

Sector Overview – Coir and Coir based product sector

1. Introduction

1.1 Core Business /Principle activities

The coir industry is an agro-based rural industry that provides a wide variety of employment opportunities, mainly in the coconut-based manufacturing industry. This is an export based industry and an industry that earns foreign exchange for the country. Sri Lanka can be considered as a major exporter of coir and coir-related products. In particular, the local coir industry is traditionally spread in the North-West, Western and Southern Provinces, the white fiber coir industry, which is largely done by domestic labor by using their labor power, and the more modernized brown fiber industry, which is oriented towards export, is spreading with the North-West Province leading the way. (Flexible white fibers are obtained from raw green coconut husks and dark brown fibers are obtained from mature fruits.)

About 10% of the production of coir comes from the traditional coir production areas in the south, and more than 85% of the production comes from the coir mills established in the North-West and Western Provinces.

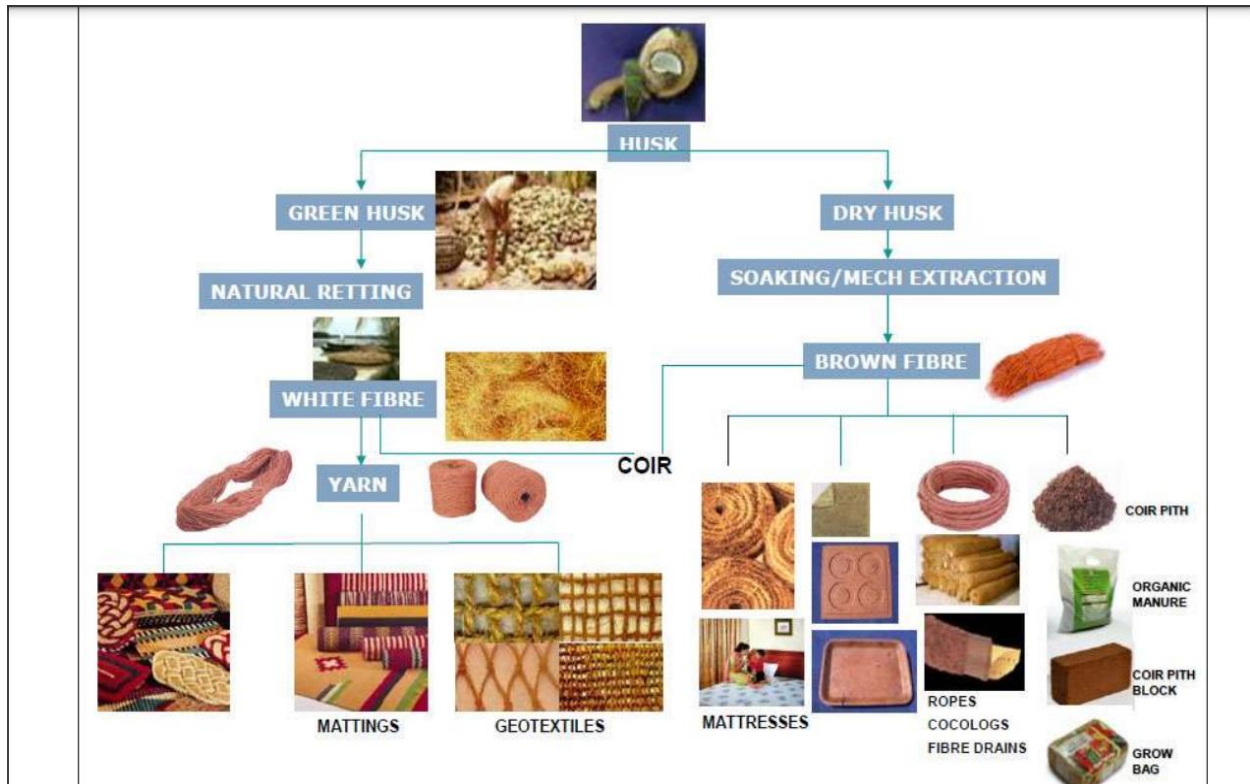
The coconut industry is an important source of foreign exchange earnings and employment for Sri Lanka. Out of the total land area, 443,528.17 hectares are under coconut cultivation. Out of the total land area, 72,307.20 hectares are under plantation sector and 371,220.97 hectares are small lands. In terms of geographical distribution, mainly the western and north-western provinces are the areas where coconuts are widely cultivated. Three major coconut producing districts are Kurunegala, Puttalam and Gampaha. It is called the “Coconut Triangle”.

Sri Lanka has a comparative advantage over other countries in coconut plantation due to its favorable conditions such as its heritage, geographical location, availability of skilled labor and highly traditional techniques for processing. Current annual coconut production is 3 billion coconuts, of which 1.8 billion coconuts are estimated for domestic consumption and the rest are exported.

1.2. Number of employees (local/ foreign/Gender wise)

There are about 900 coir factories established throughout the island of Sri Lanka, but 600 factories are engaged in continuous production throughout the year. Of these, nearly 200 factories have been registered with the Coconut Development Authority. There are 10,000 direct jobs and 20,000 indirect jobs associated with the coir industry.

2. Production and Consumption



2.1. Product types

1. Bristol Coir
2. Coir used for ropes and rope mats.
3. Mixed coir.
4. Coir used for mattresses

Brooms, brushes, Idles, coir ropes, coir ropes, coir mattresses, woven and stitched rugs, carpets and upholstery products are made using

these coir-related raw materials and there is a high demand for these products in the international market.

