

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Sri Lanka

Grain and Feed Annual

2010

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Report Highlights:

Sri Lanka's MY 2010/11 milled rice production is forecast at 2.6 million tons, almost unchanged from the MY 2009/10 level. Wheat imports in CY 2009 were around 1.1 million tons, marginally higher than the CY 2008 imports of 930,000 tons. CY 2010 imports are forecast at 1.1 million tons.

Commodities:

Rice, Milled

Production:

Milled rice production in MY 2009/10 is officially forecast at 2.6 million tons, which includes a *yala* crop (harvested in the fall of 2009) of around 1.2 million tons, and a *maha* crop, currently being harvested, of 1.4 million tons. This compares with 2.2 million tons in MY 2008/09. Most of the increase in production in MY 2009/10 is attributed to expanded rice planting in the north central and eastern regions, where the ethnic conflicts have ceased. Assuming normal growing conditions MY 2010/11 rice production is forecast at 2.6 million tons.

Sri Lanka's rice production is facing an increasing threat from environmental factors such as increased soil salinity and reduced irrigation water availability. This would require developing seed varieties resistant to biotic and abiotic stress.

Consumption:

Rice is the most consumed staple in Sri Lanka and accounts for the largest share of household food expenditure. The annual per capita consumption of rice is around 110 kilos, significantly higher than in countries such as India and China. The reasons for this high consumption are elimination of the government wheat subsidy making it costlier vis-à-vis rice and the government-focus on encouraging rice consumption. Rice prices have stabilized after significant increases in the first half of 2008. Retail rice prices in 2009 ranged from Rs. 65 (65 cents) to Rs. 84 (84 cents) per kilogram.

Trade:

Rice imports in CY 2010 are forecast at 40,000 tons, compared with 51,000 tons in CY 2009. Imports are mainly from India and Pakistan, and smaller quantities from Australia and Thailand. The Government of Sri Lanka (GSL) typically applies a seasonal tariff on rice to protect domestic farmers. The current import tariff on rice Rs 25 per kg

Marketing:

The Ministry of Agriculture has requested a budgetary allocation of Rs 4 billion (approx \$40 million) for the government-owned Paddy Marketing Board to purchase approximately 140,000 tons of paddy during the current harvest season. Large scale government involvement in paddy marketing distorts the market and prevents creation of a system that allows the market to operate independently. Rural farmers are not aligned with distribution channels and processing, which restricts their ability to obtain better prices consistently.

Production, Supply and Demand Data Statistics:

Table 1: Commodity, Rice, Milled, PSD

| Rice, Milled Sri Lanka | 2008 | | | 2009 | | | 2010 | | |
|---------------------------|--------------------------------|-------|-------------|--------------------------------|-------|-------------|--------------------------------|--|----------|
| | 2008/2009 | | | 2009/2010 | | | 2010/2011 | | |
| | Market Year Begin: Jan 2008 | | | Market Year Begin: Jan 2009 | | | Market Year Begin: Jan 2010 | | |
| | USDA Official Data | | New Post | USDA Official Data | | New Post | USDA Official Data | | New Post |
| | | | Data | | | Data | | | Data |
| Area Harvested | 763 | 763 | 763 | 939 | 939 | 898 | | | 900 |
| Beginning Stocks | 60 | 60 | 60 | 45 | 45 | 45 | | | 45 |
| Milled Production | 2,227 | 2,227 | 2,227 | 2,663 | 2,663 | 2,566 | | | 2,594 |
| Rough Production | 3,275 | 3,275 | 3,275 | 3,916 | 3,916 | 3,774 | | | 3,815 |
| Milling Rate (.9999) | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | 6,800 | | | 6,800 |
| MY Imports | 110 | 75 | 75 | 30 | 30 | 51 | | | 40 |
| TY Imports | 30 | 75 | 75 | 100 | 30 | 51 | | | 40 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Total Supply | 2,397 | 2,362 | 2,362 | 2,738 | 2,738 | 2,662 | | | 2,679 |
| MY Exports | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| TY Exports | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Consumption and Residual | 2,352 | 2,317 | 2,317 | 2,700 | 2,700 | 2,617 | | | 2,640 |
| Ending Stocks | 45 | 45 | 45 | 38 | 38 | 45 | | | 39 |
| Total Distribution | 2,397 | 2,362 | 2,362 | 2,738 | 2,738 | 2,662 | | | 2,679 |
| Yield (Rough) | 4. | 4. | 4.2923 | 4. | 4. | 4.2027 | | | 4.2389 |

Author Defined:

| | | | |
|----------------------------|--------------|----------|------------|
| Import Trade Matrix | | | |
| Country | Sri Lanka | | |
| Commodity | Rice, Milled | | |
| Time Period | Jan-Dec | Units: | metric ton |
| Imports for: | 2008 | | 2009 |
| U.S. | | U.S. | |
| Others | | Others | |
| India | 40,627 | Thailand | 288 |
| Pakistan | 20,000 | Pakistan | 50,216 |
| Total for Others | 60,627 | | 500 |
| Others not Listed | 14,300 | | |

| | | | |
|-------------|--------|--|--------|
| Grand Total | 74,927 | | 51,004 |
|-------------|--------|--|--------|

Commodities:

Wheat

Production:

There is no wheat cultivation in Sri Lanka. The country's entire wheat needs are met through imports.

