

Press Release

Boosting Agri Exports: Reducing Domestic NTBs

Colombo, December 8th 2016: Verité Research, in partnership with the Lanka Fruit & Vegetable Producers, Processors and Exporters Association (LFVPPEA) held a roundtable discussion on “Boosting Agri Exports: Reducing Domestic NTB’s” at the Ceylon Chamber of Commerce. The discussion brought together a wide range of stakeholders from both private sector and government involved in the process of agricultural trade in Sri Lanka.

Verité Research presented the findings of a study on the importance of regulations in agricultural trade in Sri Lanka. These regulations protect human, plant and animal health and ensure the quality of imports and exports. However, when communication and implementation to private sector stakeholders is weak, these regulations can become non-tariff barriers (NTBs). In such instances, the objectives of ensuring safety and quality are compromised. Additionally, such factors discourage legitimate trade and increases the circumvention of trade outside regulated channels.

Sri Lanka has set an ambitious target of export earnings of USD 30 billion by 2020. This target cannot be achieved solely through the negotiation of Free Trade Agreements (FTAs). Agricultural exports account for 23% of total exports and have a significant role to play in this regard. At present, the sector is dominated by traditional commodities such as tea, coconuts, and spices, which account for 83% of total agricultural exports. There is untapped export potential within agriculture in sectors such as fruit, vegetables, seafood and floriculture. Reducing domestic NTBs is a relatively easy but significant step towards encouraging diversification into such sectors, where high transaction costs have acute implications on export competitiveness. Verité Research proposes short term and medium term measures to improve the facilitation of trade through regulation. Some of the recommendations are also reflected in Budget 2017.

Stakeholders present from the private and public sectors recognised the relevance of the issues pertaining to agricultural trade, and discussed steps that need to be taken to address them. One of the key concerns raised was the need for regular dialogue between private sector and government officials to discuss specific issues. Further, the need for monitoring of progress in implementing reforms to address them was also identified. The discussion concluded with a commitment from different subsectors to form a joint public-private sector committee with the facilitation of the Export Development Board to meet at regular intervals and address industry issues.