

Lanka Fruit & Vegetable Producers, Processors & Exporters Association



ANNUAL REPORT & AUDITED ACCOUNTS 2015 - 2016

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LAUNCH OF THE ASSOCIATION

The Sri Lanka Fruit & Vegetable Producers, Processors and Exporters Association, established in 1986 has come a long way since its inception, thanks to the commitment and dedicated efforts of all past Presidents and Ex-Co Members along with the active support and co-operation of the general membership. However, since the Special General Meeting held prior to the Annual General Meeting of 2008, the Association Constitution was updated in keeping with the new developments. The Association was incorporated a company Limited by Guarantee on 30th March, 2009.

Due to the very turbulent times brought about by the economic meltdown in the international arena, your Association has made and will continue to make attempts at uplifting the industry, the efforts of which we hope would bear fruit in the foreseeable future.

OBJECTIVES

The Association shall endeavour to create a platform for its membership to interact with each other, to disseminate information which will improve the industry and represent its members in all public forum with particular reference to encouraging the continued development of the Fruit & Vegetable Industry's potential viz a viz:

- * *Promoting and exploring foreign market opportunities and requirements and thereby establishing standards of exports.*
- * *Establishing standards in quality control methods whilst eliminating malpractices which could bring the industry into disrepute.*
- * *Forging links between the Association, its membership and foreign organizations sharing similar interests.*
- * *Conducting of seminars, refresher courses and disseminating current industry information to acquaint producers, processors and exporters of modern technology from time to time.*
- * *Engaging in appropriate exercises, incidental or conducive to the interests of its membership, beneficial to the industry in general and exports in particular from Sri Lanka, not excluding the preparation of advertising and promotional material related to the industry, as determined by the Executive Committee.*
- * *Endeavour to establish liaison between its membership and ministries, government departments and/or corporations and other statutory and regulatory bodies connected with the industry.*
- * *The Association shall not be constrained in its mission to protect the interests of the industry and its membership at all times.*

Our Mission

- To increase production of crops with high export potential through improved agricultural productivity
- To Reduce Post Harvest Losses
- To improve quality and safety of available production
- To provide linkages between producers and buyers
- To facilitate Imports/ Exports and Improving the ease of doing business

Memorandum of Understanding with the Ceylon Chamber of Commerce

The Ceylon Chamber of Commerce during its history of 176 years has been instrumental in establishing long lasting relationships with a large number of Associations. The Association has been dynamic in forging important trade links with the respective partners for the benefit of the Association members and the business community engaged in the Export trade and in facilitating the realization of strategic partnerships to exploit trade opportunities.

The Lanka Fruit and Vegetable Producers Processors and Exporters Association entered in to a Memorandum of Understanding with the Ceylon Chamber of Commerce in 1st November 2012. The Chamber continued to take a positive interest in the activities of the Accredited Associations and in recognition of the need to further strengthen the existing systems.

The secretariat which was relocated on 24th October, 2012 at the Ceylon Chamber of Commerce continue to provide excellent secretarial and logistic services to the Association. The Board Meetings of the Association are held at the CCC meeting room facilities.

34TH ANNUAL GENERAL MEETING – 30TH SEPTEMBER 2016

The 34th Annual General Meeting of the Lanka Fruit and Vegetable Producers Processors and Exporters Association was held on the 30th September 2015 at the Board Room of the Ceylon Chamber of Commerce, graced by Mr. Mangala P B Yapa, Secretary General & CEO of the Ceylon Chamber of Commerce, along with the participation of leading Agri-Export sector personalities.



Head Table

The Board of Directors

The following Office Bearers and the Board of Directors were elected at the AGM for the year 2015/2016

Office Bearers

Mr. Annes Junaid Chairman
Mr. Zuraish Hashim 1st Vice Chairman
Mr. Harsha Karunarathne 2nd Vice Chairman
Mr. Imdadh Marikar Hony. Secretary
Mr. Upali Ranasinghe Hony. Treasurer

Board of Directors

Mr. S Gnanaskandan	Immediate Past Chairman
Mrs. Dawn Austin	Mr. Jagath Fernando
Mr. Ismeth Mohamed	Mr. Suresh Ellawala
Mr. Ahamed Kabir	Mr. Ananda Pathirage
Mr. Sarath De Silva	Mr. Hyder Ghany
Mr. Chamila Gunarathna	Mr. Jeyakumar Senathirajah
Mr. Shanthi Wijesinghe	Mr. K T Ainkaran

SUB-COMMITTEE 2015-2016

- Middle East Sector Sub-Committee
Dr. Upali Ranasinghe (Chairman) & Mr. Imdadh Marikkar
- ✳ Male' Sector Sub-Committee
Mr. Ahamed Kabir Chairman, Mr. Jeyakumar Senathirajah & Mr. Chamila Gunarathna
- ✳ Europe Sector Sub-Committee
Mr. Jagath Fernando
- ✳ Airports, Exports & Cargo Handling Sub-Committee
Mr. Ismeth Mohamed (Chairman) & Mr. Harsha Karunaratna
- ✳ Export Processing-Mr. Annes Junaid (Chairman)
- ✳ New Membership Committee- Mr. Hyder, Mr. Chamila Gunarathne, Mr. Harsha Karunaratne & Mr. Zuraish Hashim
- ✳ Sub-committee to draw up an action plan to identify the Department of Agriculture Officers who are separately responsible for Agri-crops and thereby invite them for an Association meeting. This is mainly to understand and have interaction among the members, growers and the DOA, in order to identify crops for the export market.
Mr. Annas Junaid
Mr. Jagath Fernando
Mr. Gnanaskandan
Mr. Zuraish Hashim

LEVPPEA MEMBERSHIP

Aitken Spence Exports (Pvt) Ltd
Amalgamated International (Pvt) Ltd
Agromel (Pvt) Ltd
Ajith Chinese Vegetable Supplier
Brown & Company PLC
Country Style Foods (Pvt) Ltd
Consolidated Business Systems (Pvt) Ltd
CBL Natural Foods (Pvt) Ltd
C R Exports (Pvt) Ltd
Dero Export International (Pvt) Ltd
Development Interplan (Ceylon) Ltd
Dilarshad Enterprise
Dole Lanka (Pvt) Ltd
Eastern & Allied Agencies (Pvt) Ltd
Expolanka (Pvt) Ltd
Ellawala Horticulture (Pvt) Ltd
Forbes and Walker Farms (Pvt) Ltd

Gulf International Maritime (Pvt) Ltd
H J S Condiments Limited
International Foodstuff Company (Pvt) Ltd
Jewelex Agri Kumaragama (Pvt) Ltd
Jagro (Pvt) Ltd
Kestrel International (Pvt) Ltd
Kinetic Trading (Pvt) Ltd
Medatenna Estate
Nations Trust Bank PLC
Nelna Agri Business
Nidro Supply (Pvt) Ltd
Protected Agricultural Entrepreneurs Association
Rally Packaging (Pvt) Ltd
Serene International (Pvt) Ltd
Sunchoice Imports & Exports Co.
Transgrow (Pvt) Ltd
Vegiland Exporters (Pvt) Ltd
Vijeya Enterprise
Waterways Exports (Pvt) Ltd
Sri Lanka Export Development Board

NEW MEMBERS

The following companies joined the membership during the period under review;

*Ansell cargo Export
Alwis Agro Exports (Pvt) Ltd
Global Trading & Marketing (Pvt) Ltd
Royal Fresh Exports (Pvt) Ltd*

CURRENT DEVELOPMENT IN THE SRI LANKA AGRICULTURE SECTOR

Sri Lanka is adjusting well to the stringent ISO 22000 series and to the health & safety regulations stipulated by the European Community. Farmers are constantly educated to practice Good Agricultural Practices (GAP) at the nurseries and some farms are certified under the GLOBAL GAP certification. The Processing / Manufacturing facilities owned by the export companies comply with local standards (SLSI) and also with International Quality Standards such as ISO, HACCP, and EU Standards. Traceability throughout the supply chain is monitored in order to guarantee a safe product to the consumers.

Improved technologies on crop cultivation especially cultivation under poly tunnels, application of drip irrigation systems, optimum input applications, pest and disease control, post-harvest management, quality packaging and improved transportation methods are practiced specially for export marketing.

