

Center for International Development
at Harvard University

Sri Lanka's Edible Oils Exports

September 2016

Key products in Sri Lanka's edible oils sector

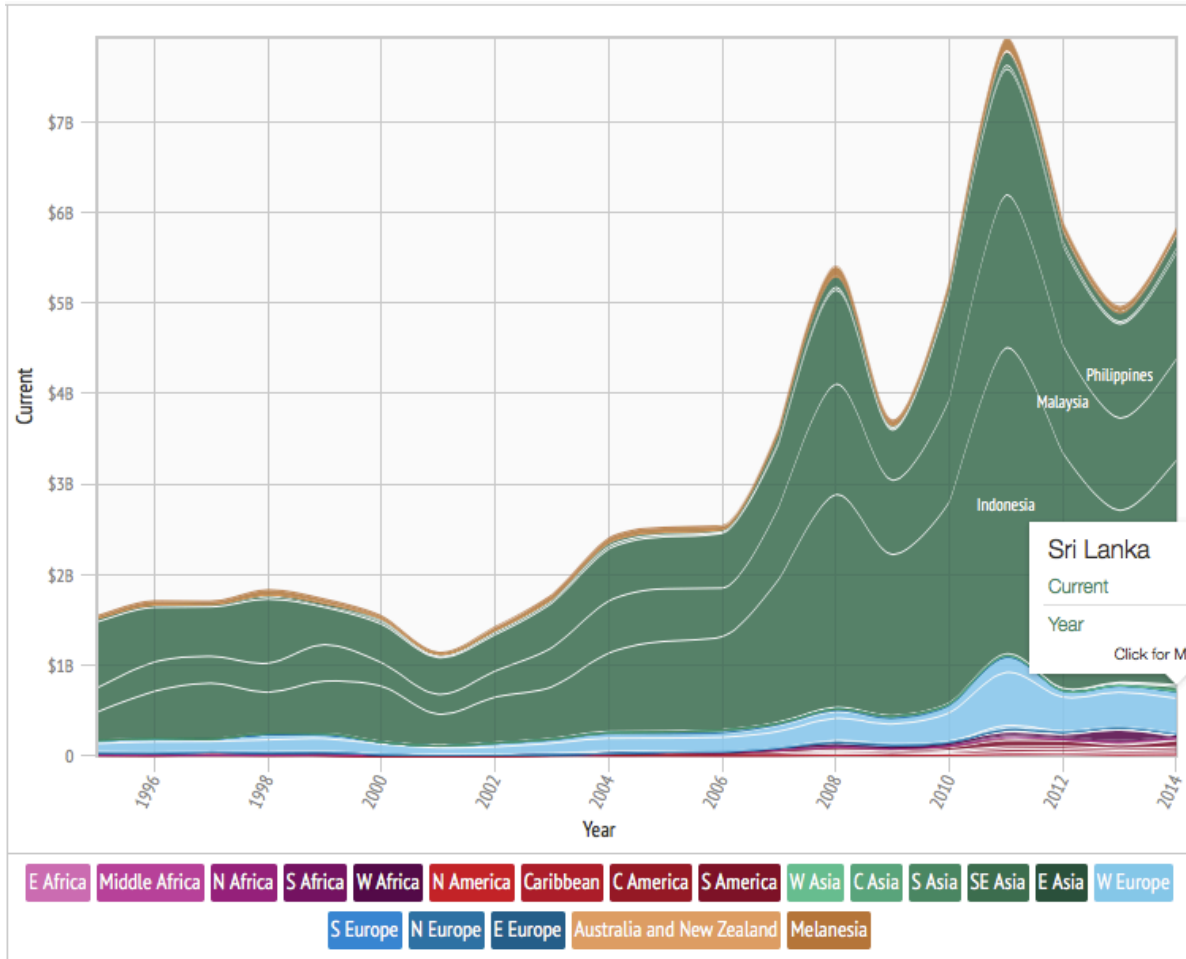
- Animal and vegetable fats and oils exports accounted for only .51% of Sri Lanka's \$11.1 billion total export value in 2014.
- Crude coconut oil dominates this product category, representing 85.9% of the sector's \$56.7 million export value. The breakdown below accounts for 99.3% of Sri Lanka's total animal and vegetable fats and oils exports.

Breakdown of Exports: Animal and Vegetable Fats and Oils and their Cleavage Products (2014)					
Key Products (HS Code Rev. 92)	Export Value (\$US)	% of Sri Lanka's Total Exports	% of Sri Lanka's Animal and Vegetable Fats and Oils Exports	RCA*	Annual Growth Rate (5 yr.)
Coconut oil (1513)	48.7M	0.439%	85.9%	12.5	61%
Hydrogenated oils (1516)	2.26M	0.038%	7.5%	1.92	97%
Stearic acid (1519)	1.29M	0.012%	2.3%	0.22	16%
Margarine (1517)	1.15M	0.010%	2.0%	0.31	-19%
Palm oil (1511)	472k	0.004%	0.8%	0.02	-40%
Fish oil (1504)	465k	0.004%	0.8%	0.41	-6%

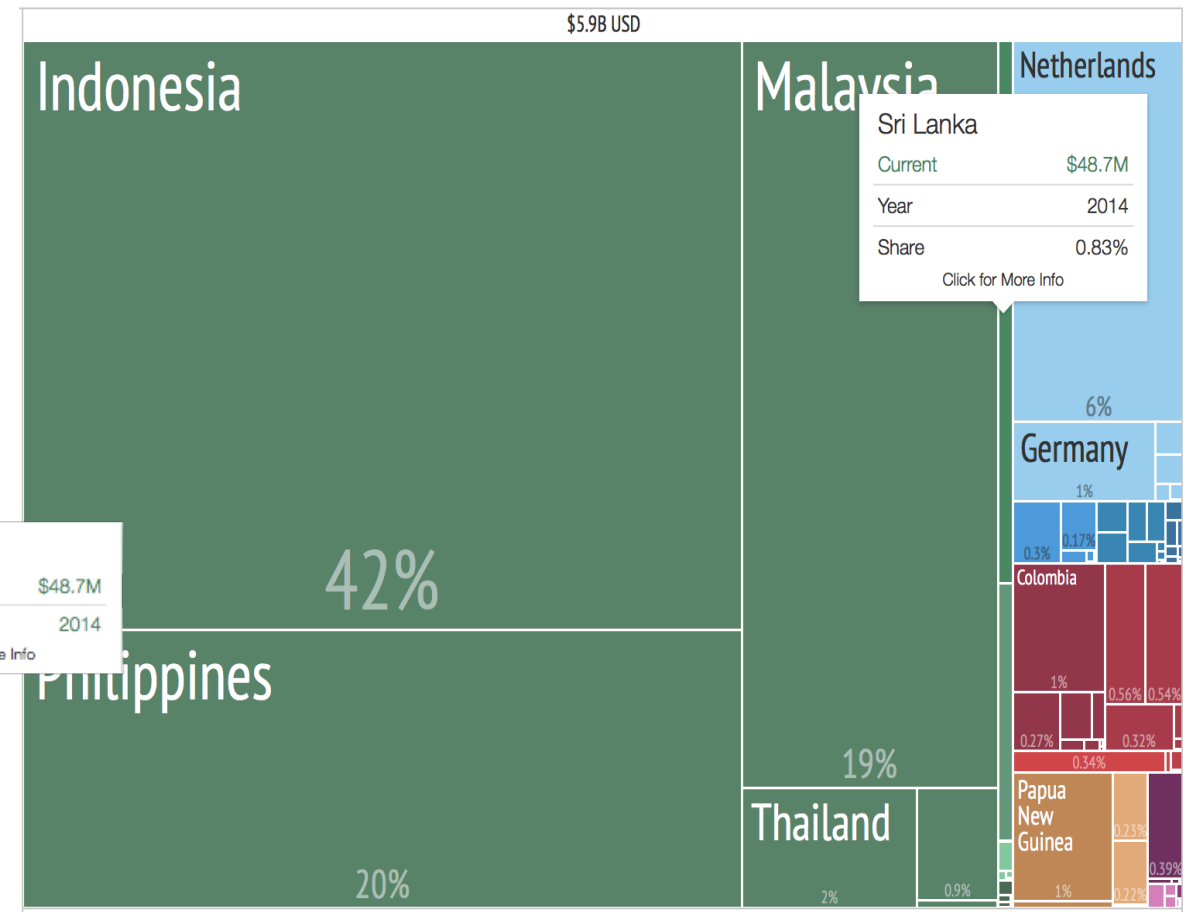
* Revealed Comparative Advantage (RCA) is the share of the product in Sri Lanka's exports divided by the share of the product in the average country's exports.

