



Tuesday 1st of June 2021

[HOME](#)[NEWS](#)[FEATURES](#)[SPORTS](#)[BUSINESS](#)[OPINION](#)[EDITORIAL](#)[FASHION](#)*BUSINESS*

Palm oil ban in Sri Lanka: Is it su

Published 4 weeks ago on 2021/05/3



By Erandathie Pathiraja



Sri Lanka's edible oil market has received considerable attention in recent weeks c series of events: the banning of palm oil importation in a bid to promote the cocon detection of aflatoxins in imported coconut oil, importation of coconut kernel chi license for palm oil imports, and banning of oil palm cultivation.



The edible oil industry is important for Sri Lanka. Oils and fats are a major constit typical Sri Lankan diet and a raw material in manufacturing, in particular the food manufacturing industry. According to the latest available data, there are around 5

establishments employing 332,828 workers in the formal food manufacturing sector generate an annual output of approximately LKR 1.4 billion. This blog assesses the oil market and its potential for import substitution.

Sri Lanka's Edible Oil Market

The demand for domestic edible oils comes from two segments: households and industry. Data from the 2016 Household Income and Expenditure Survey (HIES) of the Department of Census and Statistics (DCS) show that an average household consumes 1.6 litres of oils per month and the annual consumer demand is around 96,249 MT, with coconut oil the main source of edible oil (Figure 1). Industrial demand in 2020 can be approximated at 167,372 MT.

This demand for edible oils in the country is met by locally produced oils as well as imports. Coconut oil and palm oil are the local edible oil sources. In 2020, total edible oil production was 44,326 MT. Coconut oil production was 19,759 MT which depends on coconut production. Crude palm oil and palm kernel oil production was 24,567 MT according to the Coconut Development Authority (CDA). According to the CDA, the quantity of fats and oils in 2020 was 219,295 MT. A range of edible oils are imported to meet industry demand and partially to meet household demand (Figure 2). The foreign exchange cost in 2020 was LKR 37,378 million for edible oils imports.

Total edible oil supply during 2020 was 263,621 MT both from local production (44,326 MT) and imports (219,295 MT). Around 83% of the requirement is met by imports, and industry demand is nearly two-thirds of the total demand (Figure 3).

The available data show that it is difficult to meet the edible oil demand from the local sources. The average coconut production during the last five years was around 2,792 million MT. Nearly 65-70% of the produce is consumed as fresh coconuts (1,800 million nuts). The food processing industries utilise the remaining coconuts (around 1,000 million). Around 108,108 MT of coconut oil can be produced from 1,000 million nuts at the expense of export industries. A total of 155,513 MT of excess demand has to be met. Palm oil is cultivated in 12,000 Ha and is expected to produce nearly 48,000 MT. Together, coconut and palm oil can be expected to supply 156,108 MT of edible oil, which is still short of 107,513 MT of oil required to meet consumer and industry demand.

Way Forward

Given the current context, Sri Lanka cannot meet its edible oil demand as the local production is not sufficient to meet the edible oil demand, and expansion of production is difficult.

short term. Imported edible oils are an essential ingredient in food manufacturing unique properties and low cost. Therefore, facilitating importation is required to meet local demand.

Sri Lanka spends around LKR 37 billion for edible oil imports, and looking for an alternative is a sensible solution. Rice bran oil is a potential byproduct of paddy milling and it does not demand extra land for cultivation. Sri Lanka has to invest in utilising this potential. Measures to achieve optimum productivity from existing coconut lands are vital to reduce imports.



Visit [Superbox.lk](https://www.superbox.lk) for Online Grocery Shopping in Sri Lanka. Get deals for [Fish & Meat](#), [Fruit & Vegetables](#), [Grocery Deals](#) and [Personal Care](#)

RELATED TOPICS:

DON'T MISS
◀ Rejuvenating waste plastic bottles, a universal treasure

UP NEXT
 Unilever Sri Lanka's scientific symposium updates professionals on cosmetic ingredient safety

YOU MAY LIKE

CLICK TO COMMENT

BUSINESS

SLT-MOBITEL invites public to join its special initiative to help communities affected by Covid-19