Sri Lanka National Agriculture Policy

The agriculture sector is the cornerstone of Sri Lanka's economy. With more than 70% of the population living in rural areas depending on agriculture for their livelihoods, this sector contributes to about 18% of the Gross Domestic Product (GDP) and 30% of the employment. The agricultural productivity has remained relatively stable, except for rice which has reached near self sufficiency in the recent years.

However, the growth in this sector has been sluggish. Rapid agricultural productivity growth is fundamental for reducing poverty in Sri Lanka as nearly 90 per cent of the poor live in the rural agricultural economy. Therefore, rapid development in food production while protecting the environment, water resources, and bio-diversity needs to be given high priority in the development strategies. This includes removal of existing policy and regulatory constraints which have stifled growth in the agricultural sector.

Fragmented land use, insufficient availability of water, credit, seed, technical know-how, technology, marketing, storage and transportation, poor farming practices continue to weaken productivity in agriculture. Short to medium term priorities include adopting policies to facilitate farmer access to wider markets and improved technologies, creating a stable trade policy regime with required safeguards and developing a regionally equitable infrastructure development strategy for rural development.

Goals and Objectives

- Increase domestic agricultural production to ensure food and nutrition security of the nation.
- Enhance agricultural productivity and ensure sustainable growth.
- Maximize benefits and minimize adverse effects of globalization on domestic and export agriculture.
- Adopt productive farming systems and improved agro-technologies with a view to reduce the unit cost of production and increase profits.
- Adoption of technologies in farming that is environmentally friendly and harmless to health.
- Promote agro-based industries and increase employment opportunities.
- Enhance the income and the living standard of farming community.

Promoting Agricultural Production

The Government aims to promote agricultural production by implementing technically sound, economically viable, environmental friendly and socially acceptable programmes to promote sustainable agricultural development with efficient and effective utilization of resources. The major points of the policy are:

- Increase local food supply, employment opportunities and agricultural exports by emphasizing on cultivation of rice and other field crops, horticultural and floricultural crops, roots and tuberous crops, export agricultural crops, herbal crops, other underutilized crops and bee-keeping as well as supplementary food crops such as sugar cane, cashew and coconut.
- Increase productivity of water and land by enhancing crop production through the application of

sustainable cultivation practices.

- Promote good agricultural practices such as Integrated Pest Management (IPM) and Integrated Plant Nutrition Management (IPNM), for sustainable agricultural development.
- Promoting income generation from integrated agriculture through livestock and aquaculture.
- Formulation of production plans that will cater to the market needs and nutritional requirements.
- Cultivation of crops based on agro-climatic conditions and promoting agro-based industries.
- Introduce improved and modern technologies to the village whenever and wherever possible.

Vegetables

Vegetable production increased by 7 per cent to 1,279,155 metric tons in 2014. The growth of vegetable production in 2014 was supported by 7.9 per cent increase in production during the 2013/14 Maha season and a 6.1 per cent growth during the 2014 Yala season. Vegetable prices decreased significantly with the improved supply during the Maha harvesting period commencing January to April 2014. However, the supply of vegetables decreased considerably from mid April 2014 as the inter-seasonal cultivation of vegetables in March (after harvesting paddy) was not carried out in many areas due to the shortage of water and the delay in the Yala cultivation due to drought conditions. The reduction in supply of vegetables led to a substantial increase in prices from May to mid July 2014. However, with the supply of the Yala harvest reaching the market, prices declined from mid July onwards. Meanwhile, the heavy rainfall and flood experienced towards the end of the year caused severe crop damages resulting in a sharp decline in the market supply of vegetables and increase in the prices of vegetables during the months of December 2014 and January 2015.

ASSOCIATION ACTIVITIES DURING THE PERIOD UNDER REVIEW;

The Lanka Fruit & Vegetable Producers, Processors and Exporters Association (LFVPPEA) have through their direct intervention during the past few years interacted with government ministries, statutory authorities & departments and relevant stakeholders and have being successful in establishing a common understanding and consensus in implementing new thinking and a progressive activities to the sector.

- (1) The Association regularly conducts seminars and awareness workshops amongst the stakeholders including for and not limited to:
 - (a) post-harvest technology, application of pesticides, weedicides and fertilizer.
 - (b) packaging for export, airport ground handling
 - (c) importance of adhering to international import regulations & certifications such as GAP, GMP, HACCP, ISO
 - (d) subsidizing of the Ceylon Chamber of Commerce/WTO Project on agricultural extension, pre & post-harvest technology and knowledge development with Rs.500,000/= (this is a project whereby Agricultural Department Extension Officers are trained as trainers to impart agricultural extension knowledge
 - (e) currently, the Association is working with the Export Development Board and Department of Agriculture in order to interact with selected regional/District Extension Officers in order to implement the government's budget decision of alienating coconut plantation land for under-plantation and inter cropping, and utilizing them for increase

and sustainable production through introduction of suitable planting material, cultivation based knowledge impart to farmers on what to grow, when to grow and how much to grow and in which district which agri-produce is best grown for sustainable productivity.

- (f) The Association has already submitted a manual for centralized pack-house at proposed Peliyagoda Wholesale market to Megapolis Initiative.
- (g) A separate proposal have been initiated to the Ministry of New Industries Development for the establishment of Collecting & Packaging Centers in selective grower areas.

The LFVPPEA has proposed to the Ministry of Finance, Ministry of Agriculture, the Export Development Board and other statutory authorities the following proposals and which have been gradually implemented.

01. Duty concession on the importation of agri-inputs such as green houses, poly tunnels, irrigation systems etc.
02. duty concessions on agro-produce enclosures such as breathing bags for mangoes
03. extension of agricultural produce base with the alienation of 11,500 hectares of coconut land for under cultivation/intercropping
04. consensus on import of pesticide, weedicide and essential chemical fertilizers
05. consensus on the implementation of quarantine regulations
06. Expeditious approval for the import of seed material for the use of exporters only
07. Allocated additional Rs. 2300 million in 2015 for rehabilitation programme to restore abandoned paddy lands and put them back to use for the cultivation of Fruits, Vegetables and floriculture using organic fertilizer. Proposed to extend agriculture credit to those who cultivate in such lands.
08. Proposed to increase the planting subsidy for minor export crops by 25%, accordingly to increase the allocation by Rs. 250mn to the Department of Agricultural Exports. Proposed to increase the subsidy granted for the cultivation of fruits and vegetables and the operating of dairy farms by 50%.
09. Manufacturers of exports are provided with a low income tax rate of 12%. In order to further facilitate such exports a one stop service centre providing banking, quarantine, quality standards and other trade services through a computer network will be established at the Customs.
10. Proposed to create a separate electricity tariff band for those industries and services consuming below 300 units a month to extend a 25% cost reduction to encourage economic activities of SME's. It was proposed a tariff reduction for all other industries from November 2014
11. Fertilizer and Chemical Registration and Import Approval Process
12. The Interpretation and Application of the Regulations pertaining to the Import of Greenhouses and Greenhouse Equipment
13. To allocate a space within AASL cargo for examination of Cargo by NPQS quarantine inspections purposes.
14. Change of Customs procedure in respect of export of fruit, vegetable and processed products to the Republic of Maldives
15. Issues arising in the fruit and vegetable export sector for cargo destined to the Seychelles

The following key issues confronting growers of Fruits and Vegetables, particularly those of the Members of this association focusing on Export Markets were taken up with the Ministry of Agriculture.

1. Import of Greenhouses and related equipment (Green House/Poly Tunnel/Inputs for High tech agriculture /modern high tech agriculture)

Simplifying the procedures for the exemption of duty – Cess and VAT on the above.

- a) Currently the Ministry of Agriculture insists on a commercial invoice in order to make the recommendation to the Director General of Fiscal Policy for his approval and recommendation to the DGC Customs for the implementation on the above.

The suppliers can only provide the commercial invoice **after** shipment has been effected. It is requested that the Ministry of Agriculture accepts a proforma invoice for initial recommendation to the DGC Fiscal Policy.

No sooner the shipment has been effected; the importer will obtain the commercial invoice (which will be exact replicate of the proforma invoice) together with the letter of recommendation from the Ministry of Agriculture to the DG Fiscal Policy for his approval and recommendation.

