

Market report

THE ESSENTIAL OILS OF SRI-LANKA AT THE BEGINING OF 2015



Economy:

Sri-Lankan economy has improved considerably with lots of development works after the 30 years of civil war. With an economy worth \$56 billion (2011 IMF estimate) (\$140 billion PPP estimate), and a per capita GDP of about \$7000 (PPP), Sri Lanka has mostly had strong growth rates in recent years. In GDP per capita terms, it is ahead of other countries in the South Asian region.

Politic:

Politically Sri-Lanka has a very strong government with highest majority in Parliament and a very strong Executive President with unlimited power. This is a remarkable situation in the whole world and mainly in Asia. Fortunately or unfortunately we have a very weak opposition in Sri Lanka.

PRODUCTION:

Cinnamon oils:

Crop Figures	Cinnamon Bark Oil	Cinnamon Leave Oil
Present Production Per Annum	12 MT	150 MT
Level of Present Crop / Output – P/A	12 MT	190 MT
Expected Crop / Output – P/A	10 MT	220 MT



Reason for High Production of Cinnamon Leave Oil: Favorable climatic condition, Increasing Overseas demand, State subsidies.

Citronella oil:



Crop Figures	Citronella Oil
Present Production Per Annum	120 MT
Level of Present Crop / Output – P/A	120 MT
Expected Crop / Output – P/A	150 MT

Reason for High Production of Citronella Oil: Favorable climatic condition, Increasing local demand, State subsidies.

However, there has been a severe drop in the sale of this item recently. At the same time more and more new peoples are venturing into this distillation because there is a large demand in the local market.

Cardamom oil:

Crop Figures	Cardamom Oil
Present Production Per Annum	6 MT
Level of Present Crop / Output – P/A	6 MT
Expected Crop / Output – P/A	10 MT



Reason for High Production of Cardamom Oil: Favorable climatic condition, Increasing Overseas demand, State subsidies.

Nutmeg oil:



Crop Figures	Nutmeg Oil
Present Production Per Annum	60 MT
Level of Present Crop / Output – P/A	60 MT
Expected Crop / Output – P/A	80 MT

Reason for High Production of Nutmeg Oil: Favorable climatic condition, Increasing Overseas demand (mainly from Japan and Germany), State subsidies.

Black Pepper oil:

Crop Figures	Black Pepper Oil
Present Production Per Annum	10 MT
Level of Present Crop / Output – P/A	10 MT
Expected Crop / Output – P/A	20 MT



Reason for High Production of Black Pepper Oil: Favorable climatic condition, Increasing Overseas demand due to the lake of available oil from other sources, State subsidies.

Level of Price, Irrespective of quantities, the cost of raw material for all the items I mentioned are extremely high due to direct exports of spices. In fact Cinnamon, Sri-Lanka being with Madagascar the sole growers of natural cinnamon, had gained highest level of prices from overseas buyers, mainly Mexico and other Spanish countries. It is the same story with Black pepper, fetching highest prices in the history, also for Sri-Lankan cardamom, the raw material price increased by 233%.
