

Behavior of markets for export agriculture crops

Export Agriculture Crops (EACs) have become the most important minor agricultural commodity group in Sri Lanka in recent past. The contribution of EACs to agricultural export earnings in 1998 was about 6% and the share has been consistently increasing. Export markets for these crops are regionalized and specific markets exist for different commodities. The objective of this study was to identify the significance of different regional markets for export agriculture crops and to understand the behavior of such markets during 1989/99.

Export Statistics of Export Agriculture Crops published by the Sri Lanka Customs during 1989/99 were used for the analysis.

Results showed that the South Asia, European Union (EU), Middle East and USA were major markets for Export Agriculture Crops. Around 30% of all EACs were traded in the South Asia and contributions by EU, Middle East and USA were around 25%, 14% and 12% respectively. Russia and Commonwealth Independent States were least important markets and the share to Africa was negligible during the study period.

South Asia was the largest market for spices, except Cinnamon, followed by the EU, Middle East and USA. Latin America has been the most significant market for Cinnamon with over 60 % of market share throughout the study period. Despite the claims of the poor quality of Sri Lankan coffee Europe was the largest trading partner for coffee during 1989/99. Europe and USA were the major markets for essential oils with over 80% of market share and South Asia provided the largest market for betel and arecanuts. Results showed a gradual decline of Middle East market for cloves, nutmeg and mace but increased participation of India in export market for those commodities.

It can be concluded that the markets for Export Agriculture Crops are regionalized. Markets for some commodities have well established but others are changing with changing global economic environment.