2. It is the experience of some importers that import of reconditioned machinery had been turned down without justification. A policy decision needs to be taken and implemented in this regard.
3. It is requested that the officials handling this subject at the different ministries and even in Customs are properly informed of the Government policies in this regard as now importers are exposed to the interpretation of these laws by individual officers.

4. Importing planting materials (Seeds & plants for Direct/ Own use)

Presently, according to the Seed Act any import of plant & seed materials has to be accompanied by an ISTA certificate.

The Association requests that its members are permitted to Import plant or seed materials with a certificate from any ISTA Accredited laboratory, especially from the EU, North America, Japan and Australia.

5. Intellectual Property Rights

Presently there is no law enacted in Sri Lanka to protect the Intellectual Property Rights relating to Plant and Seed materials.

This is a serious impediment to bringing in new varieties of high quality Hybrid plant and seed materials which will open up new markets for exporters.

It is learnt that a Task Force to draft the Law on IPR was formed many years ago but matters seem to have loss direction.

6. Fertilizer Imports for Direct Use

As per letter dated 17th November 2014, The National Fertilizer Secretariat (NFS) informed Direct Importers of fertilizers that approval is required from the relevant Crop Research stations for obtaining approvals to import fertilizers.

This is impractical & unrealistic in relation to the range of horticultural crops to be grown and it is requested that this requirement be waived for Horticulture Industry.

7. Chemicals Import for own use

(a) As per the Registrar of Pesticide (ROP) in his letter dated 14th August 2012 addressed to the LFVPPEA, agreed to the registration of chemicals for specific/own use.

Registration of such chemicals was to be on the submission of Material Safety Data Sheet (MSDS) and completion of Form RP/2A and a registration fee Rs. 10,500 (filing fee of Rs. 6,500 and registration fee of Rs. 4,000) per chemical.

However, in actual practice members have experienced difficulties in

- a. Registration of chemicals with only the MSDS, at the Registrar's office continues to request for more detailed information about individual products which importers are unable to provide.
- b. The Registrar as per his letter dated 17th July 2014, has increased the cost of registration fee to Rs. 100,000/= per chemical.

The Association requests the ROP to review the Registration Process and streamline the requirements to facilitate registration whilst at the same time reducing the registration fee to more reasonable level as it is for own use and not for re-sale.

(b) It should be noted that in the ROP's latest approved list of Chemicals published recently, there is only one fungicide with a Pre-Harvest Interval (PHI) of less than 3 days. All other chemicals have a PHI of minimum of 7 days.

This situation has created huge problem for the Horticultural industry covering both fruits and vegetables as when flowering begins harvesting continues uninterrupted for the period of 3-4 months depending on the crop. In order to prevent severe attack of pests and diseases the recommended prophylactic treatment is for spraying once a week.

This therefore provides no interval for harvesting between spray rounds.

It should be noted that there are many chemicals available in the developed world which have a PHI of 1-3 days and are recommended and registered in countries such as North America, Europe, Japan and Australia.

It is therefore requested that ROP's office find ways to register such products and make them available for use in Sri Lanka to the Horticultural sector.

There is also a well-developed organic sector especially in Europe and North America where there are many Bio pesticides (both inert and live) which are certified for organic use.

It is requested that as a first step the ROP/MOA permits the import of inert organic bio pesticides to be used in Sri Lanka.

8. Maximum Residual Levels

Food safety for human consumption is a primary concern in all food production.

Sri Lanka does not possess the necessary equipment or skills required for the Maximum Residual Level testing within the country. This requires any testing to be undertaken overseas at a huge cost. Presently, this is carried out by TRI for tea exports and for a few other specific high value added food exporters who are compelled to invest large sums of money in sending samples overseas.

The Sri Lanka Standard Institute has recently prepared a draft paper on Good Agricultural Practices (SL GAP) for Sri Lanka which also includes the measurement and monitoring chemical residual levels for food produced for local consumption.

However, the country lacks the facilities to undertake the required testing.

The absence of such testing facilities could be identified as one of the key reasons for the many health problems being experienced across the country and it is therefore serious enough for the Government of Sri Lanka to invest in obtaining the required equipment and providing the necessary training to undertake the chemical residue testing within the country.

Ideally, such facilities should be available in different parts of the country making it easily accessible for producers and ensuring that the local supply of fruits and vegetables are safe for local consumption. Such testing and certification will also provide a useful marketing tool for exporters ensuring safety of our produce for the foreign buyers.

SRI LANKA STANDARD ON GAP FOR FRESH FRUITS AND VEGETABLES

Associations' views were forwarded to SLSI and the association was represented at the discussions

WTO/STDF funded Improving Safety and Quality of Sri Lankan Fruits and Vegetables Project

Sri Lanka has a high potential for cultivating fruits and vegetables for the domestic as well as export market. This potential has further increased with the liberalization of North and the East of the country, which are mainly agricultural areas. A greater potential exists for the export of processed fruits and vegetables. Development of the fruits and vegetable crops is very important because of the significant contribution it can make to increase the level of national income, generate new employment opportunities, increase farm income and enhance the nutrition and health of the people.

With the increased awareness on consumption of fruits and vegetables for a healthy life style, increase in per capita income as well as rapid expansion of supermarket chains in the country, the local demand for quality and safe fruits and vegetables is rapidly increasing. According to Lanka Fruit and Vegetable Producers, Processors and Exporters Association (LFVPPEA), who is actively involved in export of fruits and vegetable, there is high demand abroad for Sri Lankan fruits and vegetables. However, a main constraint faced by the players in the local market as well as exporters is non-availability of good quality and safe fruits and vegetables in sufficient quantities.

All segments of the society, particularly local consumers, have serious concerns on the quality and safety of fruits and vegetables. Similarly, Sri Lankan exporters have faced serious challenges in exporting fruits and vegetables due to quality and safety related issues. The number of warnings and directives received in the recent past amply proves the gravity of this situation. A survey conducted by the International Trade Centre (ITC) on Non-Tariff Measures (NTM) faced by Sri Lankan Exporters, it was revealed that the majority of reported NTM cases adversely affecting agricultural companies in Sri Lanka are technical regulations (SPS and TBT) and related conformity assessments. The survey further revealed that from the partner country perspective, the majority of cases are related to exports of agricultural goods to the European Union

With the financial assistance of WTO Standard Trading Development Facility (STDF) and technical assistance of International Trade Center (ITC), the Ceylon Chamber of Commerce in partnership with the Ministry of Agriculture (MOA), Ministry of Health (MOH), National Agri Business Council (NABC), Lanka Fruit and Vegetable Producers, Processors and Exporters Association (LFVPPEA) implemented the Project on “Improving Safety and Quality of Sri Lankan Fruits and Vegetables” from March 2013 to June, 2016 to address this issue.

The main aims of the project were;

- i) Building and sustaining the competence of public and private stakeholders to comply with quality and food safety international requirements, and
- ii) Improving the international, regional and national market opportunities of selected value chains of fresh fruit and vegetables.

The project conducted a series of activities to achieve the desired outputs and outcomes aimed at improving the safety and the quality of Sri Lankan Fruits and Vegetables. The outputs and outcomes and the key achievements of the project are described in Annex i.

Stakeholders involved in the Project

The project partners and associates included all relevant public and private sector stakeholders pertaining to the fruits and vegetable sector and their active participation and support at all stages of the project ensured successful achievement of project objectives. Both private sector partners and the public sector institutes worked in unison with great commitment making it a true private-public partnership initiative. The feedback provided by the key stakeholders as well as the technical partner ITC at regular steering committee meetings, training programmes and at the final workshop clearly highlighted the key role played by this project in uplifting the fruits and vegetable sector of Sri Lanka. The platform for active engagement of all key stakeholders was the Project Steering committee comprising of following representatives;

- i. Ministry of Agriculture Addl. Secretary
- ii. Director Seed Certification and Plant Protection Service DOA

- iii. Director Extension and Training DOA
- iv. Director National Plant Quarantine Service
- v. Deputy Director General, Environmental and Occupational Health, Ministry of Health
- vi. President, National Agri business Council
- vii. President of the LFVPPEA
- viii. Director Sri Lanka Standards Institution
- ix. CEO, The Ceylon Chamber of Commerce

The project steering committee used to meet on a quarterly basis and facilitated lively interactions and deliberations of key issues pertaining to the quality and safety of Sri Lankan fruits and vegetables and also taking necessary measures to address those issues.

