

Budget Proposals for the Fiscal year 2020/21

Submitted by the Sri Lanka Food Processors Association

The mission of the Sri Lanka Food Processors Association is to make a useful contribution towards the Budget proposal of the Government of Sri Lanka for the fiscal year 2020/21 specially in the areas and Activities related to the Processed Food ,Agriculture & Agri Business sectors, with the view of generating Sustainable economic growth in Sri Lanka & by helping to establish and expand commercially and environmentally sustainable agro enterprises.

The local industry in relation to agriculture & Agri business faces innumerable hardships in order to make their efforts & enterprises economically viable & profitable, more both these entities currently Is unable to attract the youth to indulge in Agriculture as a profession.

Funding is a major issue, it is not an easy task for those in the this sector to generate funds to make their Enterprise viable & profitable specially at SME & micro levels .Hence the impending Budget needs to be geared at addressing these issue and finding solutions. We have to create an atmosphere & environment for Sri Lankans especially the youth to be more enterprising and step out to contribute towards the prosperity & economic development of Sri Lanka.

This is to be done by providing agro entrepreneurs, farmers, and other stake holders with a variety of Technical, Managerial ,Marketing, Food Quality & Security, Certification & Financial Management services & systems., with both public & private sector participation.

The results envisaged will include higher yield & out put ,Adoption of new technologies, increased sales both locally & globally ,better income & Profit, increased employment and improved and enhanced global competitiveness and initiatives. This would entail implementation of demand driven agribusiness Development projects through integrated assistance that supports close linkages between Production, Post harvest Handling & Transport, Processing, Marketing & Policy reforms. This integration will culminate in the overall success Agriculture and Agri business, profitability & prices both for the cultivator ,producer & the consumer.

The SLFPA has involved itself in the creation and formation of Industry Associations & Advocacy groups Which has contributed immensely towards the success of the various sectors in Trade, Commerce, and Industry & Agriculture.

It is with all these factors relating to the afore said sectors in mind that proposals are made for inclusion In the Budgetary proposals for the fiscal year 2020/21.

The sectors identified are:-

Biscuits & Confectionery

Fruit Juices, Beverages, Jams, Cordials, Sauces & Chutneys, Mineral Water, Ethnic products

Dairy Products , & Poultry

Spices, Condiments, Essential Oils & Oleo Resins

Cereals & Snack Food

Extruded products mainly Soya (Textured vegetable protein)

Coconut& Allied products

Fish & Fish based products both deep sea & Inland

Poultry products

Vinegar. other fermented & preservatives

Food processing equipment

Packaging Machinery & Materials

Raw Materials

Service providers

All sectors mentioned above have direct links & issues to or with Cultivation, Production Policy issues in Imports & Exports, Marketing, Marketing legislature , Raw Material & Ingredients, Certification, Policy including tariff issues, Sales /Distribution both Local & Global Technology Advancement & In put, & Other supply chain related matters. , in relation to Agriculture, Agribusiness, & Processed Food industry

An action Plan to contribute towards the recovery of the Economy

Since the lock down which came into effect in March the Processed food industry and the Agribusiness sector has not shown a significant revival, a factor which is adversely effecting sustainable development which we have envisaged in the economy of the country. There are many issues relating to this which the Sri Lanka Food Processors Association could assist the GOSL to address through the impending budget in November 2020.,within their own realm of operation.

The agriculture sector has many issue relating to land ,irrigation, wild life & cash & liquidity., effecting cultivation, & processing there by the livelihood of those who are engaged in it and the trade & industry which are dependent on consumable Products to market and the consumer for consumption.

Believing that the largest number of sustainable jobs should be created at grass root levels. The SLFPA has identified some areas which could be introduced through the budget 2020 for the betterment of the country in general and to give an impetus to those in Trade ,Commerce, Industry, and Agriculture. Hence

It is suggested to introduce new agricultural product opportunities & technologies which will minimize Costs & improve profitability which culminate in product & market development., further to developing employment opportunities .

A critical review of the National Policy for Agriculture needs to be carried to ascertain a SWOT analysis of all the sectors & components within. Agri Business should be featured as a separate entity which should include Processing, Marketing, Distribution, Food Security & Quality , Finance & Good Management practices.

Often times new regulations/requirements are introduced & gazetted haphazardly causing Confusion to those in the relevant sectors. Not all in these sectors have access to the gazette A publication in the print media giving relevant regulation, gazette date and implementation Date will be helpful .Industry leaders opinions & suggestions to be sought by the task force Before finalization.

Hence the time is opportune discuss & formulate an action plan & immediate goals and set up a mechanism to act and deliver.

The proposed National Trade Policy needs to be implemented right now.