Source: Data by UN COMTRADE 2014

Coconut oil exporters between 1995 and 2014

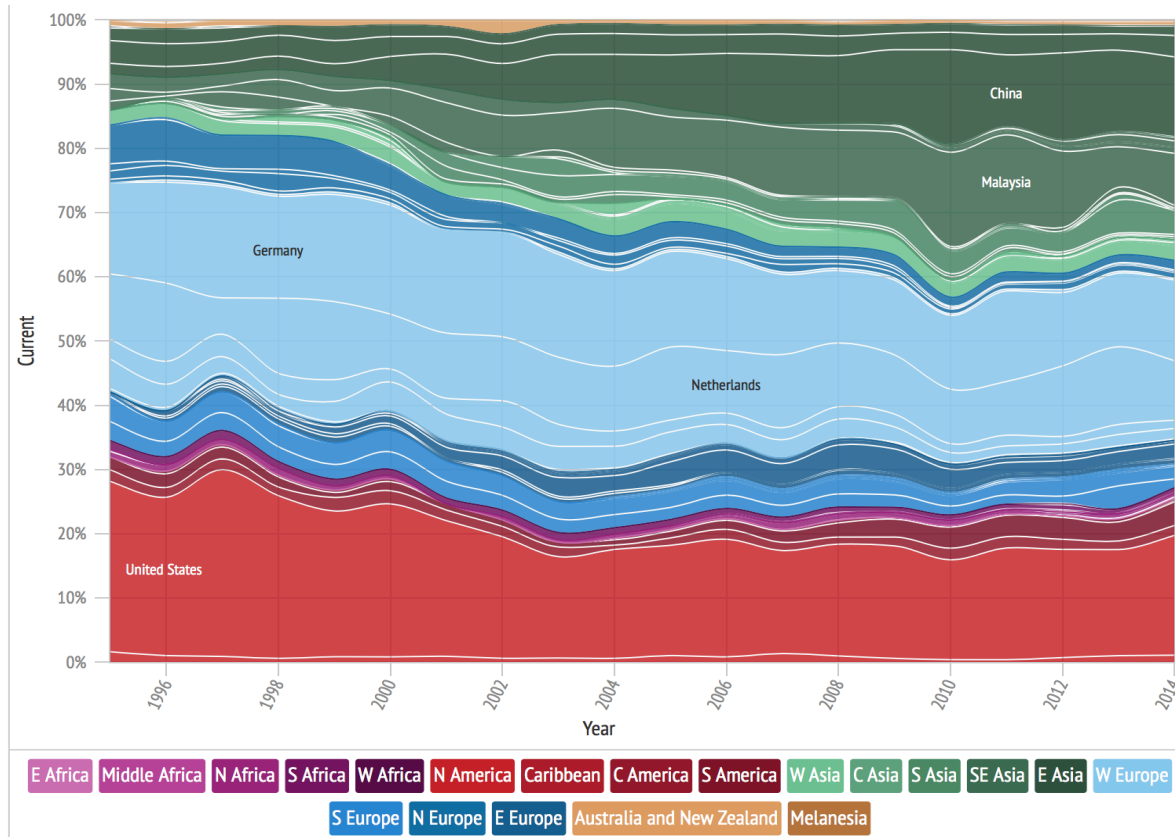


Coconut oil exporters in 2014

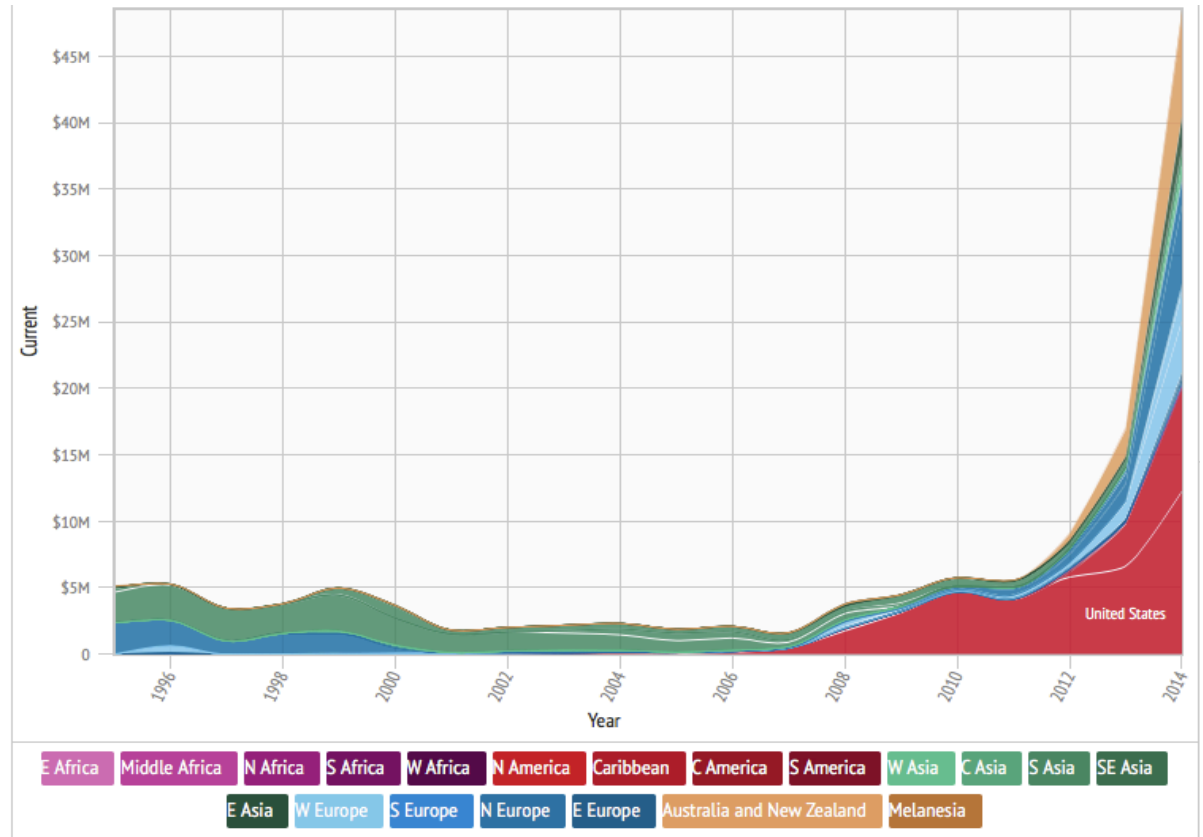


- Although Sri Lanka's exports of coconut oil account for just 0.83% of global coconut oil exports (\$5.9 billion), Sri Lanka has a high revealed comparative advantage in this product and its exports have grown rapidly from \$4.7 million in 2009 to \$48.7 million in 2014—a factor of more than 10 in just 5 years.
- Indonesia, Malaysia and the Philippines have consistently dominated the industry from 1995 to the present.

Coconut oil importers between 1995 and 2014

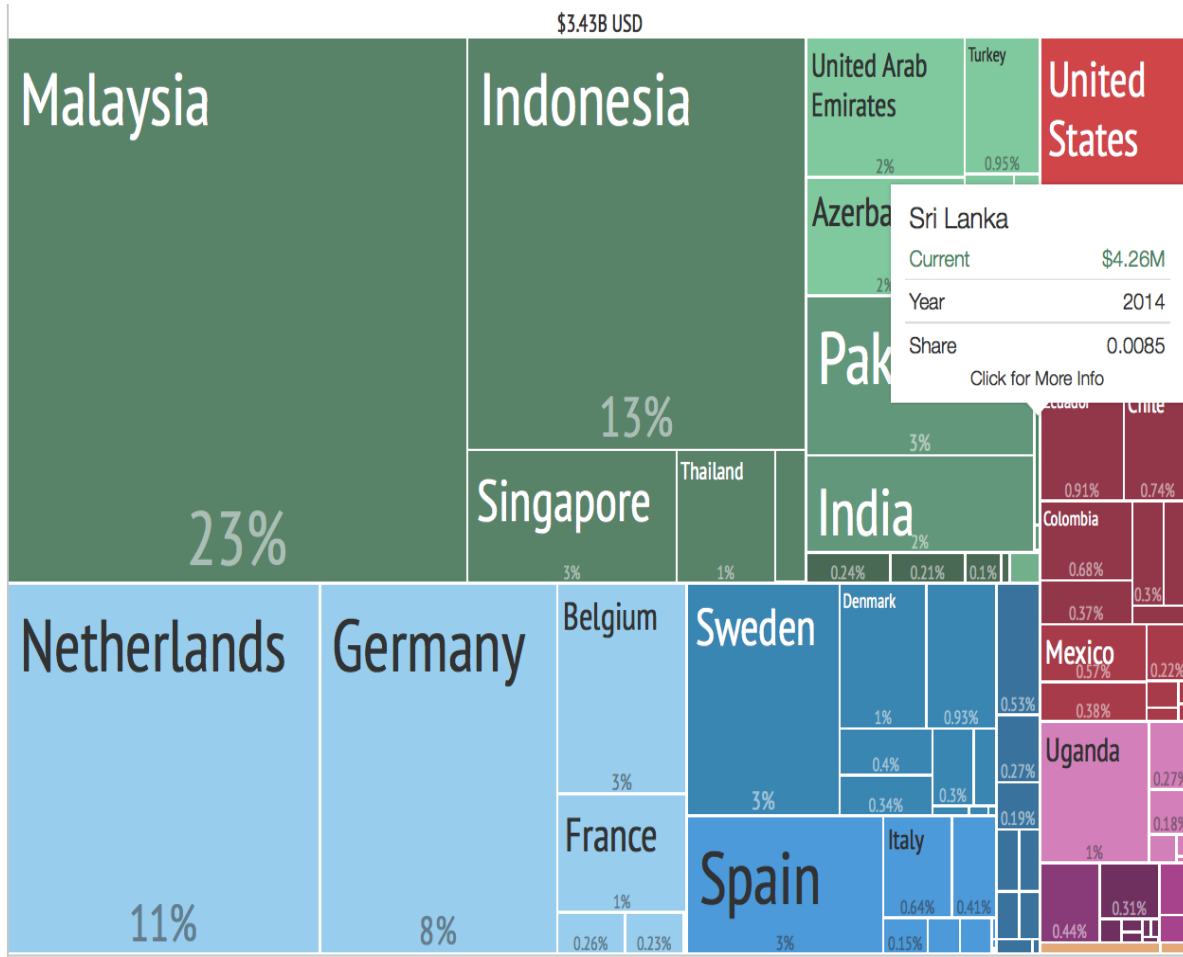


Where did Sri Lanka export coconut oil to between 1995 and 2014?

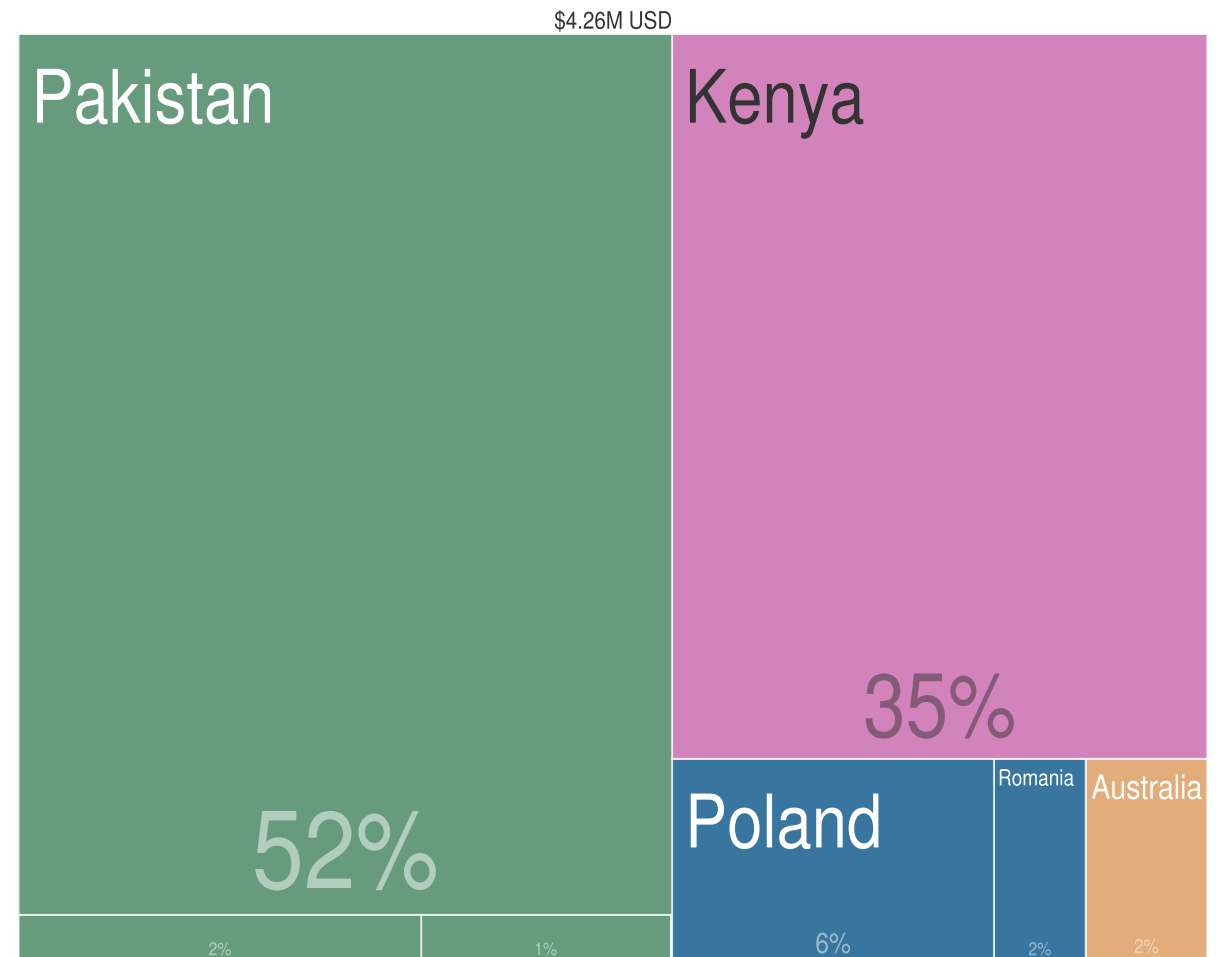


- 25% of Sri Lanka's coconut oil was exported to the United States in 2014, but this accounted for only 1% of the total coconut oil that the US imported. The US imported 48% of its coconut oil from the Philippines and 28% from Indonesia.