Some of the key outputs/outcomes of the STDF Project 354 are listed below;

Capacity Building of the National Plant Quarantine Service (NPQS)

- **Training of Plant Quarantine Officers:** Conducted a ten day Training of Trainer program (residential) and trained 20 Plant Quarantine Officers (PQI) with the help of International Trainers (30 October – 08 November 2013).
- **Training of Field Plant Quarantine Officers:** Best performing PQI (Master Trainers) in turn trained 50 Field Plant Quarantine Inspectors (FPQI) on a five day residential Program (two batches of 25 each (28 January 2014 to 06 February 2014)
- **Pest Risk Analysis (PRA):** Training on PRA conducted in Sri Lanka for the first time with the assistance of an International expert on the subject.
- **Pest List:** Updated the Quarantine Pest List after a lapse of many years.
- **Facing the FVO Audit on Plant Health:** Project provided international expertise for the NPQS to face the FVO Audit successfully. (Mock audit conducted by the Chief Quarantine Inspector attached to the Heathrow airport U.K.)
- **Upgrading of the NPQS Laboratory:** Upgraded the NPQS laboratory facilities by providing state of the art laboratory equipment.
- **Training to NPQS staff:** Provided further training to the staff at the NPQS with the assistance of an International expert on Plant quarantine to identify pests before exports.
- **Sign Boards at the Airport:** Erected the long awaited illuminated sign boards (warning the passengers of bringing in plant based products) at the terminal building of the Bandaranaike International Airport in Colombo.

Capacity Building of the Training and Extension Division of the Department of Agriculture

- **Training of Master Trainers (MT):** Conducted an eleven day residential Training of Trainer Program (ToT) for Master Trainers in the DOA and trained 28 Master Trainers (27 from DOA and 01 from the Private sector) from 04th to 15th December 2013. Training modules included, Good Agricultural Practices, Sanitary and Phyto Sanitary Standards (SPS) and Food Safety Standards, Pest and Disease Management at Field Level, Post Harvest handling, Business Management and Finance, Marketing and Training and Extension Methodology. Resource persons included an International expert on GAP, SPS and Post harvest handling and local experts and consultants.
- **Training of Field Level Trainers (FLT):** Best performing Master Trainers (MTs) trained 47, FLT on a eleven day Training of Trainer program under the supervision of the International and local trainers.

- **Training of Field Level Extension Officers (FEO):** Best Performing MTs and FLTs cascaded the training to Field Level Extension Officers and trained 149 FEOs of the DOA. (Conducted a five day residential training programs in local languages for six batches of FEOs).
- **Farmer Training:** Conducted 20 farmer training programs in 14 districts and trained 563 farmers on GAP, Post Harvest Handling, SPS and Food Safety Standards, Pest and Disease Management and Marketing. (Training programs were of five days duration on non residential basis)
- **GAP Curricula:** Formal training of Good Agricultural Practices (GAP) was introduced to the DOA for the first time.
 - **Developing Training/Promotional Materials:** Printed brochures on GAP, Post Harvest Handling, Food hazards and Safe Food and Plant Quarantine and Implementation of Phyto-sanitary regulations in the local languages and distribute among the farmers, DOA staff, exporters and others.

Assistance Provided to the Exporters

- **Exposure Visit to Milano:** Five exporters and two farmers were taken on a study tour to Milano to assess the opportunities for Sri Lankan fruits and vegetable exporters to export to the EU.
- **Market Access for Processed Fruits:** A feasibility mission was arranged to facilitate a long term sustainable partnership with NOBERASCO an Italian leader in processed fruits in Europe

Assistance to Sri Lanka Standards Institution and DOA (SLSI and DOA)

- **GAP Standards Certification Scheme:** Initiated the formulation of a farmer friendly GAP certification Scheme with the assistance of an International expert on GAP from Thailand.

Assistance for MOH, Exporters, Processors and Others

- Conducted a Workshop on Sanitary and Phytosanitary (SPS) Standards and Export of fresh fruits and vegetables to the European Union (EU) for Food and Drug Inspectors (FDIs), Exporters, Processors and other relevant Stakeholders.

Study Tour to Thailand

- **Study tour to Thailand:** Six best performing DOA Officers and seven farmers were taken on a ten-day Study Tour to Thailand to learn the best agricultural practices adopted by Thailand.

Assistance to the Registrar of Pesticides Office

- Published a booklet on “How to minimize pesticide residues on fresh fruits and vegetables”.
- Obtained international expertise to face the FVO audit on Maximum Residue Levels (MRLs) on plant products.

Assistance to the ITI Laboratory

- Provided international expertise to enhance the capabilities of ITI laboratory to trace MRL's in fruits and Vegetables.

Creation of awareness and knowledge sharing

- Developed and maintained the website www.spssrilanka.lk under the Project which has a repository of information on sanitary and phytosanitary aspects of fruits and vegetables.

STUDY TOUR TO MILAN

29TH NOVEMBER, 2015 TO 06TH DECEMBER, 2015

The International Trade Centre (ITC) and the Ceylon Chamber of Commerce (CCC) jointly implemented a project aiming at improving the safety and quality of fresh fruit & vegetable producing in Sri Lanka and thereby generating new income opportunities to the farmer community. The projects focuses on building sustainability and competence of private & public stakeholders to comply with quality and international food safety regulations thus improving international, regional and national marketing opportunities of selected value chains of fruit and vegetable.

The project aims at linking farmers producing pineapple, mango, papaya, tomato, green chillie and variety of other vegetables grown under protected agriculture structures such as bell pepper, salad cucumbers and cherry tomato with buyers and exporters.

In order to contribute towards the above mentioned objectives of the project and enable exporters to better understand the EU and Italian buyers requirements and moreover to explore B2B opportunities, the study tour was organized to Milan jointly by the ICC, CCC, Export Development board (EDB) and Lanka Fruit & Vegetable Producers, Processors and Exporters Association (LFVPPEA), with support and co-operation of Association Italian Commerce Estero (AICE) – the Italian Association of Foreign Trade. The members of the LFVPPEA has been identified to be the target beneficiaries of this study tour.

AICE is a non-profit entrepreneurial association which for over 60 years, has been working to promote business relations between Italy and the rest of the world. AICE represents Italian companies that are committed predominantly to commercial activities abroad, as well as services related to such activities. AICE supports foreign companies interested in exporting to the Italian market by assisting them with the search for potential Italian business partners (suppliers, buyers, distributors, agents). The Association has in the past initiated collaboration with the EDB and assisted in the identification of buyers for Sri Lanka origin produce and products.

The study tour was partly funded by the Standards and Trade Development Facility (STDF) and executed by ITC, the joint technical co-operation agency of the United Nations and the World Trade Organization (WTO) with the participants contributing for hotel & subsistence.

The objective of the study tour to Milan was to enable selected medium-sized fruit & vegetable exporters and producers to study and understand the EU/Italian market and buyers and the mandatory requirements whilst participating B2B meetings.

Several visits were arranged in Milan, and the participants were afforded the following opportunities:

- (1) Learn and understand the peculiarities of the Italian market, Italian business practices, technical requirements (regulations & standards) and controls applied and the required minimum criteria for exploring the EU/Italian market.
- (2) Develop a sustainable knowledge of market opportunities that are currently available in the EU/Italian market for Sri Lankan companies in the fruit & vegetable value chain.
- (3) Study and understand the criteria for entering the market and successfully negotiating a contract.
- (4) Opportunity to exchange information and knowledge with the Italian industry, to acquire technical knowledge and develop initiatives on the development of their sector.

PARTICIPANTS

- (1) Mr. Mohamed Annes Junaid - CBL Natural Foods (Pvt) Ltd (Processor/Exporter)
- (2) Ms. Shenali Panabokke - Eastern & Allied Agencies (Pvt) Ltd (Exporter)
- (3) Mr. Jagath Fernando – Jagro (Pvt) Ltd (Producer/Exporter)
- (4) Mr. Harsha Karunaratna - Transgrow (Pvt) Ltd (Processor/Exporter)
- (5) Mr. Ruwan Tilaka Hewage (Farmer)
- (6) Ms. Kiloshani Manthri Kumari Wedande (Farmer)
- (7) Mr. Channa Madawal – Nidro Supply Ltd, (Exporter).