Consumption:

Being a convenient food, wheat consumption in cities continues to grow, whereas rural wheat consumption has slowed in recent years due to larger availability of rice at reasonable prices and government efforts to promote rice consumption. Average monthly consumption of wheat flour and bread per household is currently placed at 3.1 kg and 7.4 kg, respectively.

Prima Ceylon Ltd., a Singaporean firm, is the largest flourmill in Sri Lanka, supplying most of the country's flour requirements. The company has a milling capacity of 3,600 tons per day. A second flour mill, Serendib Flour Mills, commenced operations in August 2008. Serendib manufactures all purpose flour as well as specialty flour.

Being an essential staple food, the government used to impose price controls on wheat flour but is now trying to move away from this role. The government revises wheat import tariffs depending on domestic and international market conditions. The wheat import duty was raised to 15 percent in the 2009 budget and a cess (levy) of 5 percent was imposed on wheat flour imports. The preferential tariff applicable to wheat imports from Pakistan is 6 percent.

Trade: CY 2010 wheat imports are forecast at 1.1 million tons, almost unchanged from the CY 2009 imports. Canada was the major supplier of wheat in CY 2009. Commercial wheat imports from the U.S. in CY 2009 were 140,000 tons.

Production, Supply and Demand Data Statistics:

Table 2: Commodity, Wheat, PSD

| Wheat Sri Lanka | 2008 | | | 2009 | | | 2010 | | |
|--------------------|-----------------------------|-------|----------|-----------------------------|-------|----------|-----------------------------|--|----------|
| | 2008/2009 | | | 2009/2010 | | | 2010/2011 | | |
| | Market Year Begin: Jan 2008 | | | Market Year Begin: Jan 2009 | | | Market Year Begin: Jan 2010 | | |
| | USDA Official Data | | New Post | USDA Official Data | | New Post | USDA Official Data | | New Post |
| | | | Data | | | Data | | | Data |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| Beginning Stocks | 122 | 105 | 105 | 100 | 105 | 105 | | | 62 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| MY Imports | 922 | 932 | 932 | 1,000 | 900 | 1,057 | | | 1,100 |
| TY Imports | 970 | 932 | 932 | 1,000 | 900 | 1,057 | | | 1,100 |
| TY Imp. from U.S. | 141 | 85 | 85 | 0 | 100 | 140 | | | 150 |
| Total Supply | 1,044 | 1,037 | 1,037 | 1,100 | 1,005 | 1,162 | | | 1,162 |
| MY Exports | 144 | 0 | 0 | 150 | 0 | 0 | | | 0 |
| TY Exports | 161 | 0 | 0 | 150 | 0 | 0 | | | 0 |
| Feed and Residual | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 |
| FSI Consumption | 800 | 932 | 932 | 825 | 900 | 1,100 | | | 1,100 |
| Total Consumption | 800 | 932 | 932 | 825 | 900 | 1,100 | | | 1,100 |
| Ending Stocks | 100 | 105 | 105 | 125 | 105 | 62 | | | 62 |
| Total Distribution | 1,044 | 1,037 | 1,037 | 1,100 | 1,005 | 1,162 | | | 1,162 |

Author Defined:

| | | | |
|---------------------|-----------|-----------|-------------|
| Country | Sri Lanka | | |
| Commodity | Wheat | | |
| Time Period | Jan-Dec | Units: | Metric Tons |
| Imports for: | 2008 | | 2009 |
| U.S. | 85,311 | U.S. | 140,000 |
| Others | | Others | |
| Canada | 715,454 | Canada | 814,831 |
| Australia | 25,140 | Australia | 25,450 |
| UAE | 52,898 | | |
| Total for others | 878,803 | | 840,281 |
| Others not listed | 53,752 | | 76,719 |

| | | | |
|-------------|---------|--|-----------|
| Grand total | 932,555 | | 1,057,000 |
|-------------|---------|--|-----------|

Wheat Imports by Month (metric ton)

| | 2008 | | | 2009 | | |
|--------------|---------------|----------------|----------------|----------------|----------------|------------------|
| | US | Non-US 1/ | Total | US | Non-US 1/ | Total |
| January | 0 | 78,189 | 78,189 | 143 | 68,389 | 68,532 |
| February | 0 | 80,204 | 80,204 | 0 | 96,576 | 96,576 |
| March | 0 | 92,320 | 92,320 | 57,750 | 66,483 | 124,233 |
| April | 0 | 149,289 | 149,289 | 0 | 68,749 | 68,749 |
| May | 12,240 | 74,616 | 86,856 | 0 | 66,811 | 66,811 |
| June | 0 | 74,791 | 74,791 | 0 | 93,676 | 93,676 |
| July | 473 | 90,787 | 91,260 | 0 | 73,927 | 73,927 |
| August | 0 | 797 | 797 | 0 | 96,260 | 96,260 |
| September | 57,800 | 23,234 | 81,034 | 0 | 76,465 | 76,465 |
| October | 14,284 | 88,395 | 102,689 | 57,750 | 65,820 | 123,570 |
| November | 0 | 62,968 | 62,968 | 24,478 | 73,355 | 97,833 |
| December | 504 | 31,654 | 32,158 | 0 | 70,368 | 70,368 |
| Total | 85,311 | 847,244 | 932,555 | 140,121 | 916,879 | 1,057,000 |

1/ Non-US includes India, Australia, Argentina, Canada, etc.