Coconut and coconut-based products

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|----------------------------|------------------------------------|----------------------------|
| 1) Coconut peat products | 11) Other coir products | 22) Coconut Husk Chips |
| 2) Coco peat bricks | 12) Cork brushes | 23) Coconut Husk Chips |
| 3) Coco Peat Grow Bags | 13) Other coir products | 24) A coir pad |
| 4) Cocoa Peat Briquettes | 14) Bristol fiber | 25) Coir twine and rope |
| 5) Cocoa peat trays | 15) Mixed coir fibers | 26) Geotextiles |
| 6) Cocoa peat pots | 16) Coir thread | 27) Coconut shell products |
| 7) Coconut oil products | 17) Brooms and brushes | 28) Activated carbon |
| 8) Coconut water products | 18) Carpets, rugs, floor coverings | 29) Coconut shell pieces |
| 9) Coconut products | 19) Coconut Husk Chips | 30) Coconut shell powder |
| 10) Coconut fiber products | 20) Brooms and brushes | 31) Coconut shell charcoal |
| | 21) Carpets, rugs, floor coverings | |

3. Turnover

3.1. Export earnings

Export income of coir-related products in 2021 is USD 248.35 million, of which USD 62.82 million from the export of coir and coir-related value-added products, and USD 185.53 million has also been generated from the export of other products related to coir.

3.2. Export destinations

Mexico, USA, South Korea, and UK

4. Government Policy on Sector

The Policy Interventions should have an implicit vision of evolving a globally competitive and sustainable national value chain for coir and related products.

The Coconut Development Authority (CDA) is one of the main government agencies involved in the development of the coir-related products sector, and the Export Development Board (EDB) works for the promotion of exports of coconut-related

products. These various institutions play a significant role in the development and export promotion of Sri Lanka's coconut industry by implementing programs.

A number of institutions in Sri Lanka are involved in developing and sharing technology for the processing and production of value-added products based on coir and kernels.

These institutions are:-

- 1) Coconut Research Institute (CRI)
- 2) Industrial Institute of Technology (ITI)
- 3) Industrial Development Board (IDB)
- 4) Universities

5. Sector Goals identified with KPIs

- 1) Enhancing the utilization of coconut husks available in the coconut producing provinces of the country for coir fibre extraction.
- 2) Focusing on improving the quality of coir fibre, yarn and products manufactured.
- 3) Women empowerment through value addition of coir products and coir pith.
- 4) Zero wastage in the fibre extraction and manufacturing process.
- 5) Supporting modernization and technology upgradation of various segments of the coir industry to increase its competitiveness.
- 6) Providing assistance for capacity building in both industry segment and human capital required for further processing the expected surge in the fibre production and its further processing.
- 7) Developing domestic and export market of coir products so as to ensure remunerative returns to the producers of coir products and fair wages to the coir workers.

6. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• The coir sector has a unique strength for its continued regeneration capacity• Coconuts have a 40-50 day cycle of yield right through the year.• Traditional timber depends on trees with over 20-30 years of creative life.• Lignin content in coir is 46% as against 39% for best timber like Teakwood making it more durable and more resistant to insect / termite• The husk coming out after the initialization of coconut, provide the much needed fibre for yarns and in turn used as Rope, Mat, Mattress, Geo-textile, Coir wood etc. Coir pith, which is yet another by product during the extraction of Coir fibre from husk is having greater export/domestic potential.	<ul style="list-style-type: none">• Due to deficient collection mechanism, the availability of husks is becoming a weak link.• Predominantly, the husks of coconuts used at the domestic level are never being utilized for value addition.• There is also lack of awareness and advertising and marketing support for the versatile application of the product.• There is also lack of full appreciation of the sustainable development elements for using coir products at the level of International / Multinational development agencies.

Opportunities	Threats
<ul style="list-style-type: none"> Considering the substantial scope for export promotion of the various products, the eco-mark potential has to be utilized to expand market in the overseas countries. 	<ul style="list-style-type: none"> There is severe competition Sri Lankan coir products in the international markets mainly from India and other countries like Vietnam, Indonesia etc. and from other synthetic substitutes. These countries are better placed geographically to take advantages of reduced carrying cost to the European markets. The advent of many Petrochemical Industries with rapid expanding refining facilities has given rise to the production of synthetic plastic fibre where it is already a competitive entry for the fibre segment, for rope, mat, carpets and construction segment. Yet another threat and cause for concern is the environmental pollution aspects due to the various processing units for retting, bleaching, dyeing and the lack of proper treatment and safe disposal systems of the waste liquids/effluents.

7. Challenge(s) the sector is facing due to Government rules and regulations.

- 1) Electricity is the power used for fiber extraction in coir factories. Due to this, the increase in electricity tariff has a direct impact on the production, and the cost of production has increased. About 80% of the coir produced in Sri Lanka is exported, and Sri Lanka has to compete with India (the main country that produce coir in the world), Indonesia and the Philippines.
- 2) Furthermore, it can be assumed that the activity of coir mills has decreased by about 25% due to the restriction of exports, although the increase in electricity charges has led to high production costs.
- 3) It is estimated that between 2000 and 4000 jobs have been lost. Furthermore, these jobs have been severely challenged in the face of Sri Lanka's economic crisis.

8. Global Market Value - USD 351.7 million

9. CAGR - 6.11%