PROGRAMME

- (a) Presentation by AICE
 - ❖ Italy & Lombardy – economic structure
 - ❖ Trade between Italy and Sri Lanka
 - ❖ The Italian market – main features
 - ❖ How to export to Italy – main information & suggestions
 - ❖ Main exportable produce & products from Sri Lanka
 - ❖ AICE support to foreign exporters

The EU requires many certifications relating to compliance viz a viz Security, Health, Quality, Environmental Social and Labour impact. Furthermore, un-processed fruits and vegetables require certification relating to Phytosanitary and hygienic standards.

Global GAP has become a Minimum Standard for most supermarkets. Whilst not compulsory many supermarkets could request at least this certification.

The EU has set MRLS for pesticides and some member states have higher standards than those laid down by EU. Super Markets too have their own standards which could be more stringent than even the EU standards.

There is a growing market for Organic Produce. However the produce must be compliant with organic standards laid down By EU

Our target market consists of Importers Wholesalers Distributors and Retailers and very often one must go through a wholesaler or distributor to access the retail market.

Typical Price structure is as follows, in Selling 1000kg of bananas to Italy @ rate Euro 1/- per kg

- CIF price Euros 1,000
- Import duty @ 13,2% on CIF price Euro1,132
- VAT 4% (base 1132) Eu. 1,177.28
- Distributor's charge 50% Eu 588.64
- Total CIF + distributor = Eu 1765.64
- Add Retailer's charge of 50-100% margin Eu 2648.46 - – Eu 3, 500
- Plus: To be paid by retailer
- Certification costs, labeling costs etc.
- Advertising costs, training, handling, etc.

Focus: wholesale prices (per kg) (as per AICE)

- Pineapples: min 0,80€ max 1€ (Costa Rica)
- Pineapples top quality: min 1,70€ max 1,90€ (Costa Rica)
- Bananas: min 0,75€ max 0,85€ (USA)
- Bananas: min 0,68€ max 0,75€ (Africa)
- Bananas top quality: min 1,05€ max 1,15€ (America)
- Mango: min 2€ max 2,30€ (Brazil)
- Papayas: min 3€ max 3,50€ (Brazil)
- Ginger: min 1,90€ max 2,10€ (China)
- Chilli: min 1,20€ max 1,30€ (Italy)
- Yellow Peppers: min 1,20€ max 1,50€ (Italy)
- Yellow Peppers: min 1€ max 1,30€ (Spain)
- Tomatoes: min 0,80€ max 1€ (Italy)
- Tomatoes: min 0,60€ max 0,75€ (Morocco)

Hence Pricing would be an extremely important factor in Entering the Market

(b) Round Table B2B meeting with wholesalers

Discussions were held on marketing opportunities for mango, pineapple, guava, soursop, papaya, dehydrated fruits and local vegetable

LESSONS LEARNED

- Cost of product could play a major part in accessing the market's demand.
- Quality and Traceability
- Certifications of paramount importance

Follow up actions:

Need to carry message and disseminate to all companies wishing to enter the EU Export market, that they should gear themselves to meet the EU market's requirements

VISITS

The following interesting and educative visits were pre-arranged

(1) Tosi Valentino – Modern Fruit & Vegetable Shop

An excellent location and good market to introduce Sri Lanka export produce

(2) PTP Science Park

A highly organized set-up with diversified interests which gave the participants first hand and practical application of:

- + Food safety
- + New product development
- + Traceability and food authenticity
- + Quality and healthiness
- + Production and use of biomass
- + Waste reduction
- + Economic and environmental impact assessment
- + Value chain optimization
- + Predictive medicine
- + Diagnostic medicine
- + Precision Medicine
- + New natural active ingredients

The participants were exposed to greater and in depth knowledge of future competition for paddy cultivation

(3) Visit to Green House

This was a very modern and fully automated greenhouse practice with mass scale production. Discussions were held on automation advantages and cost reduction with quality and consistent supply chain. It was learnt of mixed salad cultivation to fit end-use demand. Identified that some of the activities could be implemented in current protected agri-environment in Sri Lanka.

Demo field was a Hi tech Agriculture Demonstration setup for The Milan Expo. Concentrating on below Topics

Focus on crops for animal feed (*drip for milk*):

- On-surface drip irrigation on rice
- On-surface drip irrigation on corn
- Sub-surface drip irrigation on alfalfa, soybeans, corn
- New fertilizers and bio-stimulants
- Crop rotation, minimum tillage, etc.
- Haymaking machineries and management
- Solar Pumping Systems

Drip fertigation with biogas byproducts

Lucchini corporation

This was a hi tech farm consisting of around one hectare of green houses for lettuce and basil. Several innovative and functional techniques for Harvesting Post harvest handling and packaging were demonstrated. There is much potential in adapting the technology available to fit Srilankan conditions.

(4) Visit to General Wholesale Market

Enabled the tour party to see what was available in the Italian Market and quality of produce there appeared to be a potential to develop Sri Lankan Pineapple, Mangos, Papaya, Passion fruits and fresh coconuts several wholesalers appeared to be interested in working with Sri Lankan companies to develop the Market. It will be necessary to undertake test shipments and establish proper protocols for handling the produce in accordance with the Market requirements. The downside of the visit was also the fact that it was apparent that the window for Sri Lankan product was mainly in winter as similar product is available closer at hand from the Mediterranean and African countries, Clearly this time period is also a difficult one for the Sri Lankan exporter due to adverse weather however since mangos Pineapple papaya and passion fruit do not appear to have suffered like the other crops this season however precautions to prevent infections and rot may need to be intensified due to the prevailing weather conditions

(5) Visit to Modern Fruit & Vegetable Shop

We witnessed the pattern of display of produce and in-house value addition by cleaning and cutting according to consumer needs. This experience has to be shared with the local markets with video presentation.

(6) Visit to Testing Company – INTERTEK

Intertek is a Specialist testing company with capability to test for Pesticide residues etc They have a Branch in Sri Lanka of which not much info was available with them. However I have contacted this branch. They appear to be equipped to test for MRLs in tea. However their rep said he would revert with further info re fruits and Veg. It appears that Fruits and veg may have to be sent to India for testing.

(7) Visit to GOGGIO – Aseptic Packaging Company

A very interesting and informative visit. Aseptic packaging is a system where the product and package are sterilized separately and filled avoiding contamination. Several very interesting presentations were made dealing with Genova packaging system. Alfa Laval Filling machinery used for the packaging system European legislation on food packaging, and the success story of Gogglios collaboration with Jain irrigation systems in the introduction of Aseptic packaging to India.

Of special interest was the fact that whilst their products were mainly geared at the processed food industry they did have a few solutions for fresh products as well. Their representative will be visiting Sri Lanka in February for further work in this regard.

(8) Visit to the Italian Customs Office in Malpensa

Again a very informative and enlightening visit. It was quite apparent that the customs was very interested in facilitating imports provided the importers and exporters were compliant with all requirements.

It was found that a health certificate was required for the clearance of fruit and veg however the issuing authority is the Italian Ministry of Health and the responsibility of obtaining the certification is the responsibility of the Importer.

(9) Visit to Modern Supermarket – Auchan Vimodrone

The main target of interest was the exotic fruits counter which wasn't really very impressive. It appeared that a Market for high value produce does exist during Christmas time for exotic fruits . Many Italians we met even associate pineapples with Christmas. However there was sea freighted product from Costa Rica available on the shelf at 1.08€ and the Airfreighted product at 1.80 €. Given that Importers / Wholesalers keep a mark up of 50 % and distributors keep a mark up of 50 – 100 percent, from a price perspective it appeared that Sri Lanka may not be very competitive. The incentive to purchase from Sri Lanka would be the flavour and quality of product over the Costa Rican item.

Visit to SIPCAM

Again a very useful visit. The Manager Of the Plant spoke to us and obtained our views on the issues we had. They were willing to work with Sri Lanka to introduce safe pesticides with low Postharvest intervals. They wished to know what specific issues we had in order to propose solutions.

