

The Missing Link: Overarching Agriculture Policy and the National Plantation Act in Sri Lanka

By D.M.Kobbekaduwe
www.vivonta.lk

The plantation sector in Sri Lanka, comprising crops such as tea, rubber, coconut, oil palm, spices, and commercial forestry, holds immense potential for driving the nation's economic development. However, systemic inefficiencies, policy vacuum, and mismanagement have hindered the sector's ability to meet its full potential. The lack of a comprehensive National Plantation Act and an Overarching Agriculture Policy compounds these challenges, leaving stakeholders without a clear roadmap to navigate ongoing crises and harness opportunities. This article delves into the current state of the plantation sector, explores the pressing challenges, and outlines a strategic way forward to double Sri Lanka's GDP to \$160 billion by 2030.

The Plantation Sector: Backbone of Sri Lanka's Economy

Land Use and Demographics

Sri Lanka's plantation agriculture spans approximately 740,805 hectares, accounting for 11.3% of the country's total land area of 6,561,000 hectares. This extensive land use underscores the strategic importance of the sector in national land management and economic output. Around 1.5 million people, including workers, retirees, and their families, depend on this sector for their livelihoods. The plantation workforce includes approximately 450,000 active workers, equally divided between men and women, while an aging population of 250,000 retirees adds further socioeconomic complexity. Alarmingly, only 10,000–15,000 of the estimated 80,000 children under five years old in plantation communities attend pre-schools, signaling severe gaps in welfare and education.

Economic Contributions

The plantation sector generates significant export revenue, averaging \$2.2–2.3 billion annually. Tea remains the cornerstone, contributing \$1.2 billion, followed by coconut (\$350–400 million), spices (\$400 million), and rubber (\$250–300 million). Despite these earnings, production consistently falls short of potential, with tea output at 250–270 million kilograms annually, far below its 300-million-kilogram capacity. Similarly, rubber production hovers around 60,000–70,000 metric tons, constrained by fluctuating global demand and rising local costs. Coconut output remains volatile, and oil palm cultivation—a profitable alternative—faces political and environmental hurdles. These inefficiencies demand immediate policy interventions to unlock the sector's full potential.

Policy Gaps and Missed Opportunities

Absence of an Overarching Agriculture Policy

The agriculture sector, including plantations, has been operating without a cohesive policy framework. A proposed Agriculture Policy, funded by a €48 million grant in 2019, remains stuck in bureaucratic limbo awaiting cabinet approval. Without this foundational policy, the plantation sector lacks the guidance to integrate sustainable practices, adapt to climate change, or address labor shortages.

National Plantation Act: The Missing Compass

Similarly, the plantation sector lacks a dedicated National Plantation Act. This legislative vacuum leaves stakeholders grappling with outdated lease agreements and unclear mandates for productivity enhancement. For instance, Regional Plantation Companies (RPCs), operating under 1990s-era agreements, cannot significantly alter land use without government intervention. The absence of legal clarity has also stalled promising projects like the 20,000-hectare oil palm initiative, which could have alleviated the ongoing coconut shortage and reduced dependency on imports of edible oils.

Challenges: Navigating a Turbulent Landscape

Economic Pressures

Plantation workers are among the hardest hit by Sri Lanka's economic crisis, with nearly 25% of the population living below the global poverty line of \$2.15 per day. Many plantation workers earn wages insufficient to cover basic living expenses, forcing them into detrimental coping mechanisms, such as cutting essential expenditures. This exacerbates vulnerabilities within plantation communities, where poverty, inadequate housing, and limited access to education and healthcare remain endemic.

Environmental and Global Challenges

The plantation sector faces growing environmental challenges, including climate change-induced droughts and extreme weather, which disrupt crop yields. Global competition further erodes Sri Lanka's market share in high-value crops like cinnamon and pepper. Political resistance to scientifically unfounded claims—such as oil palm cultivation causing environmental degradation—has also hindered progress.