Hydrogenated oils exporters in 2014



Where did Sri Lanka export hydrogenated oils to in 2014?



- Sri Lanka's exports of hydrogenated oils have varied by an extraordinary amount from year to year, driven by changes in demand from India. Over the last decade, exports were as high as \$111 million in 2007, as low as \$144 thousand in 2009, and totaled \$4.3 million in 2014, which represented 0.05% of the global export value of hydrogenated oils.
- In 2014, Sri Lanka exported 87% of its hydrogenated oils to Pakistan and Kenya, and had a weak presence in the European market, which consistently accounts for 30-50% of all hydrogenated oils imports.

\$1.29M USD

A treemap visualization showing the distribution of 1.29M USD. The total value is displayed at the top center. The chart is divided into two main sections: a large green section for India, which accounts for 81% of the total, and a smaller red section for Pakistan, which accounts for 18%. The percentages are displayed at the bottom of each respective section.

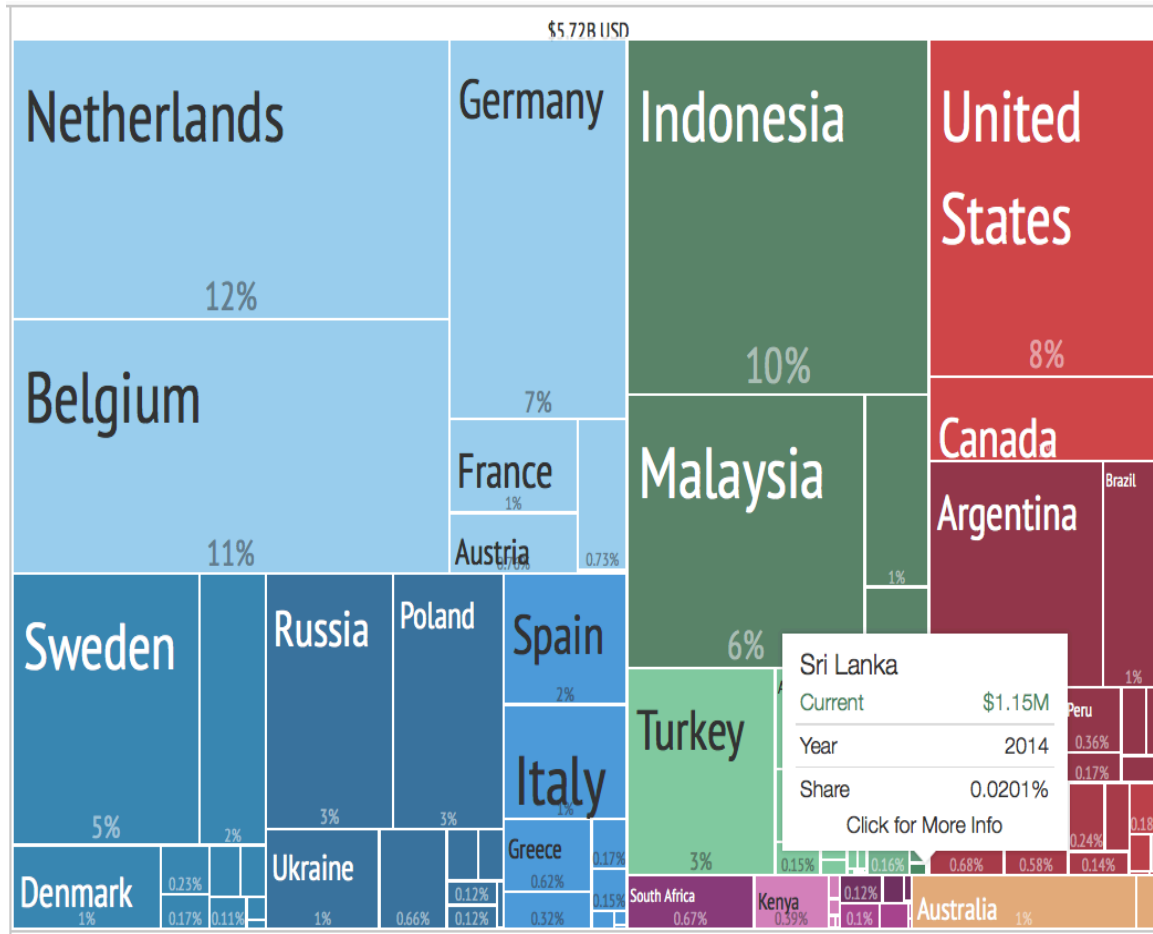
Country	Percentage
India	81%
Pakistan	18%

\$8.69B USD

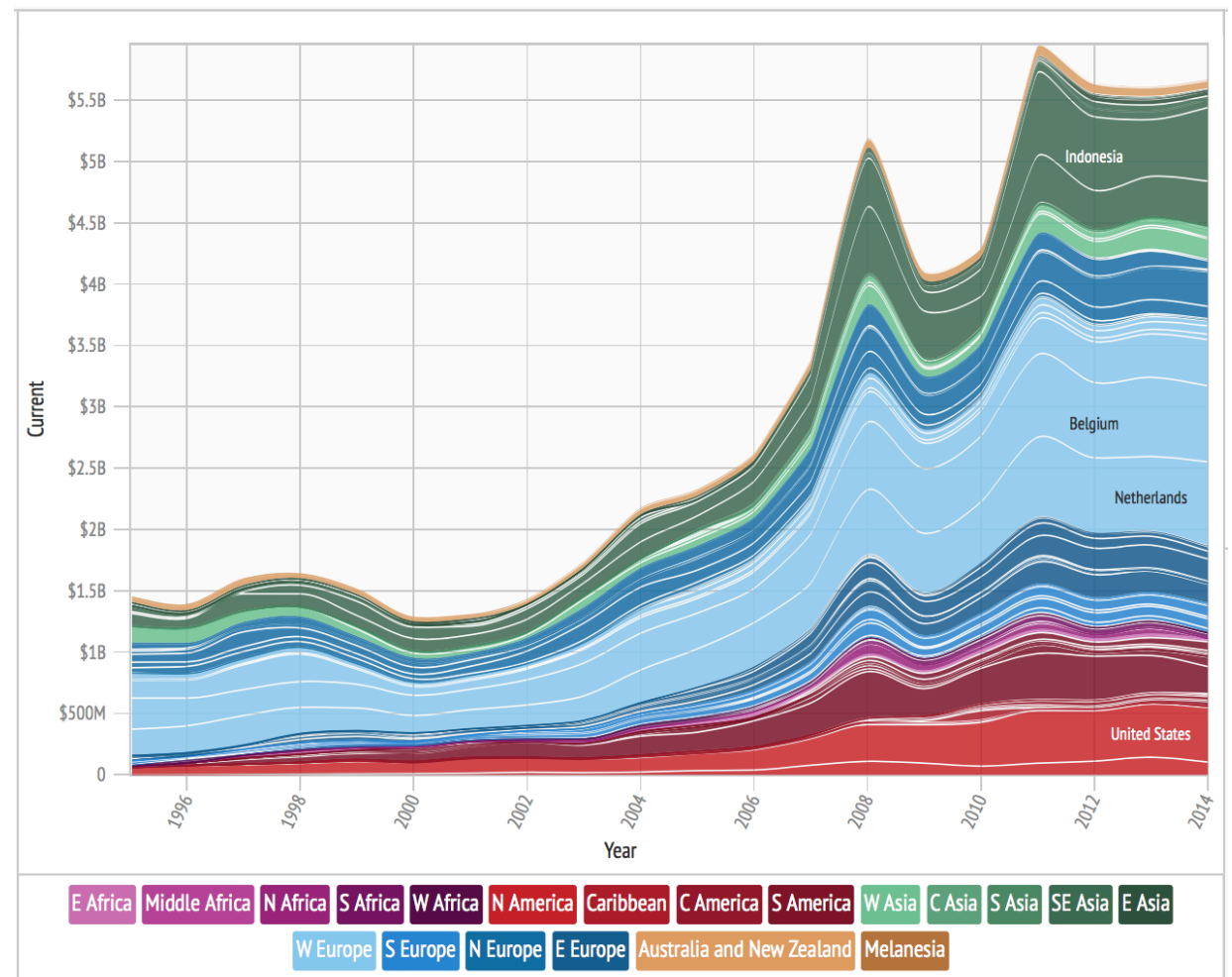
Country	Percentage
China	13%
Netherlands	11%
Germany	8%
United States	7%
Canada	1%
India	4%
France	4%
United Kingdom	3%
Spain	3%
Italy	3%
Poland	2%
Sweden	2%
Denmark	0.77%
Russia	0.7%
Malaysia	6%
Singapore	4%
Turkey	1%
Saudi Arabia	0.89%
Thailand	2%
Japan	3%
Korea, Rep.	4%
Mexico	2%
Brazil	1%
South Africa	0.65%
Other countries	0.42%, 0.36%, 0.29%, 0.22%, 0.18%, 0.17%, 0.16%, 0.15%, 0.14%, 0.13%, 0.12%, 0.11%, 0.10%, 0.09%, 0.08%, 0.07%, 0.06%, 0.05%, 0.04%, 0.03%, 0.02%, 0.01%

- Source: Data by UN COMTRADE 2014; Visualization by The Atlas of Economic Complexity (<http://atlas.cid.harvard.edu/>)

