

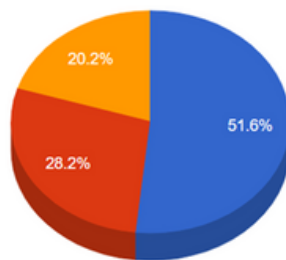
A MARKET OVERVIEW OF SRI LANKA'S COCONUT INDUSTRY



The Coconut Industry in Numbers

- In 2023, Sri Lanka's coconut industry generated USD 708.69 million in export revenue, with a target annual yield of 3,119 million nuts across 443,528 hectares of land. Coconut production represents about **12% of the country's total agricultural output**.
- Sri Lanka caters to 1.33% of the global demand for coconut oil at an export value of USD 62.7 Million.
- Sri Lanka's coconut exports are categorised into kernel products, finished fibre products, and shell products.

Composition of Exports Coconut Sector - (in US\$ million) - 2023



● Coconut Kernel Products ● Coconut Fibre Products ● Coconut Shell Products and Others

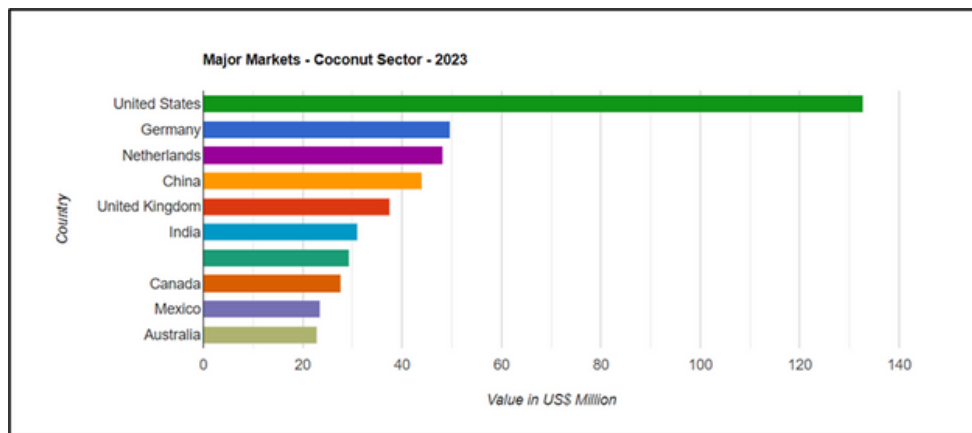
In 2023, kernel products accounted for 51.6% of the total export value, generating USD 365.94 million. Fibre products contributed 28.2% of the total export value, amounting to USD 199.8 million. Meanwhile, shell products comprised 20.2% of the total export value, contributing USD 142.95 million.

- Sri Lanka holds the **No. 1** position for **brown fiber exports worldwide**.
- The global activated carbon market was valued at USD 2,856.7 million in 2019 and is projected to reach USD 4,064.7 million by 2027, with a CAGR of 4.8% during the forecast period. Activated carbon, also known as activated charcoal, is widely used in industrial applications, particularly in gas and air cleaning processes, including reusable recovery systems.

Market Insights

- Sri Lanka is the fourth-largest exporter of coconut products globally.
- The total export of coconut kernel products in 2021 showed with USD 434.57 Million a significant increase to 2019 (USD 304.7 Million).
- The major markets for Sri Lanka's coconut sector in 2023 were led by the United States, which imported nearly USD140 million worth of coconut products. Germany, the Netherlands, and China followed closely, each importing between USD 40 million and USD 60 million.

- The global shift towards plant-based diets has increased demand for coconut milk derivatives, with Germany expected to see 9% annual growth in plant-based milks.
- Two major exporters of coconut and coconut-based products from Sri Lanka are Haycarb PLC and Jacobi Carbons Lanka Pvt Ltd.



Challenges:

- Sri Lanka does not currently produce coconut water concentrate due to supply concerns and high investment costs, but there is potential for future production due to its superior taste and sensory qualities.
- The overall replanting trend has significantly decreased over the past decade, raising concerns about a potential future drop in coconut production. Although 2022 marked one of the highest harvests in recent history, following strong results from 2021, the ongoing reduction in replanting efforts is becoming increasingly evident.
- Over 75% of the country's land, including coconut plantations, is owned by the government, resulting in lower yields compared to privately-owned estates.
- The global coconut milk market was valued at USD 1.1 Billion in 2019 and is anticipated to reach USD 2.9 Billion by 2027, with a CAGR of 17.1% during the forecast period.

Opportunities:

- Increasing the production of high-demand products like virgin coconut oil and coconut water can capture a larger share of the growing health and wellness market.
- Capitalize on the growth of the global activated carbon market by expanding coconut shell-based activated carbon production.
- Implement replanting programs can ensure long-term sustainability and maintenance of production levels in the face of decreasing replanting trends.

Sri Lanka is well-known in the global market for its desiccated coconut (DC) and brown fiber. The country's desiccated coconut, recognized for its white color and distinct taste, holds 4th place in the global kernel product export market. Other popular exports include virgin coconut oil and coconut water.