With regards to maximum residual levels (MRL) she stressed that in Italy the government and enforcement authorities and crop associations were focused on controlling the end product rather than the input. In other words whilst they were not into banning chemicals they were very strict with checking maximum residual levels in product coming in to the markets. There appears to be a definite lesson in this for Sri Lanka .

We were given an extended tour of the factory where different production lines were shown also the group was apprised of the companies innovations namely wettable Granules , and Micro capsules which greatly enhanced the safety of the product both in storage and to operators.

Wettable granules reduced the volume of the product thereby reducing storage without the inconveniences of liquid pesticides. Micro Capsules allowed for controlled release of the chemical on to the foliage after the operator had left the field.

The safety procedures, quality assurance systems and environmental safeguards practiced were indeed impressive given the fact that the plant itself was larger in area than the village it abounded.

➤ **Summary of Achievements / Lessons Learnt**

Participants had firsthand experience and knowledge sharing on proper packaging and use of packaging material, use of bulk transport and small deliveries to shops, good and committed post-harvest practice and handling, market cleanliness and hygiene, correct utilization of cold chain facilities, environment friendly market interior (all interior market transport by electric mode), adequate road network in market area with parking and goods handling.

Participants had the opportunity of studying and understanding how retail & wholesale markets operate in Italy, meeting with potential buyers, excellent and informative meeting with regulatory authorities, establishing contacts with input suppliers and machinery,

equipment & packaging material suppliers whilst understanding the value of such equipment.

- **How to Disseminate & Implement the Achievements / Lessons Learnt in the local Context**
All lessons learnt and knowledge gained should be discussed and brought to the attention of the relevant policy makers through knowledge sharing and video presentation. It is important to have public awareness on food safety practices and create a popular demand for produce and supply of quality fresh fruit & vegetable.

For the above purpose it is important that the members strengthen their communication with the farmer community and supply chain and educate them on GAP encouraging them to produce in compliance with food safety.

Following the a study tour to Milan organised by WTO /STDF project, NOBERASCO, an Italian company leader in the dry and dehydrated fruits and vegetables visited Sri Lanka in May 2016 to assess the potential of the Sri Lanka production and conduct a feasibility study for a long-term sustainable partnership with Sri Lankan farmers and exporters for the supply of processed dehydrated fruits. The company gave attention to organic production and was looking into new opportunities to create social and economic impact for farming communities.

During their visit the team visited the selected farms, pack houses, processors, and exporters of pineapple, coconut, mango and other fruit crops with potential for international markets. In particular they interested to work directly with farming communities, also trained by the STDF project, and with chosen processors and exporters.

The team discussed the way forward with interested stakeholders for a possible long term sustainable partnership between NOBERASCO and Sri Lankan Producers.

Application for Project Preparatory Grant (PPG) of the Lanka Fruit and Vegetable Producers, Processors and Exporters Association (LFVPPEA)

Association along with Ms. Ludovica Ghizzoni have submitted a PPG for a value addition project in the fruit and vegetable export sector in Sri Lanka. The proposed project has been endorsed by the Department of Agriculture (DOA), a State agency of the Ministry of Agriculture, the National Agribusiness Council (NAC) and the Sri Lanka Export Development Board (SLEDB). The proposed project would also be facilitated by ITC.

B2B Meeting between the Farmer Community & Exporters in the Northern Province

Most of the exporters complained that they do not get adequate quantities of good quality fruits and vegetables for export. With the intention of bridging this gap the project initiated a program to bring the exporters in contact with the farmers. Exporters also pointed out that as the farmers' plot sizes are very small and scattered it is not practically and logistically not possible for them to meet with the individual farmers unless they have an adequate stock of good quality products. Therefore, at this Farmer and exporters B2B sessions it was stressed that the farmers should group into clusters or an association and produce the same quality product so that an adequate quantity of quality products would be available for the exporters' to purchase.

First such program was held in the Northern Province with the active Participation Mr. S. Sivakumar, Provincial Director of Agriculture of the Northern Province and his staff at the District Agricultural Training Centre at Killinochchi on the 09 January 2016.

There was a good turnout in this one day program where Dr. Ilmi G. N. Hewajulige, expert from the Industrial Technology Institute (ITI) gave a presentation on the importance of Post-harvest handling of fruits and vegetables.

Even farmers who were not trained under the project from the adjoining districts of Killinochchi and Mulaithivu were invited to attend the program. Altogether 132 farmers from the districts of Vavuniya, Jaffna, Killinochchi and Mulaithivu participated in the program with 17 Officers from the Northern Provincial Department of Agriculture with 07 exporters actively participating in the program.

Two similar programmes were organised in Maha Illuppallama and Angunukolapelessa

THE ASSOCIATION ALSO MAINTAINS A CLOSE DIALOGUE WITH THE FOLLOWING INSTITUTIONS

Sri Lanka Export Development Board (EDB)
Department of Agriculture
Ministry of Finance
Ministry of Agriculture
Ministry of Plantations
Department of Inland Revenue
Ministry of Industry and Commerce
Ministry of Technology and Research
National Fertilizer Secretariat (NFS)
National Plant Quarantine Service (NPQS)
Sri Lanka Standards Institute (SLSI)
Department of Commerce
National Plant Protection Office
Office of the Registrar of Pesticides
Seed Certification Center
Seed Certification and Plant Protection Center
Sri Lanka Customs
Seed and Planting Material Development Center
Central Bank of Sri Lanka
Food and Agriculture Organisation
Horticultural Crop Research and Development Institute
International Seed Testing Association
Industrial Technology Institute
Sri Lanka Export Credit Insurance Corp. (SLECIC)

ASSOCIATION AFFILIATIONS

Shippers' Council

- Mr. Zuraish Hashim

Exporters Association of Sri Lanka

- Mr. S. Gnanaskandan

National Agribusiness Council

- Mr. Annes Junaid
- Mr. S Gnanaskandan

Advisory Committee of Sri Lanka Export Development Board

- Mrs. Dawn Austin

Steering Committee of WTO/ STDF Project on Improving Quality and Safety of Sri Lankan Fruits and Vegetables

- Mrs. Dawn Austin
- Mr. S. Gnanaskandan

Working Committee on Economic Feasibility of Sea Freight Fruits and Vegetables from Sri Lanka to Maldives

- Mr. S Gnanaskandan
- Mr. Zuraish Hashim
- Mrs. Dawn Austin
- Mr. Ismeth Mohamed

Exporters' Forum, Organised by Sri Lanka Export Development Board

- Mr. Annes Junaid
- Mr. S Gnanaskandan

Project Advisory Committee of ITI enhancing preservation of fruits using Nano Technology Phase II

- Mr. Annes Junaid

Supply Chain Enhancement – Ministry of Food Security

- Mr. Annes Junaid Mr. Imdadh Marikkar
- Mr. Jagath Fernando Mr. Sarath De Silva
- Mr. Shanthi Wijesinghe

Advisory Committee on Processed Food Sector

- Mr. Annes Junaid

SEMINARS AND AGRI – KNOWLEDGE DISSEMINATION

During the current term, the association conducted a very successful seminar with broad participation.

Facilitating a Mutual Recognition Agreement on Conformity Assessment Procedures to Address Compliance Related Non-Tariff Barriers between India and Sri Lanka



Subashini Abeysinghe, Dr. Nishan De Mel – Verite Research, Dawn Austin – LF&VPPEA, Sonali Wijeratne – Department of Commerce

A round table discussion with key stakeholders on “Improving Trade with India: Mutual Recognition in Conformity Assessment” was held on 16th October 2016 at the Ceylon Chamber of Commerce.

The discussion included a presentation based on the research findings of a study conducted by Verité Research in technical consultation with the LFVPPEA and the NCE. Non-tariff barriers (NTBs) have been identified as a key constraint faced by Sri Lankan exporters in entering the Indian market.

The study examined one significant NTB, i.e. the delays and costs incurred proving compliance with Indian standards and technical regulations at Indian borders. Verité's study proposes a Mutual Recognition Agreement (MRA) between Sri Lankan and Indian authorities as a solution to this problem. MRA will allow Sri Lankan exporters to get products checked for compliance at the Sri Lankan port and thereby prevent them from having to go undergo further checks and resulting delays and costs at the Indian ports.