Margarine exporters in 2014

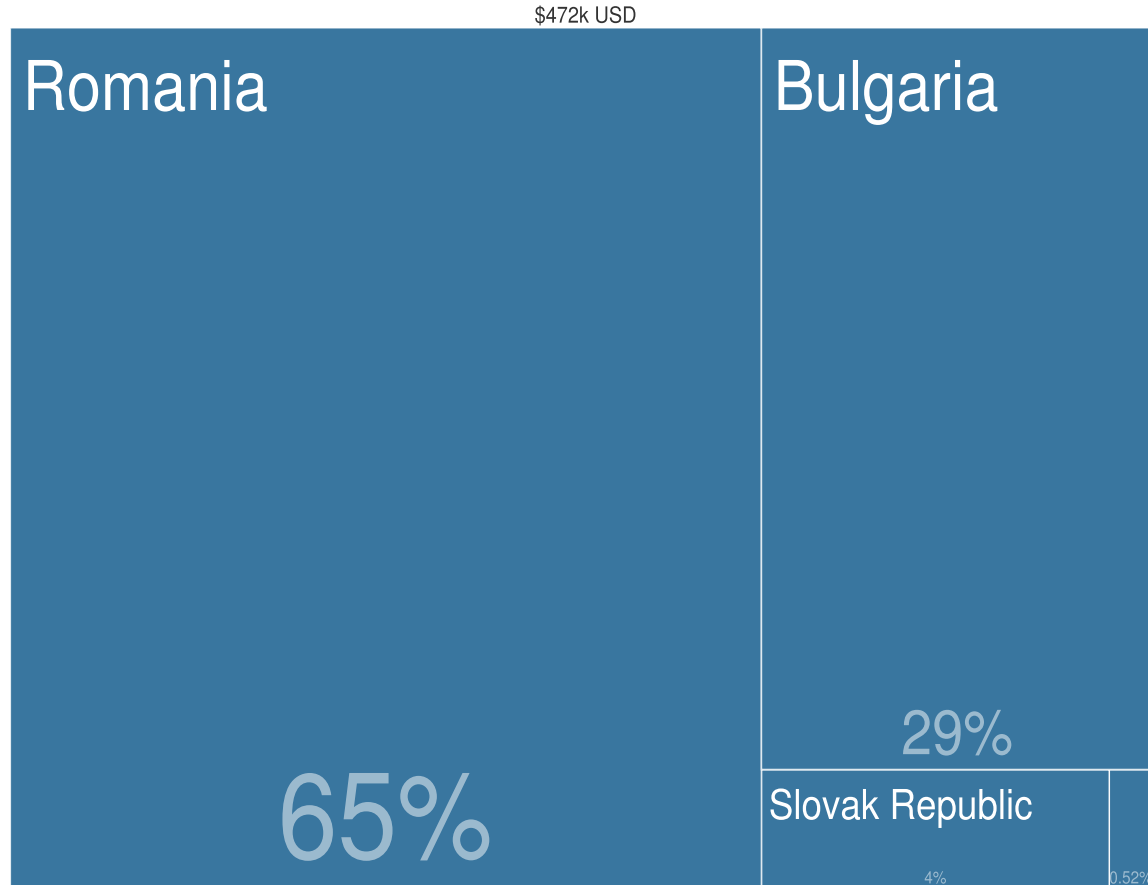


Global exporters of margarine between 1995 and 2014

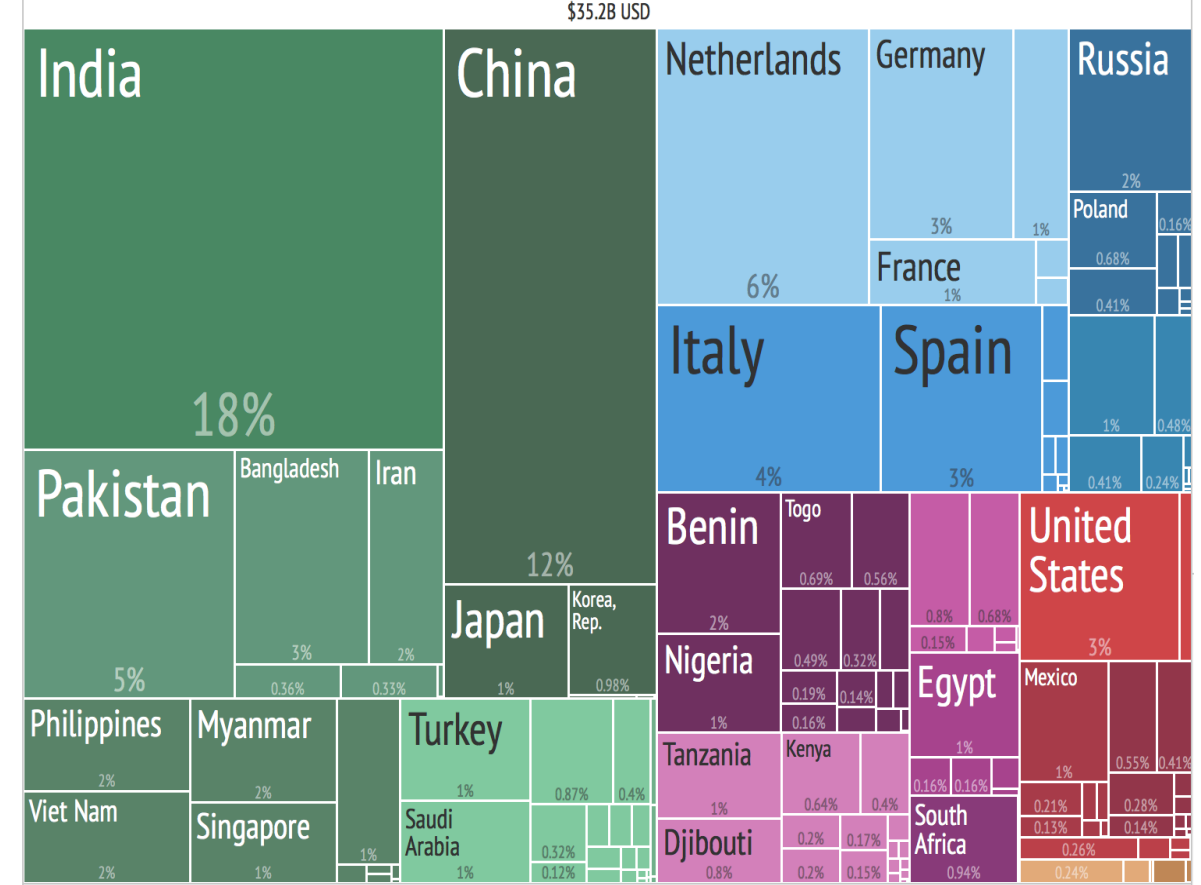


- Sri Lanka's margarine exports dropped from \$20.6 million in 2007 to \$1.15 million in 2014, with this drop matching a major drop in demand from India. World exports grew from \$3.45 billion to \$5.72 billion over the same period, despite a sharp decline from 2008-2009.

Where did Sri Lanka export palm oil to in 2014?



