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Competitiveness of Sri Lankan fruit and vegetable products in EU market: Company standards and product standards

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Although Sri Lanka has signed several regional and bilateral trade agreements with South Asian countries, still Western countries play the major role in Sri Lankan agricultural exports. However, a diversity of quality and safety standards exists in western countries, especially in European Union member countries. Therefore, Sri Lankan exports need to maintain safety, quality and environmental friendly standards to be competitive in EU markets.

Objectives of this study were to find the present status of Sri Lankan exports of fruits and vegetables to EU countries and possibilities to improve market opportunities under the GSP+ (Generalized System of Preference) scheme, which is active from 1st of January 2005 to 2008. Raw material handling, processing, labour handling and factory environment were considered as company standards under 17 evaluation criteria while packaging, labeling, storage, handling and contamination were considered as product standards under 17 evaluation criteria. The information required were obtained by interviewing stakeholders of fresh and processed fruits and vegetable export industry and by visiting factories to evaluate the standards maintained in both products and companies as a whole. Analysis revealed that Sri Lankan exporters are maintaining an acceptable level of export standards for raw material handling (63%), processing and manufacturing(58%), labour handling (46%), factory environment(57%) in fresh fruit and vegetable exports while good standards for raw material handling (79%), processing and manufacturing(68%), labour handling (74%), factory environment(63%) in processed food and vegetable exports. Product standards also maintained good level (average of 75%) indicating competitiveness in EU market with GSP+ scheme. However, poor concerns given on sanitation, Eco- friendly methods of manufacturing, inadequate quality control systems in the supply chain are being the major constraints in exploiting the EU market opportunities.

As EU countries are highly concern about standards of raw materials, labour, environment and sanitary standards, it is essential to pay more attention to those aspects to improve the quality through cost effective strategies to be competitive in EU markets to reap the benefits of GSP+ scheme.

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