Participants of the roundtable discussion included government officials from the Department of Commerce, Sri Lanka Standards Institution (SLSI), Industrial Technology Institute (ITI), Government Analyst's Department, Department of Animal Production and Health, Sri Lanka Accreditation Board, Ministry of Foreign Affairs, National Plant Quarantine Service, Export Development Board, Consumers Affairs Authority and members of the exporting community. The findings of the study generated much discussion among the stakeholders regarding the possibility of facilitating the implementation of a MRA at the institutional level and the challenges that needed to be overcome. These included improving the capacity and credibility of Sri Lankan Labs and testing facilities. The need for institutions to work together, and the possibility of setting up a voluntary export inspection scheme as recommended by Verite were also given due consideration by the stakeholders.



Participants

FORUM ON FARM TO EXPORT 3 - 2016 – ROAD TO EU MARKET

07th July 2016



Mr. Annes Junaid, Chairman



Mr. Harsha Karunaratne

The Association organised a public seminar & workshop on the captioned subject to disseminate modern & futuristic agri-based knowledge for the advancement of the industry sector. The commitment of resource persons with a wealth of knowledge and experience from both Public and Private sectors on a single platform was a unique feature of this event. Areas covered were;

- Integrated Pest Management suit for EU market
- Regulatory activity over the plant product export to EU market
- Herbal Technology and Agricultural opportunities in Export market
- Sri Lankan Gap



Resource Panel

Resource persons:

Mr. S.S Weligamage, Research Officer, Department of Agriculture

Ms. C Magamage, Assistant Director – Research, Department of Agriculture

Dr. R M Dharmadasa , Research Fellow, Industrial Technology Institute

Mrs. M I S Jayasekera, Director (Standardization), Sri Lanka Standard Institute (SLSI)



Participants

PROFOOD/PROPACK & AGRI-BIZ EXHIBITION

12TH TO 14TH AUGUST 2016 AT BMICH

Association took part in the Exhibition by displaying products and services.

CORPORATE SOCIAL RESPONSIBILITY

The association has been actively supporting the Ceylon Chamber of Commerce led WTO Project whereby the project would build capacity for compliance. There were 440 farmers and around 100 extension officers trained under this programme. First time, WTO has utilized the facility to train a quarantine officer.

MARKET INFORMATION REPORT & WEB SITE

You can now browse your association web on: www.lankafruits.com. The Association website will be interfaced with the SLEDB site for more exposure. In addition sector related information and market updates can be viewed at <http://spssrilanka.lk>

MEETINGS OF THE EXECUTIVE COMMITTEE

Since of the last AGM up to September 2065, the Executive Committee of the Association has met on 12 occasions.

The following attendance was recorded at the Ex-Co meetings.

Name	Company	Attendance
Mr. Annas Junaid Chairman	CBL Natural Foods (Pvt) Ltd	10
Ms. Zuraish Hashim Vice Chairperson	Development Interplan (Ceylon) Ltd	9
Mr. Imdadh Marikkar Hony. General Secretary	Expo Lanka Ltd	7
Dr. Upali Ranasinghe Hony. Treasurer	CR Exports (Pvt) Ltd	7
Mr. S Gnanskandan Immediate Past Chairman	Eastern & Allied (Pvt) Ltd	11
Mr. Ahamed Kabir	Dilarshad Enterprises	11
Mr. Harsha Karunaratna	Transgrow (Pvt) Ltd	10
Mrs. Dawn Austin Alternate Mr. Channa Madawala	Nidro Supply Ltd	11
Mr. Sarath De Silva Mr. Mather	International Foodstuffs Company Pvt Ltd	0
Mr. Chamila Gunarathna	Aitken Spence Exports (Pvt) Ltd	5
Mr. Jeyakumar Senathirajah	Gulf International Maritime (Pvt) Ltd	4
Mr. F Hyder Ghany	Serene International (Pvt) Ltd	7
Mr. Suresh Ellawala	Ellawala Horticulture (Pvt) Ltd	9
Mr. Jagath Fernando/ Mr. Malitha Chathuranga	Jagro (Pvt) Ltd	6
Mr. Ananda Pathirage/ Ms. Thilini Gunaseena	HJS Condiments Ltd	4

Mrs. Srimala Narandeniya Mr. Darshana Perera	Dep. Director SLEDB Dep. Director SLEDB	6
Mr. Shanthi Wijesinghe Past President	CBS Ltd	0
Mr. Ismeth Mohamed	Amalgamated International (Pvt) Ltd	5
Mr. K T Anikaran	Vegiland Exporters Pvt Ltd	2
Mr. Mohan Silva	Co-ordinating Secretary	12
Ms. Manori Dissanayake	Ceylon Chamber of Commerce	12
Ms. Ushani Dassanayaka	Ceylon Chamber of Commerce	12

The above statistics does not necessarily reflect the interest shown in the activities of the Association by its Executive committee. The Executive committee under the guidance of the Chairman, has represented the Association at many forums with several government agencies and statutory authorities to collectively address grievances confronting the Industry. However, the benefits that have accrued to the industry have not only being shared by the membership of the Association, but also by the other exporters who are yet not members.

ACCOUNTS

Honorary Treasurer with able support of Mr. Gnanaskandan (Immediate Past Chairman) has taken great pains to ensure that the Accounts continue to be in order. He has with the concurrence of the Ex-Co prudently invested monies of the Association in Fixed Deposits with the People's Bank thereby resulting in a very healthy Balance Sheet for the Association.

EXPORT STATISTICS

Mr. Darshana Perera, Deputy Director Export Agriculture of the SLEDB provides monthly statistics.

AUDITORS

RN Associates was elected as the Auditors of the Association. The Audited statements of the Accounts of the Association for the period 2015-2016 is annexed.

SECRETARIAT

The Ceylon Chamber of Commerce provides secretarial services to the Association during the period under review.

ACKNOWLEDGEMENT

On behalf of the Membership of the Association, I wish to place on record our thanks and gratitude to the Chairman, Director General, Director & Deputy Director Export Agriculture, Mr. Darshana Perera and staff of the Sri Lanka Export Development Board for the co-operation and valuable assistance that they have extended to us and the Sector.

The Chairman and the members of the Committee have given their best towards the Association activities, very often at short notice and inconvenience to themselves.

By Order of the Committee

Manori Dissanayaka
For Secretary

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

**LANKA FRUITS AND VEGETABLES PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**
*No 80, Reclamation Road,
Colombo 11.*


BALANCE SHEET AS AT 31 ST MARCH 2016

	<u>Note</u>	<u>2016</u> Rs	<u>2015</u> Rs
<u>ASSETS</u>			
<u>Non Current Assets</u>			
Fixed Deposits		1,962,305.40	1,152,747.45
Total Non Current Assets		<u>1,962,305.40</u>	<u>1,152,747.45</u>
<u>Current Assets</u>			
Advances & Receivables	01	108,000.00	192,000.00
Debtors	02	21,425.00	-
WTO Strengthening SPS	03	300,000.00	400,000.00
Cash at Bank		620,723.85	903,770.55
Total Current Assets		<u>1,050,148.85</u>	<u>1,495,770.55</u>
Total Assets		<u><u>3,012,454.25</u></u>	<u><u>2,648,518.00</u></u>
<u>ACCUMULATED FUND</u>			
Retained Earnings		676,211.17	552,307.64
Accumulated Fund		<u>1,983,397.61</u>	<u>1,983,397.61</u>
		<u>2,659,608.78</u>	<u>2,535,705.25</u>
<u>Current Liabilities</u>			
Accrued Expenses	04	57,361.32	22,656.22
Provision for Taxation		105,484.15	90,156.53
Subscription in Advance	05	<u>190,000.00</u>	<u>-</u>
		<u>352,845.47</u>	<u>112,812.75</u>
Total Equity & Liabilities		<u><u>3,012,454.25</u></u>	<u><u>2,648,518.00</u></u>


.....
DIRECTOR

.....
DIRECTOR

We have prepared the above Balance Sheet of Lanka Fruit and Vegetable Producers, Processors & Exporters Association., as at 31st March 2016 and the annexed Income Statement for the year then ended from the books and information furnished to us and certify that they are in accordance therewith.