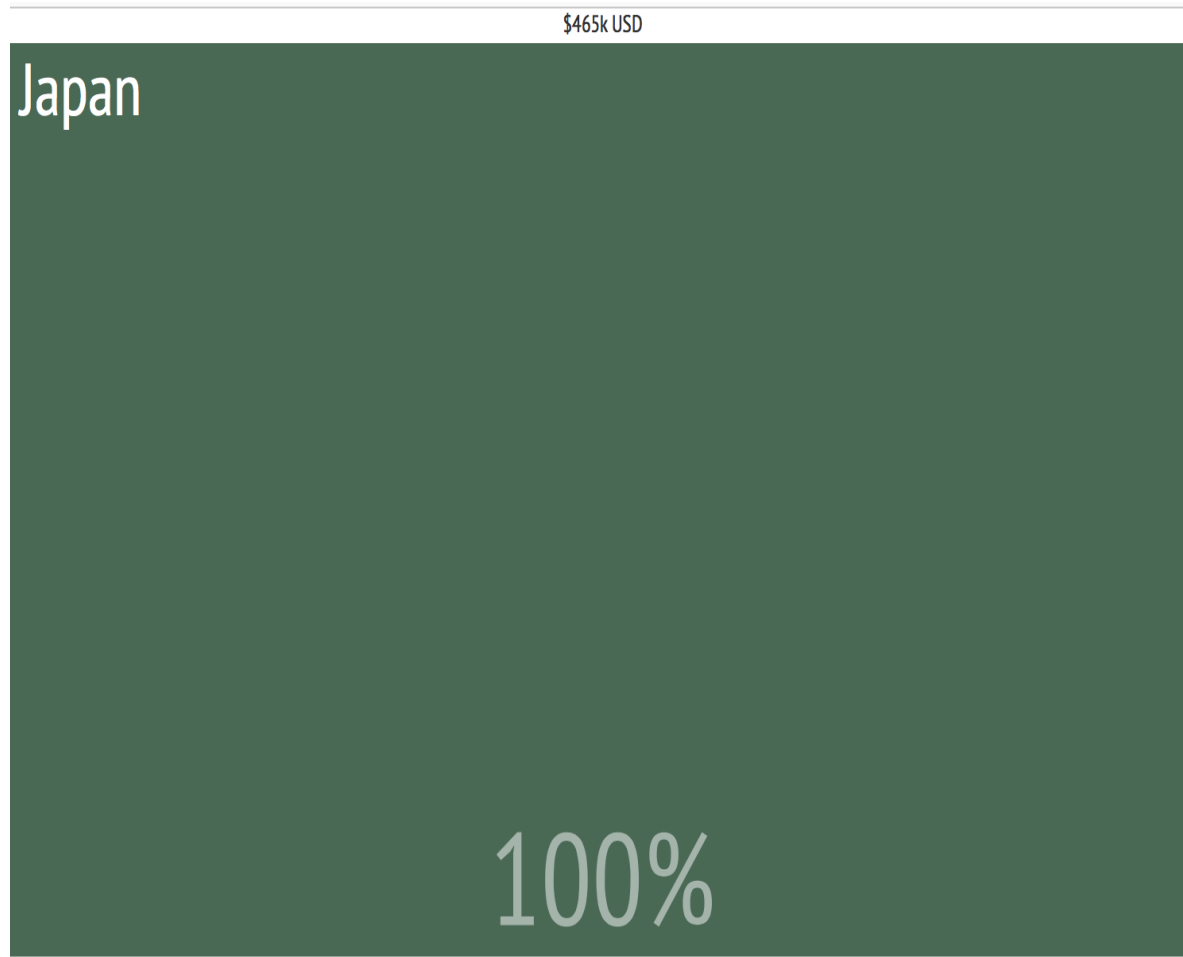
Global importers of palm oil in 2014



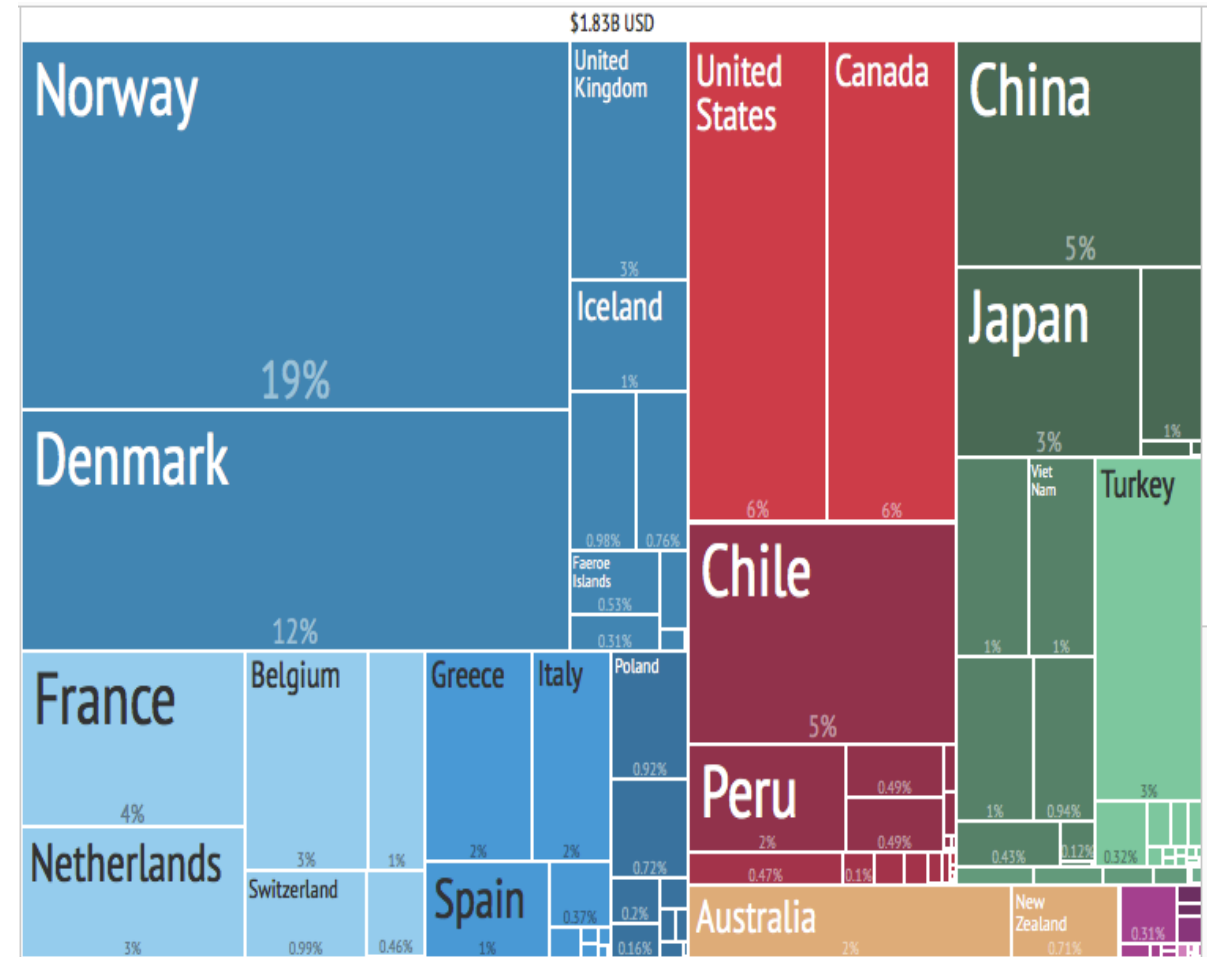
- The palm oil industry is the largest globally within the edible oil sector, with total exports of \$35.2 billion (33% of the sector total). Indonesia and Malaysia are far and away the top producers, with 48% and 36% of world exports, respectively, in 2014.
- According to an OECD Review of Agricultural Policies for Indonesia in 2012, the ownership structure of palm oil producers in that country was as follows: 55% large-scale private companies (Indonesian, Malaysian, or located in Singapore under Chinese capital control); 35% smallholders; 10% state-owned companies. The top 10 companies in Indonesia owned 67% of Indonesia's palm oil plantations in 2010.

Sources: OECD Review of Agricultural Policies: Indonesia 2012 & UN COMTRADE 2014; Visualization by The Atlas of Economic Complexity (<http://atlas.cid.harvard.edu/>)

Where did Sri Lanka export fish oil in 2014?

