



INDUSTRY CAPABILITY REPORT



Coconut & Coconut Based Products

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1. INTRODUCTION

The coconut industry is an important source of foreign exchange earning & employment generation for Sri Lanka. A total of 1,095,982 Acres are under coconut cultivation of which 178,675 Acres are under estate sector and 917,307 Acres are under small holdings. An area of 34,063 Acres is used for cultivation of king coconut. Annual nut production is estimated around 3.0 Bn nuts per year. Approximately two third of the coconut production in Sri Lanka is consumed locally and the balance one third is used for coconut-based industries and exported to various destinations as value added products.

Sri Lanka has earned foreign exchange earnings worth of US\$ 836.1 Million by exporting coconut and coconut-based products in 2021. Sri Lanka has a comparative advantage in this sector due to its legacy & geographical location, skilled labour, modern and indigenous technologies for processing. Sri Lanka is ranked as the 1st largest exporter of coconut milk/cream/milk powder 2nd largest exporter of coir and coir related products and 3rd largest exporter of desiccated coconut according to the world rankings in year 2018. (Source: Coconut Development Authority, 2019).

2. TYPES OF PLAYERS

The players in the coconut industry are.

- **Coconut growers**
- **Coconut Kernel Sector**
 - Desiccated coconut manufactures, Coconut oil manufactures, Copra manufactures, Coconut water, milk, cream, butter, sugar and Amino manufactures
- **Coconut Fiber Sector**
 - Fiber millers and Value added fiber Product manufactures
- **Coconut shell sector**
 - Shell charcoal manufactures, activated carbon manufactures, shell pieces and powder manufacturers
- **Coconut related product suppliers, traders and Exporters**

3. KEY PRODUCTS AND VARIETIES

Coconut Kernel Products: Desiccated Coconut, Edible Copra, Fresh Coconut, Coconut water/ King Coconut water, Virgin Coconut Oil, RBD Coconut Oil, Coconut Flour, Coconut Butter, Liquid Coconut Milk, Coconut Milk Powder, Coconut Cream, Vinegar, Defatted Coconut, Poonac, Coconut base Arrack, Coconut Amino, Coconut Sugar and etc.

Coconut Fibre Products: Coco peat and Fibre pith, Twisted Fibre, Bristle Fibre, Mattress Fibre, Moulded coir products (pots, coco disks, grow bags, briquettes, grow cubes, open tops, seedling plugs etc.), Coconut Husk Chips, Coir Yarn, Geotextiles, Coir Twine, Coir Mats and Rugs, Rubberized Coir Pads, Brooms and Brushes, Tawashi Brushers etc

Coconut Shell Products: Activated Carbon, Coconut Shell Charcoal, Coconut Shell Pieces, Coconut Shell Powder.

4. GEOGRAPHICAL DISTRIBUTION

West and North Western provinces are mainly the coconut intensive areas – otherwise known as the “Coconut Triangle”. Three main districts in coconut production are Kurunegala, Puttlam and Gampaha. Other than coconut triangle there are coconut mini triangles located in the areas covering; a.) from down south Kalutara to Tangalle and b.) Northern Province - Jaffna, Mannar and Mulative district

5. TOP EXPORTERS OF COCONUT AND COCONUT BASED PRODUCTS IN YEAR 2021

The top ten players in each product sector are as follows:

	Coconut Kernel Products Sector	Coconut Fiber Products Sector	Coconut Shell Products Sector
01	NESTLE LANKA PLC	PELEMIX LANKA PVT LTD	HAYCARB PLC
02	SANMIK FOOD PVT LTD	BOTANICOIR LANKA PVT LTD	JACOBI CARBONS LANKA PVT LTD
03	SILVERMILL NATURAL BEVERAGES PVT LTD	JIFFY PRODUCTS S L PVT LTD	MANISHA EN CARBON PVT LTD
04	S A SILVA & SONS LANKA PVT LTD	ARAVA PVT LTD	CARBON ACTIVATED CORP LANKA PVT LTD
05	NDC EXPORTS PVT LTD	TROPICOIR LANKA PVT LTD	ULTRACARB PVT LTD

06	CBL GLOBAL FOODS LTD	COCOGREEN U K LANKA PVT LTD	MERCHANT LANKA PVT LTD
07	KANDETIYA AGRO PRODUCTS PVT LTD	CHAS P HAYLEY & CO LTD	J B CARBON ACTIVATORS PVT LTD
08	RENUKA AGRI FOODS PLC	BIO GROW LANKA PVT LTD	SOMERSET HOLDINGS PVT LTD
09	JAINDI EXPORT PVT LTD	RIOCOCO LANKA PVT LTD	NAGAHAWATTA EXPORTERS & IMPORTERS PVT LTD
10	WICHY PLANTATION COMPANY PVT LTD	EURO SUBSTRATES PVT LTD	JAFFERJEE BROTHERS

6. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR

The Coconut Development Authority is a premier government institution involved in the development of this sector in Sri Lanka. They run capacity building and hand holding programs for farmers as well as processors in the areas of Farming practices, new product development and market linkages. They also operate an auction system for coconut enabling the farmers get a better return on their produce.

The Export Development Board (EDB) is the apex state organization responsible for the development and promotion of Sri Lankan exports. The EDB takes a leading role in the development and export promotion of the Sri Lankan coconut industry by implementing various programmes. International trade fair participation, facilitate B2B promotions and organizing inward and outward buyer/seller missions, assistance for exporters own marketing efforts and promoting company brands in overseas. EDB is also extending assistance to resolve constraints and issues faced by the Sri Lankan exporters.

7. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

A couple of institutions in Sri Lanka are involved in developing and transferring technology for coconut fibre & kernel-based value-added products processing & manufacturing. The key institutions working in this sector are:

- Coconut Research Institute (CRI)
- Industrial Technology Institute (ITI)
- Industrial Development Board (IDB)
- Universities

8. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES

HS Code	Description	2019 USD Mn	2020 USD Mn	2021 USD Mn
Coconut kernel products		304.7	342.87	434.57
2008.19.20 2008.19.90	Liquid coconut milk	66.32	94.98	120.29
0801.11.90	Desiccated coconut	95.03	82.82	113.95
1513.11	Coconut oil	60.9	78.72	85.64
2008.19.40	Coconut cream	23.35	33.12	47.91
2008.19.30	Coconut milk powder	30.63	31.28	40.81
1106.30.10	Coconut flour	3.04	5.46	5.67
2306.50.10	Defatted coconut	4.32	5.14	5.47
2106.90.97	Coconut water	4.35	3.16	5.07
801.12	Coconut fresh nuts	3.92	3.26	4.51
	Other coconut kernel products	0.5	0.8	1.9
2306.50.20 2306.50.90	Poonac	7.1	2.34	1.86
0801.11.10	Copra	5.17	1.62	1.35
22.09.00	Coconut vinegar	0.08	0.18	0.15
Coconut fiber products		196.58	205.94	248.35
5305.00	Coco Peat, Fiber Pith & Moulded products	133.83	145.14	185.53
5305.00.23 5305.00.69	Mattress fiber	15.68	18.97	20.61
9603.10.10 9603.10.60	Brooms & brushes	14.28	11.48	12.82
5607.90.20 5607.90.30	Coir twine & ropes	10.47	9.57	10.85
5305.00.30	Mixed coir fiber	7.94	7.22	5.87
5311.00.10	Geo textiles	4.75	4.55	5.21
5305.00.12	Bristle fiber	3	2.43	2.62
5701.90.10	Coir carpets, mats, floor coverings	2.11	1.65	1.86
1404.90.50	Coconut husk chips	2.27	3.11	1.06
9404.29.10	Coir pads	1.12	0.99	0.98
5308.10	Coir yarn	1.14	0.82	0.94
Coconut shell products		112.55	115.77	153.18
3802.10	Activated carbon	105.35	107.98	144.57
4402.90.10	Coconut shell charcoal	5.41	5.85	5.07
1404.90.60	Coconut ekels	1.64	1.79	3.33
1404.90.30	Coconut shell pieces	0.1	0.11	0.14
1404.90.40	Coconut shell powder	0.05	0.04	0.06
Total exports of the sector		613.84	664.58	836.1

Source: Sri Lanka Customs

Sri Lanka is amongst the top sourcing destinations for coconut-based products in the world due to the following factors:

- ISO and HACCP certified production facilities for coconut kernel-based products such as desiccated coconut, coconut milk powder, coconut milk etc.
- Environment friendly cultivation/ manufacturing practices.
- Ethical practices known to the world as producer of “No child labour” and “No animal abuse”
- Organic certified coconut farms
- Technology unique for Sri Lanka for some products
- Experience over 3 decades

9. POTENTIAL FOR EXPANSION IN THE SECTOR

The following factors could be considered for the expansion of this sector in Sri Lanka:

- Increase in coconut cultivation to increase raw material supply base is now feasible in War & Tsunami affected areas
- Introduction of high yielding varieties and reduce height of trees for easy harvesting
- Shift towards natural and organic products in global markets
- Increase demand for coconut water as energy drink based on hydrating properties
- Available infrastructure across the country – roads, railways, ports
- Opportunity to establish new industries in areas where the raw material not utilized such as Northern & Eastern provinces
- Reduce raw material export and focus on value added products

10. STRENGTHS AND WEAKNESSES OF THE FOOTWEAR INDUSTRY

Strength	Weakness
<ul style="list-style-type: none"> • Growing consumer trends to eco-friendly Chemical free natural products, healthy foods, non-dairy foods, gluten free foods • Opportunities for exploitation of new areas in The North & East for coconut cultivation • State support through the Coconut Development Authority (CDA), Coconut Research Institute (CRI) etc • Adherence to GMP, HACCP and other internationally accepted quality requirements • High quality of the desiccated coconut (whiteness & distinctive taste) & coconut oil • International recognition as supplier of quality Fiber based products • Unique fiber extraction system in Sri Lanka 	<ul style="list-style-type: none"> • Lack of raw material for processing and value addition • Very high local consumption has an influence on availability of raw materials • Cost competition in the international market (high cost of labour, raw material, energy, freight etc) • Insufficient investment Research & Development on value added technology & quality improvement in some product areas • Lack of market intelligence • High competition in the international market

11. SUPPORT INSTITUTIONS

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|---------------------------------------|---|
| • Ministry of Plantation Industries | • Industry Development Board (IDB) |
| • Coconut Development Authority (CDA) | • Export Development Board (EDB) |
| • Coconut Research Institute (CRI) | • Industrial Technology Institute (ITI) |
| • Coconut Cultivation Board (CCB) | • Sri Lanka Standards Institute (SLSI) |

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