise rather than a general agricultural programme. In future, the agricultural exports essentially need to be organic as the global demand for organic products is increasing. Therefore, this paper shows the opportunities and constraints in the organic food export sector. The study found that there is a growing market for products that are jointly fair-trade and organically certified. Farmers who deal with organic food exporters receive benefits from the exporting companies such as receiving premium prices, benefits through fair-trade premium, training related to farming, extension services, receiving organic fertilizer and provision of technical advice to enhance knowledge. The study shows that the major constraints faced by the exporters were insufficiency of raw materials, high cost of certification, lack of research and development and high cost of production. This paper further explains that the exporters are not able to meet the export demand required by the importers due to non-availability of raw materials to match the demand from foreign markets, inadequacy of organic farmers to cater to the demand, shortage of affordable raw material, lack of modern technology, high investments in food packaging (ex: tetra packing, freeze drying, vacuum drying), and limitations of packing materials.

Key Words: *Organic production, Organic food exports, Certified organic products, Premium price, Constraints*