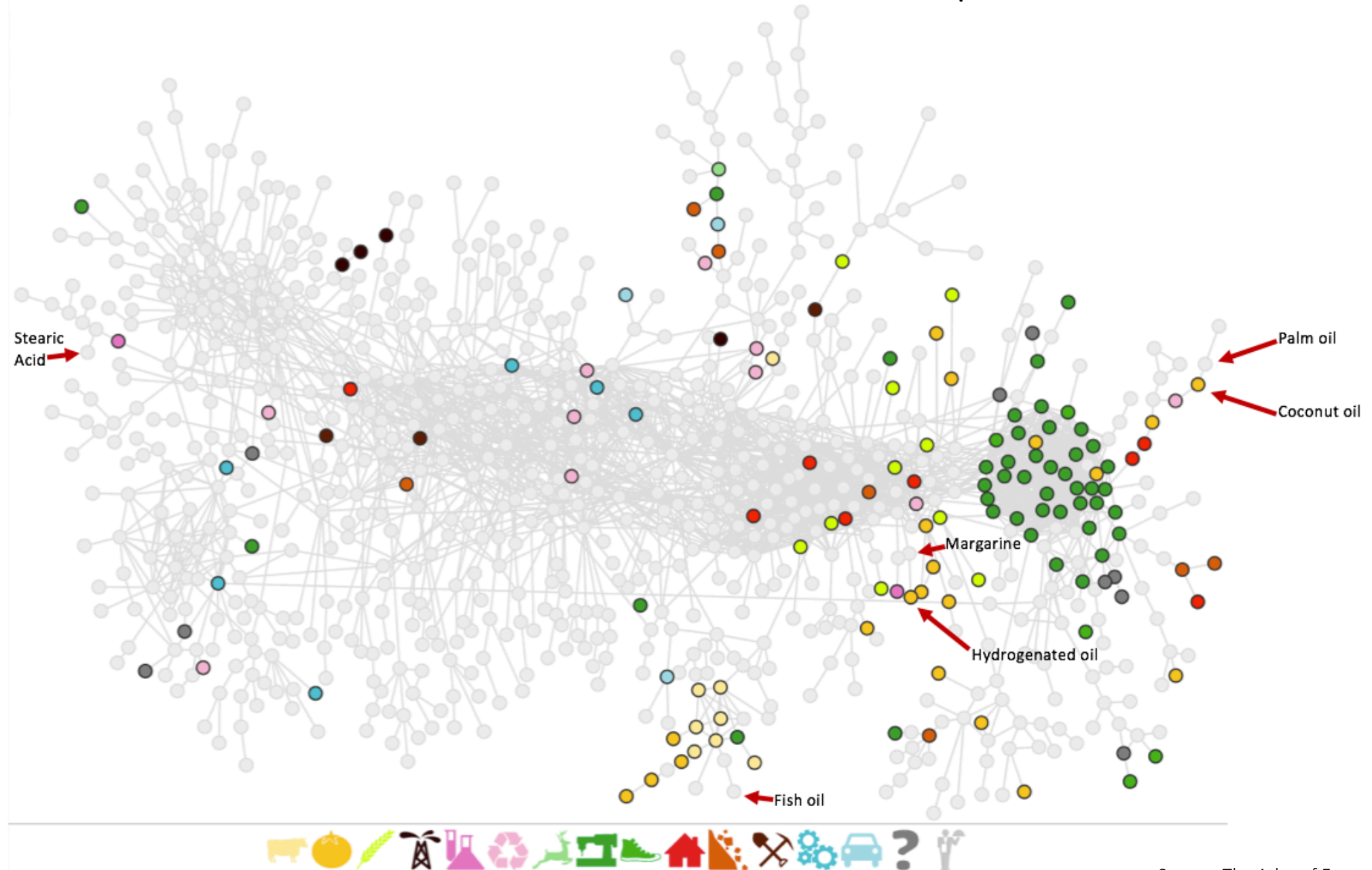


Global importers of fish oil in 2014

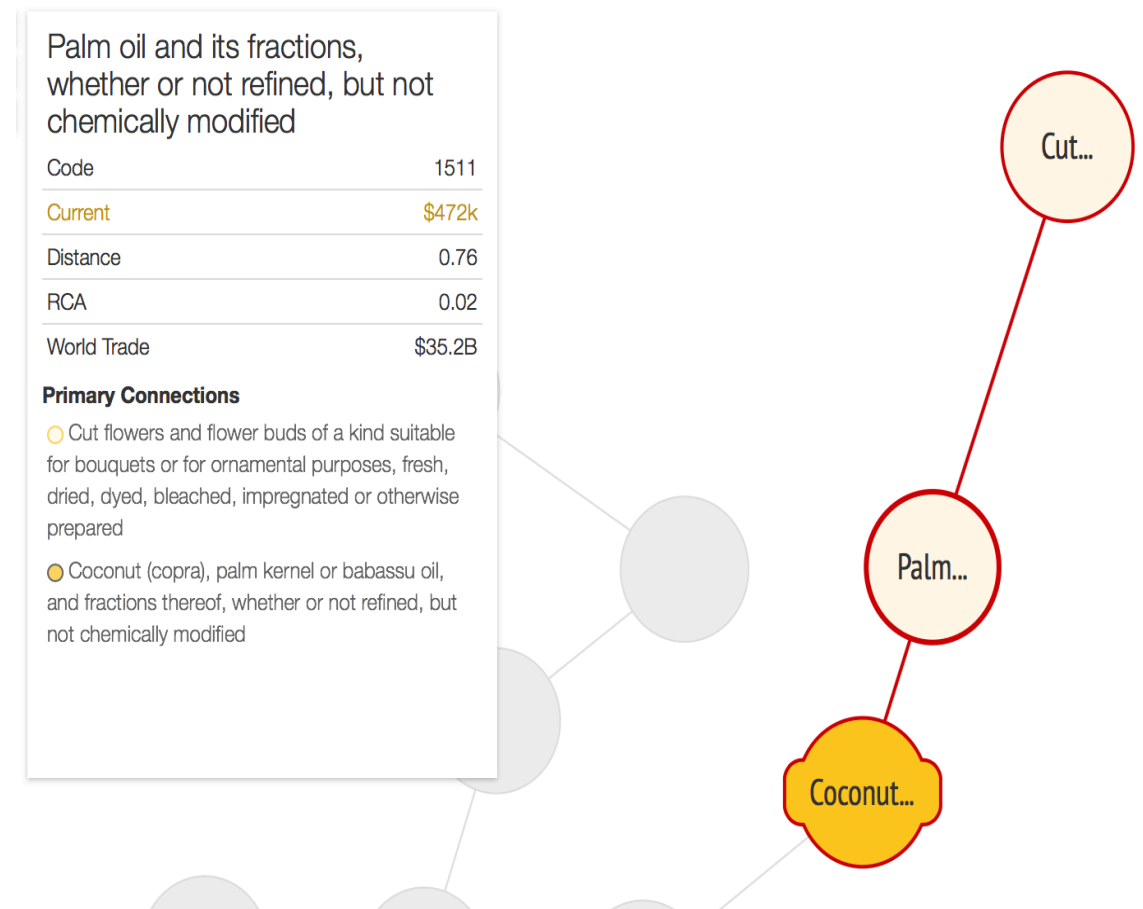
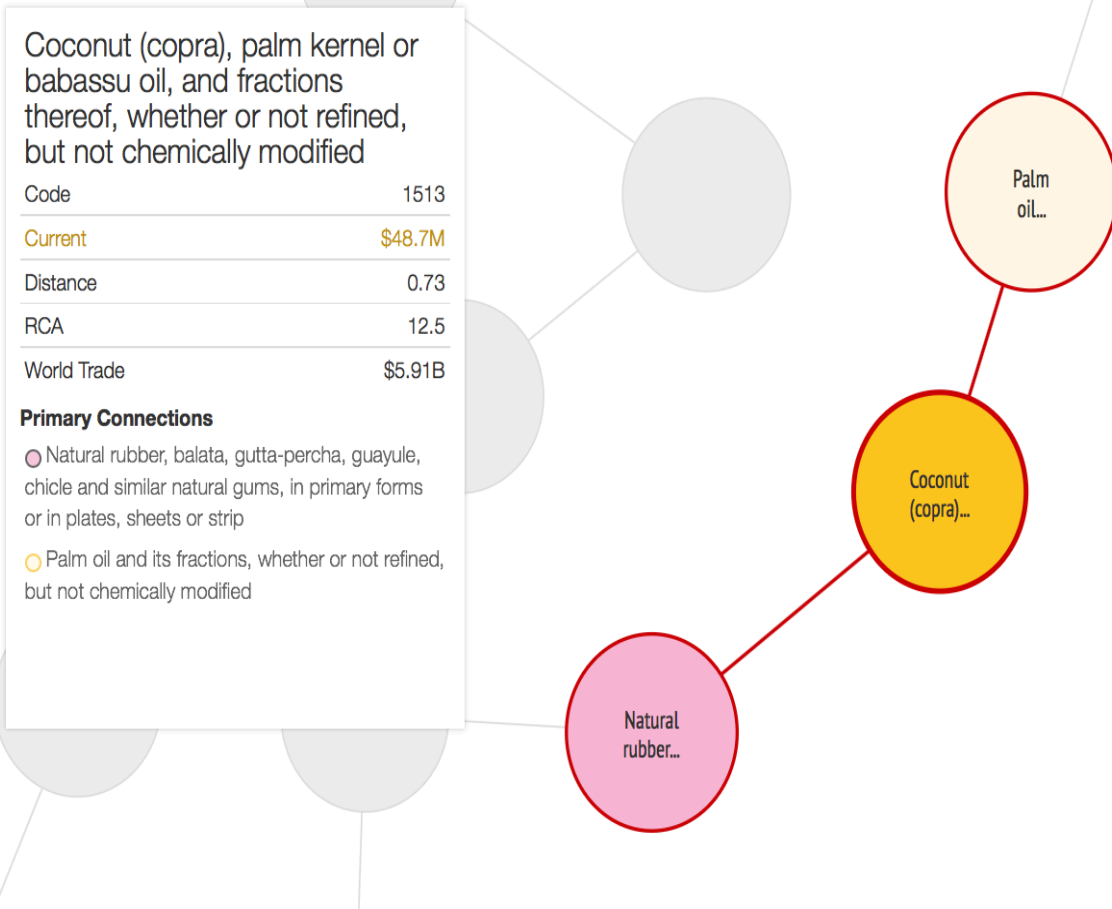


- Sri Lanka's fish oil exports are limited exclusively to Japan, even though Japan represents only 3% of global fish oil imports.
- Fish oil exports dropped from \$985 thousand in 2008 to \$196 thousand in 2011, and rebounded to reach \$465 thousand in 2014.

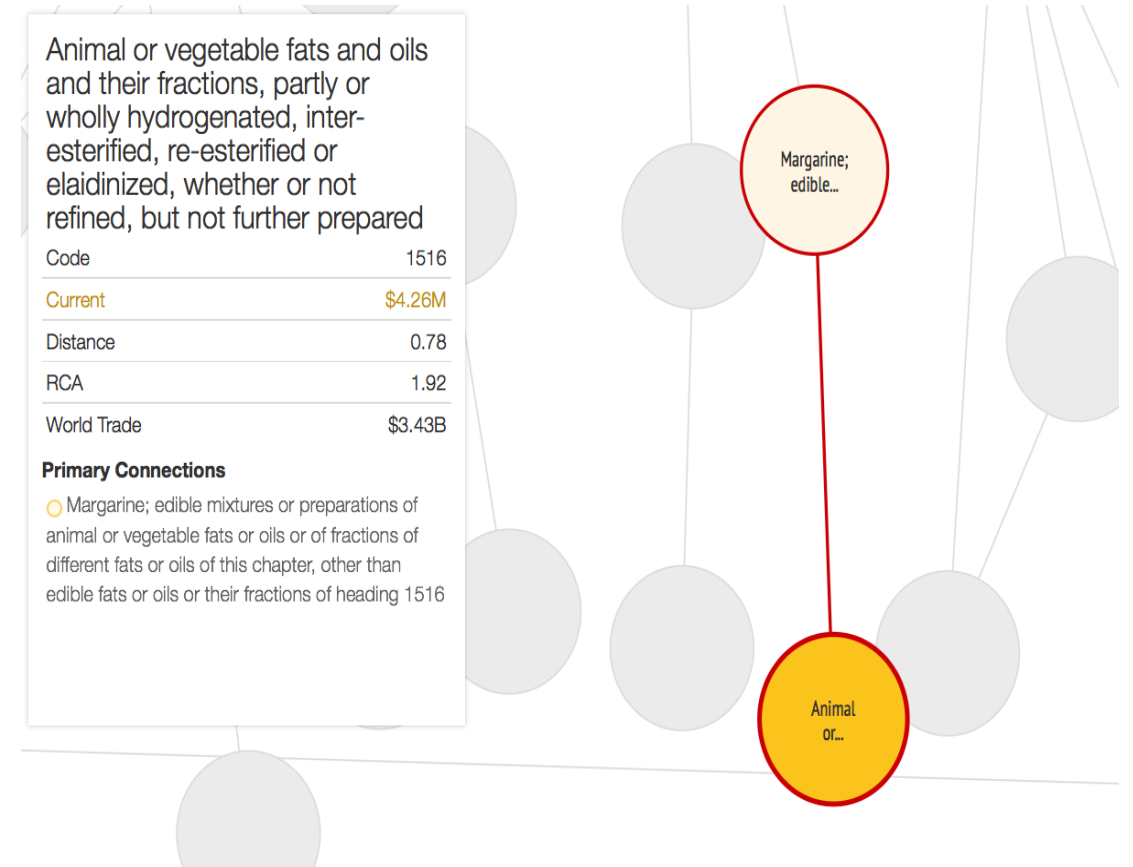
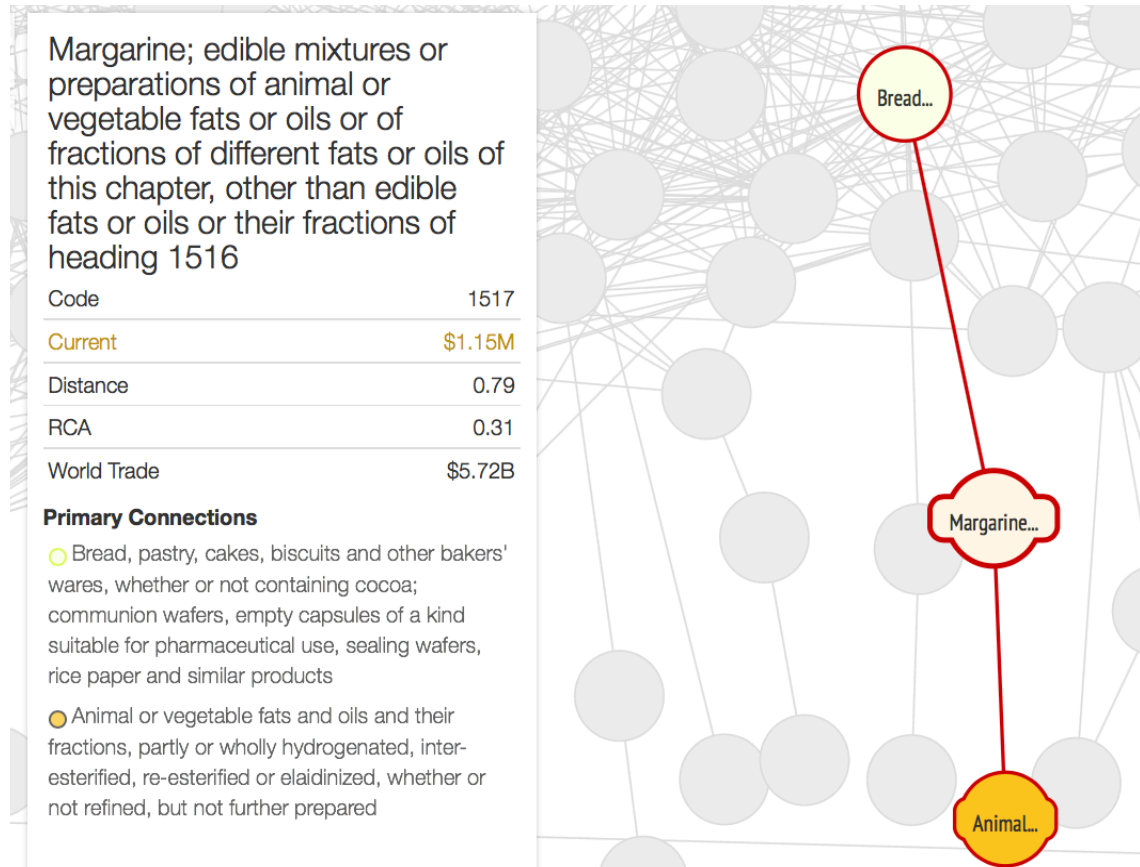
Edible Oils in Sri Lanka's Product Space