The key areas for attention Inclusion & implementation

Major Crops:-

The aim of the budget should be to introduce evaluate & expand crop technologies in sectors such as Feed, Grains, Vegetables, Fruits & other Field crops, targeting import substitution and the saving of foreign exchange through integration of production processing and marketing linkages using out grower Systems ,farmer organizations and commercial enterprises.

- Un disturbed access to their land to cultivate
Efficient use of limited land in the country must be inculcated without
Effecting the environment and biodiversity.
- Uninterrupted supply of irrigation requirements
- Timely availability of fertilizer, introduction of **latest fertilizers which are slow releasing and highly effective.**
- Fertilizer at affordable prices
- Expand & improve commercial production & the availability of quality seed & planting material
- A more practical approach to subsidies which will give a better return to the farming community.
- Availability of equipment necessary to cultivate, Expose to new machinery ,technology
In all sectors within.
- Guaranteed price which will give him/her a return on investment
- Better access to capital required with better understanding & flexibility
Need for capital for long term investment in agriculture.
- Better access to advise and guidance from the Department of agriculture
- Set up fund which can work through regional organizations which can give
the farmer better accessibility with an enhanced term of settlement.
- Storage and transport convenience & better facilities
- Incentives to grow more and harvest more
- Inculcate high quality standards for cultivation & Post Harvest Handling
- Setting up of regional laboratories for testing purposes
- Exposition to foreign growing standards
- Availability of extension services in keeping with clusters on a regional basis
- Setting up of regional Business information Centers to disseminate relevant information
On Agro production & processing.
There is a lack of accurate & real time information required for planning.
- Enhance quarantine & plant protection standards

For the Minor Crops

(Spices, Condiments, Fruits, Essential Oils , Vegetables & Fruits)

- Access to plant & Seed Material
- Provide Technical Expertise on Growing ,Harvesting, Pest control
- Availability of input supply, extension services
- Introduction of new & innovative growing media through extension services
- Access to new & improved technology,
- Establish data base & Farm information
- Encourage affiliation to advocacy groups
- Packaging should be managed and not banned
- Exposition to scientific research
- Inculcate Post harvest handling and minimization damages
- Improved transport facilities. Sri Lanka Railways has good system of covering the North South, East, Central & Western parts of Sri Lanka this facility should be harnessed and put into profitable use for all sectors within & to the CGR as well. Maintaining high standard of reliability by the CGR is of vital importance
- Build up transport terminals island wide, introduction of containerized transport
- Storage & Cold room facilities at regional/district levels with modern logistical systems. Specially to store seasonal products & materials.
- Introduce good management practices.
- Marketing & Sales at farm gate level & create new linkages
- Processing if where required
- Interaction with Companies Corporations ,Government Institutions
- Inculcate quality standards on growing ,Harvesting etc..
- Access to Economic centers. Extend & connect Economic centers island wide with
- Wholesale markets in the metropolis and island wide.
- Awareness programs on Legislative requirements
- System to Provide market information & opportunities through regional centers
- Availability of capital requirements through existing banking systems & with the Involvement of Multi lateral agencies on flexible terms
- Create direct export opportunities, Sri Lanka is in apposition to produce & export Quality processed food in a sustainable manner and which is safe to consume.

The Processed Food Sector:-

(Large, Medium, Small & Micro scale enterprises which conforms to criteria laid down by the Relevant authorities)

- Provide assistance to source purchase & install innovative machinery, equipment, & technology
- Research & development opportunities for existing products.
- Improvement of existing quality standards, and inculcate the need for global certification through SGS, GIZ, Kosher, SLSI, certification required by European Union, Japan, China etc.. and set up an apex body for implementation & monitoring.
- Assessment trips to appropriate global markets to source Technology, Machinery & Apparatus
- Global assessment tours to Trade Fairs, Food & Packaging exhibitions to enter global markets And to enhance global competitiveness initiatives.
- Make it mandatory to have Laboratory facilities in keeping with food science requirements Where large & medium scale industries are concerned which will foster improved product Formulae & processing technology.
- Setting up of Testing facilities on regional levels for the benefit of the small & medium Enterprises.
- Assistance in obtaining market linkages both locally & globally, both, buyer/Seller follow on programs.
- SLFPA can assist in extending the SKUs and in the operation of Franchise shops
- Assist in developing SMEs which are currently experiencing undue pressure from the Modern trade who are promoting & marketing “House Brands”
- Assist Manufacturers & Marketers to have access to Lak Sathosa & other government institutions
- Foster & assist in joint venture identification & development.
- Assist in Feasibility studies for the development of New Products and test marketing Based on consumer needs, market potential & requirements
- Assist to establish “Flagship Brands” for key SKUs.
- Liaise with Banks & financial institutions to obtain capital requirements at reasonable And manageable levels to tide over current financial constraints and for future development. This effects investment towards investment on modern Technology
- Market research & identification of new markets
- Centers to locate cold storage facilities to store seasonal & perishable produce.
- Institute for Post harvest innovations

