



A MARKET OVERVIEW OF SRI LANKA'S SPICES

Sri Lankan Spices in Numbers

- Sri Lanka's spice consumption is expected to rise to about 127,000 metric tons by 2028, up from 122,000 metric tons in 2023, with an annual growth rate of 0.7%. Since 2019, spice demand in the country has grown by 0.5% annually, placing Sri Lanka 14th in the global ranking for 2023.
- On the production side, Sri Lanka's spice output is projected to reach around 121,000 metric tons by 2028, up from 110,000 metric tons in 2023, with an annual growth rate of 1.5%. Since 2019, the country's spice supply has increased by 1.7% per year, ranking 16th in global production in 2023.
- The sector is largely driven by **smallholders**, with over 70% of the cultivated land consisting of smallholdings and home gardens. Sri Lanka **exports around 30,000 tons** of various spices **annually**.
- Over 90% of the spice and allied products manufactured in Sri Lanka are consumed by the global food and beverage industry, the pharmaceutical industry, and the personal care product industry.



Sri Lanka is a key producer of spices such as cinnamon, pepper, cardamom, cloves, ginger, vanilla, nutmeg, and mace, making it the ninth-largest spice exporter globally. While the majority of Ceylon spices are exported as bulk, unprocessed products, the country also exports essential oils and oleoresins derived from spices and herbs.



Market Insights

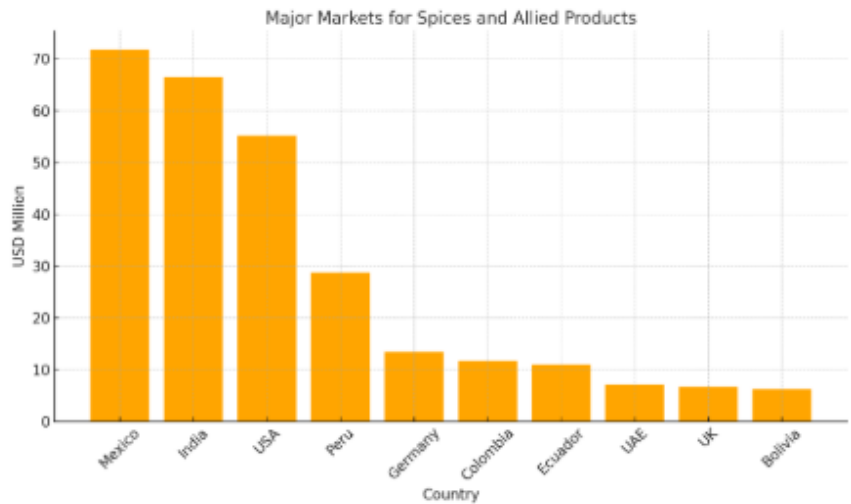
- Mexico, India and the United States were the main destinations of spice exports from Sri Lanka, together accounting for over 50% of total exports.

- Sri Lanka has around 30,320 hectares dedicated to pepper cultivation, with many farmers practicing mixed-crop

cultivation by growing pepper alongside other crops. The country supplies 6% of the global pepper demand, generating an average export revenue of USD 87 million, with key markets including India, Germany, and the USA.

- In Sri Lanka's central hill country, cardamom is cultivated over 2,794 hectares, yielding an average of 320 metric tons annually. The country contributes 0.1% to the global cardamom export market, with key exports going to India, the UAE, Saudi Arabia, and Iraq, generating USD 607,000 in export revenue.

- Sri Lanka cultivates cloves on about 7,700 hectares, primarily in the mid-country wet zones of Kandy, Kegalle, and Matale districts. The country produces an average of 5,301 metric tons of cloves annually and is among the top ten clove exporters globally.



Challenges

- High labor costs and outdated farming techniques reduce competitiveness, with farmers also facing high expenses for inputs like fertilizer and planting materials.
- Sri Lanka's difficulty in meeting global safety and hygiene standards limits its access to important export markets.
- The industry faces challenges due to logistical inefficiencies and insufficient investment in infrastructure.

Opportunities

- With the growing demand for organic products, Sri Lanka has an opportunity to supply certified organic, sustainable, and fair trade spices to eco-conscious consumers in the EU and the U.S.
- Sri Lanka's unique, high-quality spices can cater to gourmet chefs, specialty food stores, and high-end culinary brands worldwide, appealing to the culinary market.
- Value-added products like spice blends, essential oils, and extracts offer opportunities for export, meeting the demand for convenient, packaged products in Western and Asian markets.

(Sources: EDB, CBSL)