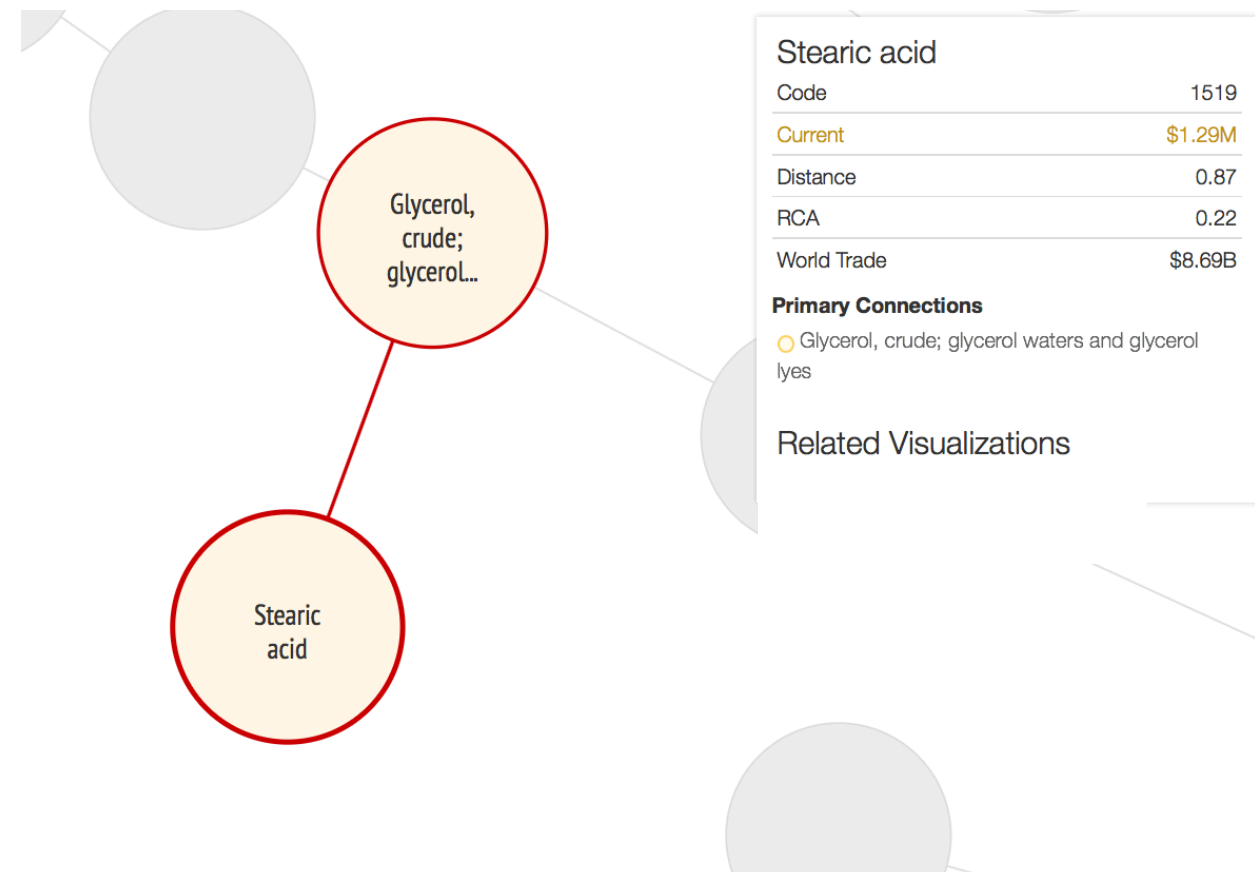
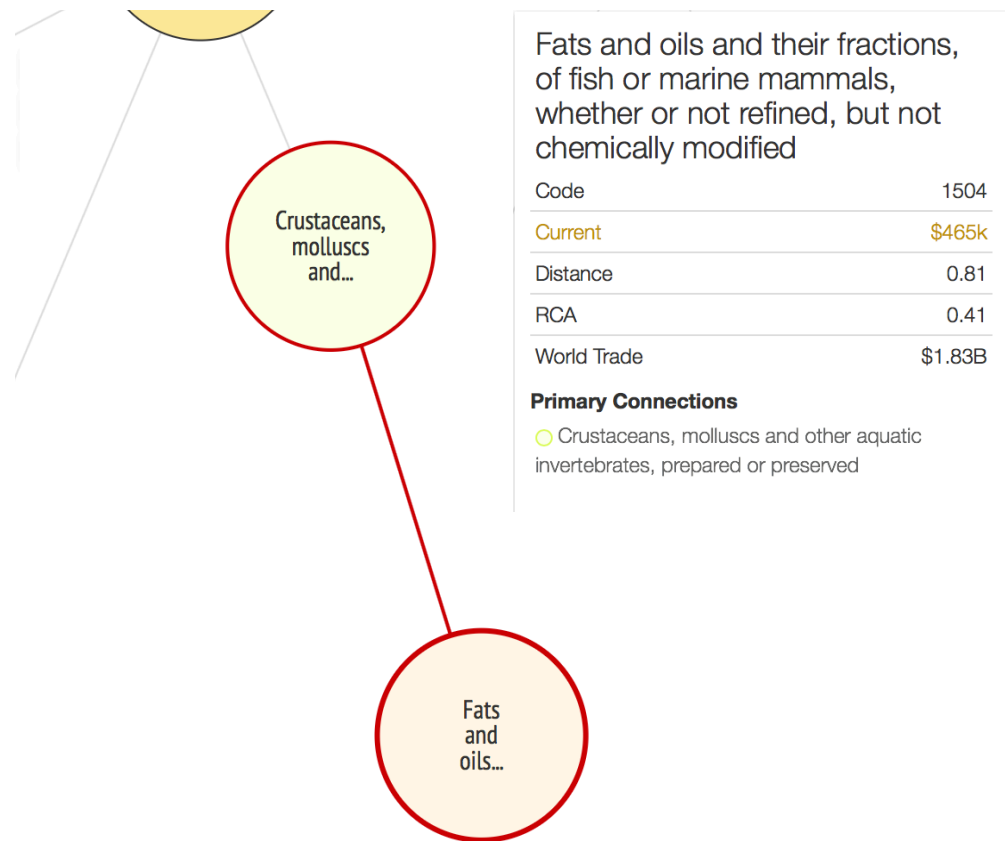
Primary connections in the Product Space



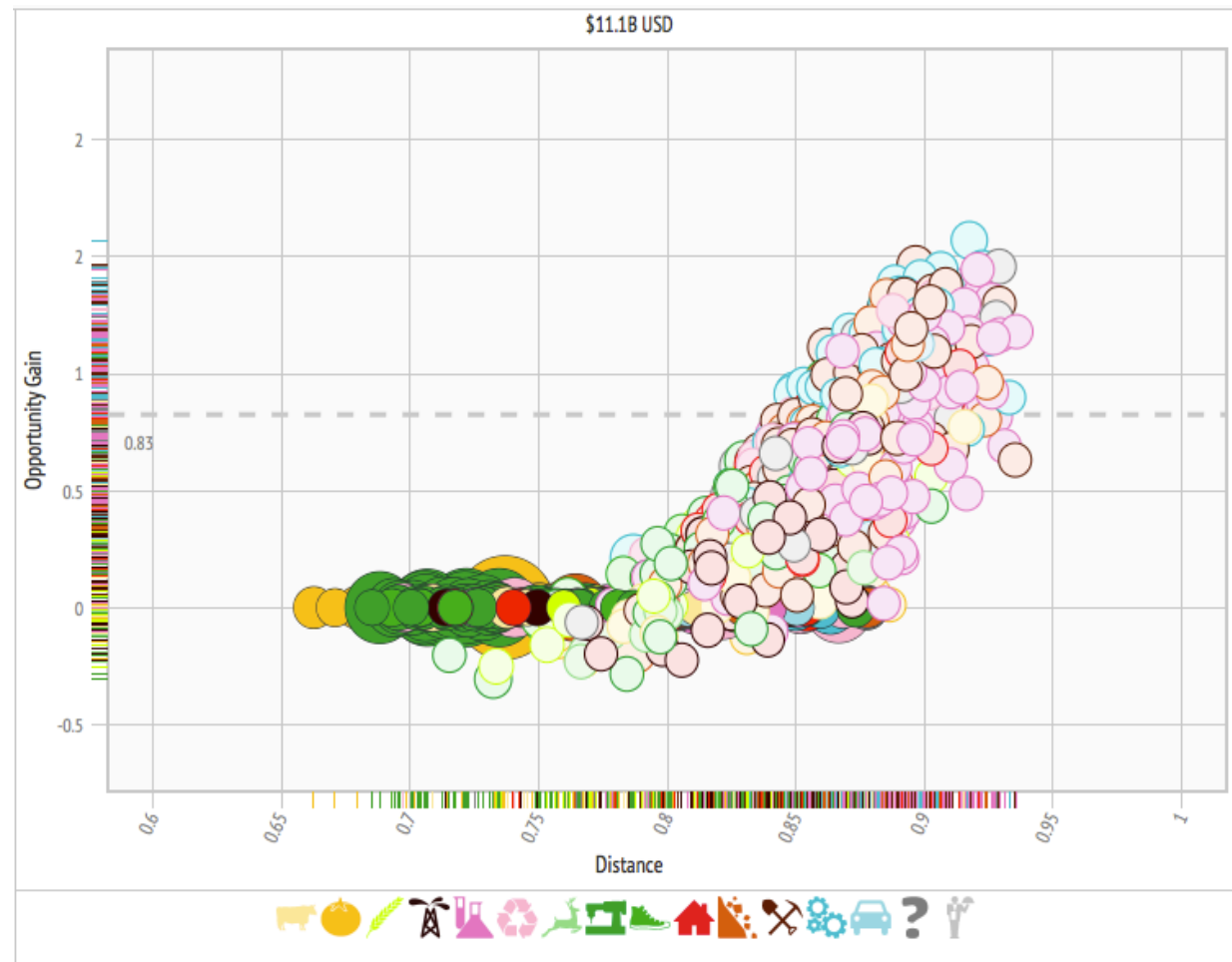
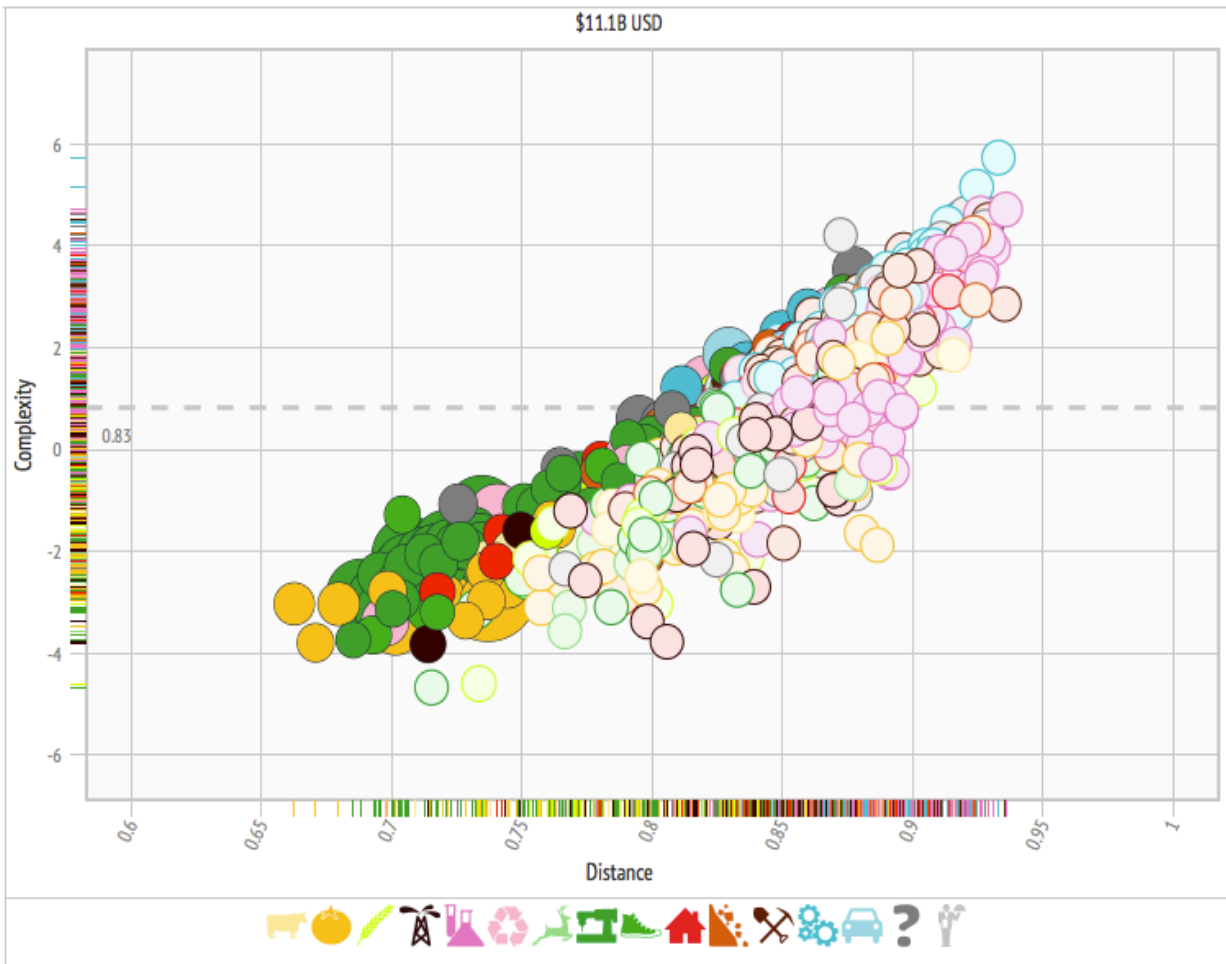
Primary connections in the Product Space