RN ASSOCIATES

Chartered Accountants

Colombo.
11th May 2016

**LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**
*No 80, Reclamation Road,
Colombo 11.*

INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2016

	<u>Note</u>	<u>2016</u> Rs.	<u>2015</u> Rs.
<u>Income</u>			
Subscription		535,000.00	534,000.00
Other Income	06	655,457.94	694,011.34
		<u>1,190,457.94</u>	<u>1,228,011.34</u>
<u>Expenses</u>			
Secretarial Fees	07	499,461.20	487,918.92
Annual General Meeting		16,541.62	291,232.00
Staff Welfare		32,835.00	34,502.00
Seminar Expense		293,234.01	180,575.00
Annual Return Charges		6,660.00	6,670.00
Printing Charges		22,613.64	-
Photocopy Charges		1,025.00	4,722.00
Donation	08	-	10,000.00
Subscription	09	26,000.00	15,000.00
Web Designing Charges		15,000.00	10,000.00
Bank Charges		949.45	1,897.69
Professional Charges		24,000.00	22,000.00
Communication Charges		10,500.00	16,000.00
Multimedia		2,406.87	2,428.55
Bank Interest		-	8,575.84
Project Expense- WTO		100,000.00	100,000.00
		<u>1,051,226.79</u>	<u>1,191,522.00</u>
Excess of Income over Expenditure for the year before Taxation		139,231.15	36,489.34
Taxation		(15,327.62)	(3,626.17)
Income after Taxation		<u>123,903.53</u>	<u>32,863.17</u>

**LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**
*No 80, Reclamation Road,
Colombo 11.*

STATEMENT OF CHANGES IN EQUITY

	Accumalated Fund Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2014	1,987,393.61	519,444.47	2,506,838.08
Net Profit / (Loss) for the Year	-	32,863.17	32,863.17
Balance as at 31st March 2015	<u>1,987,393.61</u>	<u>552,307.64</u>	<u>2,539,701.25</u>
Balance as at 1st April 2015	1,987,393.61	552,307.64	2,539,701.25
Net Profit / (Loss) for the Year	-	123,903.53	123,903.53
Balance as at 31st March 2016	<u>1,987,393.61</u>	<u>676,211.17</u>	<u>2,663,604.78</u>

**LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**
*No 80, Reclamation Road,
Colombo 11.*

CASH-FLOWS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

	Rs.	Rs.
<u>CASH-FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Taxation		139,231.15
<u>Adjustments</u>		
<u>Other Income</u>		
Interest income	59,557.94	59,557.94
Operating Profit Before Working Capital Changes		198,789.09
<u>Changes In Working Capital</u>		
<u>(Increase)/Decrease in Debtors</u>	(21,425.00)	
(Increase)/Decrease in WTO Strengthening SPS	100,000.00	
Increase/(Decrease) in Receivables & Advances	84,000.00	
Increase/(Decrease) in Subscription	190,000.00	
Increase/(Decrease) in Accrued Expenses	34,705.10	387,280.10
		586,069.19
Tax Paid		-
Interest Paid		-
Net Cash Flow From Operating Activities		586,069.19
<u>CASH-FLOW FROM INVESTING ACTIVITIES</u>		
Interest received	(59,557.94)	
Investment in Fixed Deposit	(809,557.95)	
Net Cash Flow from Investing Activities		(869,115.89)
<u>CASH-FLOW FROM FINANCING ACTIVITIES</u>		
Net Cash-Flow For The Year		(283,046.70)
Cash & Cash Equivalents at the Beginning of the year	(Note A)	903,770.55
Cash & Cash Equivalents at the end of the year	(Note B)	620,723.85
	<u>Note A</u>	<u>Note B</u>
	At the	At The
	Beginning	End Of The
	Of The Year	Year
Cash at Bank	903,770.55	620,723.85

**LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**

NOTES TO THE FINANCIAL STATEMENTS

	<u>2016</u>	<u>2015</u>
01 <u>Advances & Receivables</u>		
<u>Advances</u>		
Web Subscription	15,000.00	15,000.00
	<u>15,000.00</u>	<u>15,000.00</u>
<u>Subscription Receivable</u>		
Agromel	-	20,000.00
Rally Packaging	-	20,000.00
CBS	-	20,000.00
Browns	-	5,000.00
Dool Lanka	20,000.00	20,000.00
Vegeland	20,000.00	20,000.00
Protected agriculture	-	5,000.00
Ajith kumara	-	5,000.00
HJS Condominium	-	20,000.00
Nelna	5,000.00	-
Krestel	5,000.00	-
	<u>50,000.00</u>	<u>135,000.00</u>
<u>Seminar Receivable</u>		
Emirates	-	20,000.00
Transport Expo	-	22,000.00
Rent Advance	20,000.00	
Rally-Packaging Ltd	15,000.00	-
International Food Staff Co Ltd	8,000.00	-
	<u>43,000.00</u>	<u>42,000.00</u>
	<u>108,000.00</u>	<u>192,000.00</u>
02 <u>Debtors- Seminar</u>		
Nidro Supply (Pvt) Ltd	4,285.00	-
Cr Exports Ltd	4,285.00	-
Development Interplan Ltd	4,285.00	-
CBL Ltd	4,285.00	-
Expo Lanka Ltd	4,285.00	-
	<u>21,425.00</u>	<u>-</u>
03 <u>Donation</u>		
WTO Strenthinening SPS	400,000.00	500,000.00
Written Off 5yrs	(100,000.00)	(100,000.00)
	<u>300,000.00</u>	<u>400,000.00</u>
04 <u>Accrued Expenses</u>		
Secretarial Charges -CCC	33,361.32	656.22
Professional Charges	24,000.00	22,000.00
	<u>57,361.32</u>	<u>22,656.22</u>

**LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION**

NOTES TO THE FINANCIAL STATEMENTS

	<u>2016</u>	<u>2015</u>
05 <u>Subscription Received in Advance</u>		
Nidro Supply (Pvt) Ltd	20,000.00	-
Krestal Ltd	5,000.00	-
Elawala Plantation	20,000.00	-
Forbes Ltd	20,000.00	-
Dilashard Enterprise	20,000.00	-
HJS Condominium	20,000.00	-
Serene International	20,000.00	-
CBS Ltd	20,000.00	-
Eastern & Allied Ltd	20,000.00	-
Transgrow	5,000.00	-
Country Style Ltd	20,000.00	-
	<u>190,000.00</u>	<u>-</u>
06 <u>Other Income</u>		
Fixed Deposit Interest (Net)	59,557.94	163,511.34
AGM Income	43,500.00	201,500.00
Seminar Income	552,400.00	328,000.00
Other Income	-	1,000.00
	<u>655,457.94</u>	<u>694,011.34</u>
07 <u>Secretarial Charges</u>		
Ceylon Chamber of Commerce	359,756.10	376,918.92
Mr.Mohan	107,000.00	111,000.00
	<u>466,756.10</u>	<u>487,918.92</u>
08 <u>Donation</u>		
Exporters Association SL	-	10,000.00
	<u>-</u>	<u>10,000.00</u>
09 <u>Subscription</u>		
Exporters Association	26,000.00	5,000.00
Ceylon Shippers Council	-	10,000.00
	<u>26,000.00</u>	<u>15,000.00</u>

LANKA FRUIT AND VEGETABLE PRODUCERS,
PROCESSORS & EXPORTERS ASSOCIATION
No 80, Reclamation Road,
Colombo 11.

TAX COMPUTATION FOR THE YEAR OF ASSESSMENT 2015/2016

			Rs.
Net Profit as per Accounts			139,231
<u>ADD: Disallowable Expenses</u>			-
			139,231
<u>LESS: Allowable Expenses</u>			-
Taxable Profit			139,231
Less: Loss Claimed During the year	139,231	@ 35%	(11,501)
Taxable Profit			127,730
Tax thereon			
Income Tax	127,730	@ 12%	15,328
Losses			
Loss B/F from year 2014/15			11,501
Loss Claimed During the year			(11,501)
Loss C/F from year 2016/17			-

We have prepared the above statement from the information's furnished to us.

Colombo.
11th May 2016

RN ASSOCIATES

RNDSSM/als
Chartered Accountants