Structural Inefficiencies

The sector suffers from outdated farm management practices and insufficient adoption of modern technologies. Labor shortages, driven by aging workers and declining interest among youth, further exacerbate production inefficiencies.

The Way Forward: Doubling GDP to \$160 Billion by 2030

1. Approve and Implement Policy Frameworks

The government must prioritize the approval and implementation of the Overarching Agriculture Policy and National Plantation Act. These frameworks should address critical issues such as sustainable land use, climate resilience, labor welfare, and export competitiveness. By aligning plantation strategies with national economic goals, these policies can catalyze transformative growth.

2. Enhance Productivity and Diversification

Adopting advanced farming techniques, such as precision agriculture and automation, can significantly boost productivity. Diversifying crops to include high-value exports like medicinal plants and essential oils can mitigate risks associated with over-reliance on traditional crops. Reviving the stalled oil palm project, under scientifically guided regulations, could address the edible oil deficit while freeing up coconut production for export.

3. Invest in Human Capital

The government and private sector must collaborate to improve education, healthcare, and housing in plantation communities. Establishing vocational training programs can equip the younger generation with skills for modern plantation management, reducing dependency on manual labor. Expanding access to childcare and education facilities will also help address long-term demographic challenges.

4. Strengthen Export Competitiveness

To remain competitive in global markets, the sector must focus on maintaining high-quality standards and securing certifications for sustainable practices. Promoting Sri Lanka's unique geographical indications (e.g., Ceylon Tea, Ceylon Cinnamon) can enhance market appeal and drive premium pricing.

5. Leverage Public-Private Partnerships

Collaborative models involving Regional Plantation Companies, smallholders, and government agencies can drive innovation and scale. For instance, public investment in irrigation and transportation infrastructure can reduce production costs, while private sector expertise can modernize plantation operations.

6. Address Labor Welfare

Ensuring fair wages, social security, and improved working conditions for plantation workers is essential. Introducing targeted subsidies or income support programs can uplift vulnerable families, reducing poverty and improving productivity.

7. Promote Climate-Resilient Practices

Investing in research and development to identify climate-resilient crop varieties and sustainable farming methods is critical. Policies encouraging reforestation and soil conservation can also mitigate environmental risks, ensuring long-term viability.

8. Drive Policy Advocacy and Awareness

NGOs, research institutions, and industry bodies must work together to debunk myths and advocate for evidence-based policies. Public awareness campaigns highlighting the economic and environmental benefits of proposed initiatives, such as oil palm cultivation, can counteract misinformation and foster public support. The coconut shortage can be swiftly and sustainably addressed by approving the oil palm (OP) project alongside a new smallholder initiative, empowering over 3,000 smallholders to earn monthly incomes exceeding LKR 100,000. Furthermore, www.vivonta.lk, in collaboration with KPMG Consulting, can facilitate the establishment of a 50,000-hectare coconut cultivation project incorporating green and smart agriculture concepts.

Conclusion: Unlocking Sri Lanka's Economic Potential

Sri Lanka's plantation sector stands at a crossroads. With 11.3% of the country's land and 1.5 million people directly tied to its fortunes, the sector's revival is not just an economic imperative but a moral one. By addressing policy gaps, embracing modern practices, and prioritizing welfare, Sri Lanka can transform its plantation industry into a global powerhouse.

The ultimate goal is clear: double Sri Lanka's GDP to \$160 billion by 2030. Achieving this requires bold decisions, unwavering commitment, and collective action from all stakeholders. The time for excuses has passed. The government must act decisively to unleash the full potential of the plantation sector and ensure a prosperous future for all Sri Lankans.

Each hectare of bearing plantation land should be optimized to generate a minimum annual profit of LKR 50,000 while nurturing a motivated and satisfied workforce—an achievable and well-deserved goal. Implementing value chain management is the most effective solution to achieving a sustainable competitive advantage without exploiting labor.