- Special policy & feasibility studies to ensure uninterrupted operations.
Regular/Irregular changes to laid down policies.
Delay in obtaining clearance from the relevant authorities
Regular changes to Banking regulations.
- Regulate policy through one body, instead of the many institutions, facilitating
One interaction point.
- Training facilities through an integrated body.
- Attention to Tariff issues
- Resolving problems with the Sri Lanka Customs Changing HS Codes at random
Excessive valuations, delays due to disputes adding on to demurrage charges
Unscheduled inspections
Pilferage.

Digitization Information/ Introducing Technology

- Establish a Data base system & network and a farm information & management system
With the involvement and participation of a reputed local IT COMPANY, to disseminate
Information to the relevant sectors.
- It should be mandatory trade & communicate through this platform, whereby all activity
Information to manage the activities relating to Planting matters & requirements of input of
Fertilizer, Seed material & extension services required, Marketing input, Link Markets information Pricing and supply chain issues, which
could be available & accessible easily.
The transparency this could generate will greatly eliminate exploitation of farmers and the
Prospect of modernization which will give an impetus & motivate youth to choose agriculture as a profession.

We have to prepare our next generation to get interested in farming as a gainful profession.

General:-

- **Customs Issues:-**
There are many issues relating to the import of Raw Materials, Essential Machinery, Spares
Packaging material, & other consumables required for the Food industry and other
Processed Food. Often times these are urgent requirements. It will benefit the Processed
Food sector immensely if these are listed as "Essential Services".

- Ban on the import of Glacial Acid in the use edible products specially “Vinegar”. This is Injurious and is a health hazard when used in the manufacture of artificial Vinegar
- **Labelling:-**
 - Color Coding Regulations:-** There is no scientific basis, Numbers conjured at random and Also serving portions & Calorie in take per serving is not considered in color coding regulator
 - **Negative Sweetener perception:-** Sweeteners are best alternatives for sugar, which replaces Calorie in take helping consumers to manager calorie intake .Sweetener warnings and Restrictions give a negative perception to the consumer.
 - **Water Regulations:-** Regulatory omissions of RO as well as mineralization hampers manufacturers from offering the consumer what she requires (it is permitted from Codex US,EU to many Asian countries. India markets Smart Water containing distilled water which Sri Lanka Is restricted from offering.
 - **No Codex Harmonization:-** Sri Lanka is signatory to WTO making Codex adoption mandatory. Regulations at large are not aligned to Codex , which prohibits or inhibits the use of many Additives & ingredients or are allowed at lower levels. This restricts our domestic consumption And exports.
 - **Laboratory Testing:-** It is proposed for the ITI to provide “Lobotomy” testing facilities R/R & development work at a concessionary rate to the industry. Though the ITI is carrying out tests there are huge delays Servicing the industry needs. It is important restructure or be in par with the private sector. It is suggested to have research centers regionally and University level. or encourage public/private sector partnership. This will facilitate more accurate reports and also enhanced Local innovative products and minimize imports.
 - **Regulatory:-** All regulatory bodies and trade policies should be harmonized at global level, so that approvals And product formulation changes can be easily approved.
 - It would be prudent to have dialogue with relevant industry personnel before finalizing on Restrictions.
 - **Taxes:-** Remove Sugar Tax component from manufactured utilizing locally grown Fruits, This impacts production costs & the selling price ,resulting in the capability of local Products from competing globally and locally. Consumers too shift away from high quality & nutritious local products.

Women's role in Agro Enterprise Development

It is proven fact that Sri Lankan women has played a leading role and continues to do so in many Sectors in Trade, Commerce, Industry Agriculture & Administration. They in fact have to proved To be very successful entrepreneurs. They are also great exponents of managing the household Or domestic budget.

It is proposed that the budget the relevant ministries focus & implement a program of empowering Women entrepreneurs.

Their expertise & knowledge can be gainfully used in the areas of cultivation,& Food processing.

Some areas identified for their participation and contribution to sustainable development And to the enhancement and improvement of the economy are as follows.

- Assisting women entrepreneurs in identifying crops & processed products
- Training in relevant fields
- Exposure to cultivation, crop identification marketing & Good Management practices.
- Exposure to technology and its uses.
- Post harvest handling & Packaging
- Financial assistance at SME & Micro levels
- Training Marketing, Sales & Distribution & financial Management
- Ability effect marketing linkages.
- Assistance to expand businesses and launch new products & enter more markets