Primary connections in the Product Space

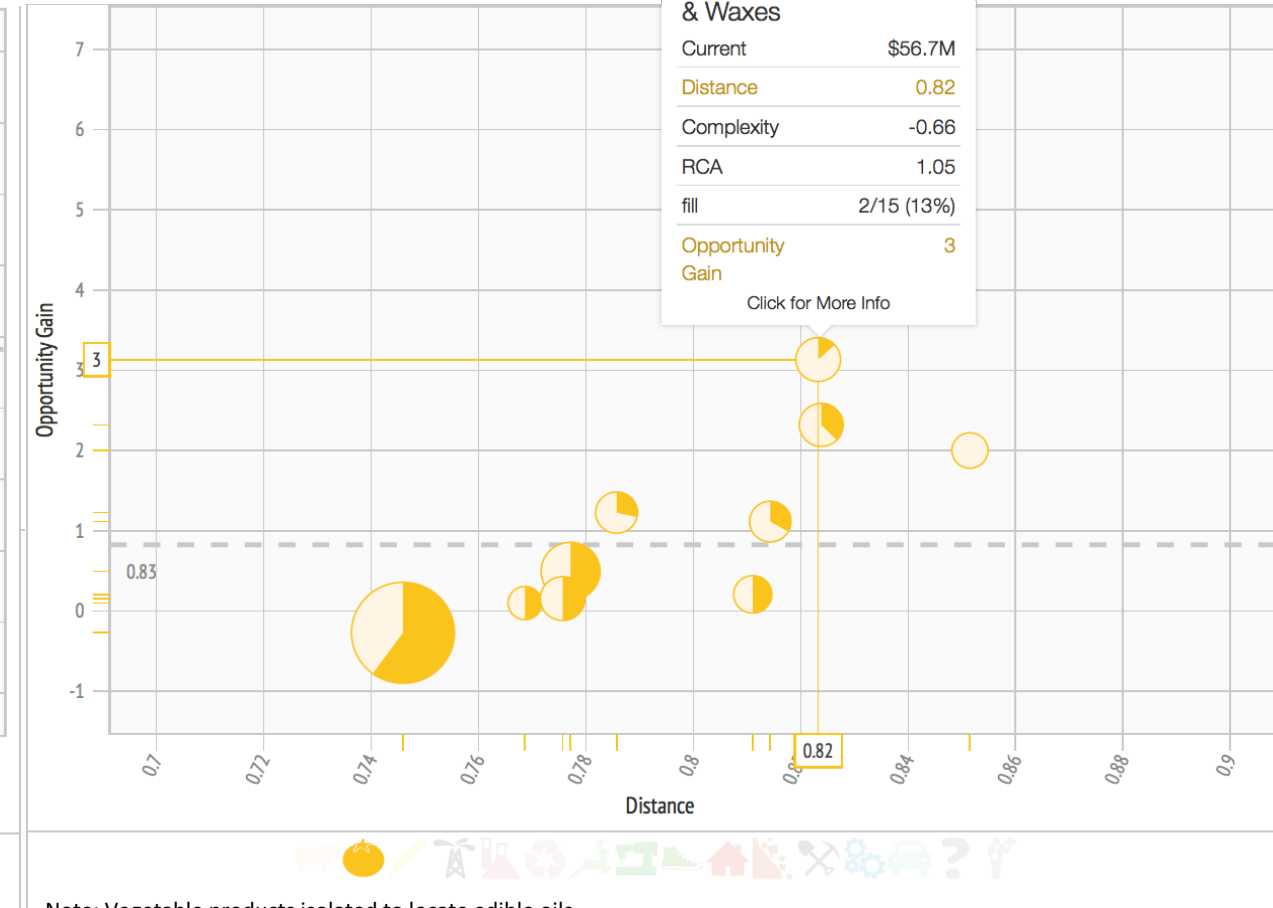
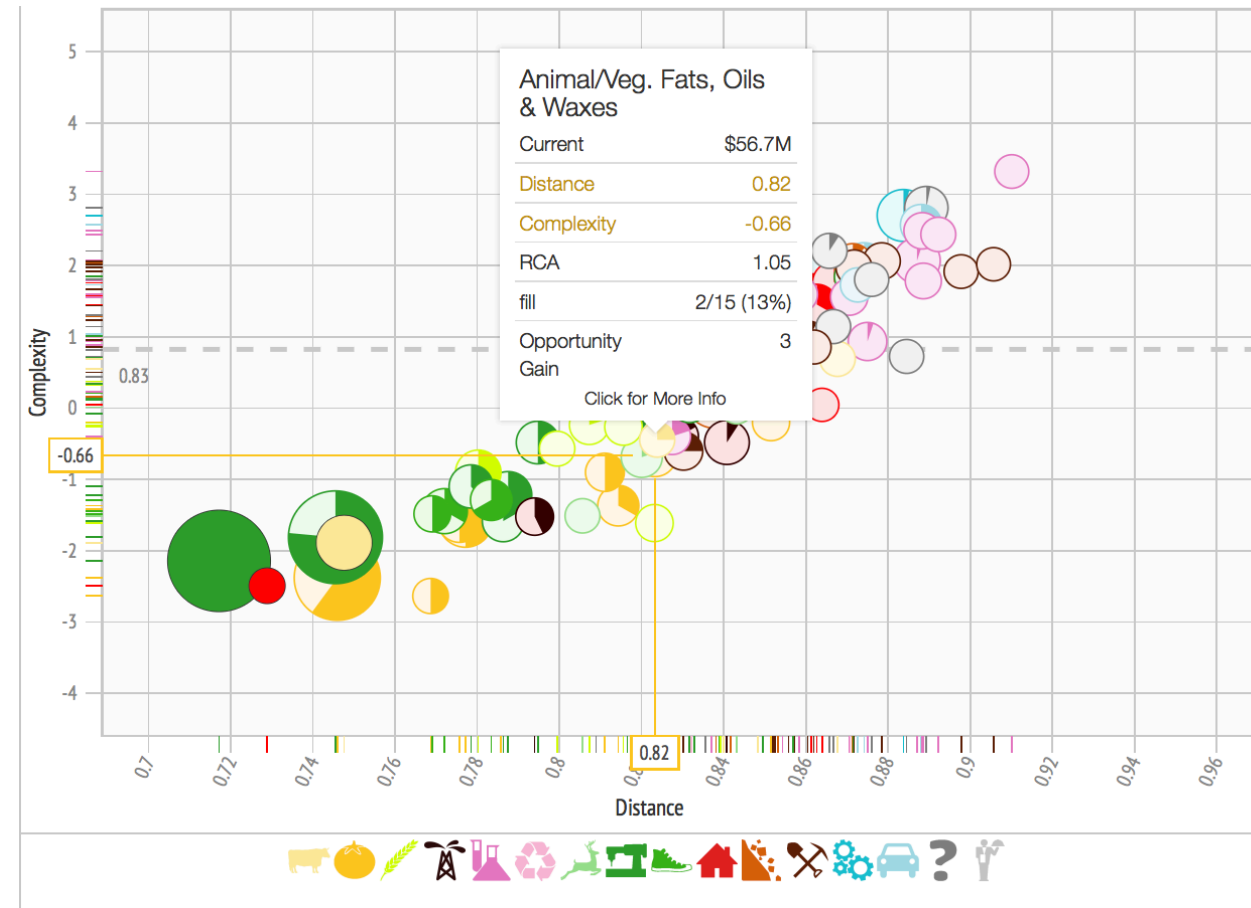


Sri Lanka's efficiency frontier, by product



Source: The Atlas of Economic Complexity

Position of edible oils in Sri Lanka's efficiency frontier, by community



Note: Vegetable products isolated to locate edible oils

- Sri Lanka has a revealed comparative advantage of 1.05 in the sector, but the complexity score of -0.66 is fairly low.
- However, the opportunity gain measure of 3 is the highest within the vegetable products category, indicating that the edible oils sector could be a stepping stone that would open some new doors to more complex products.

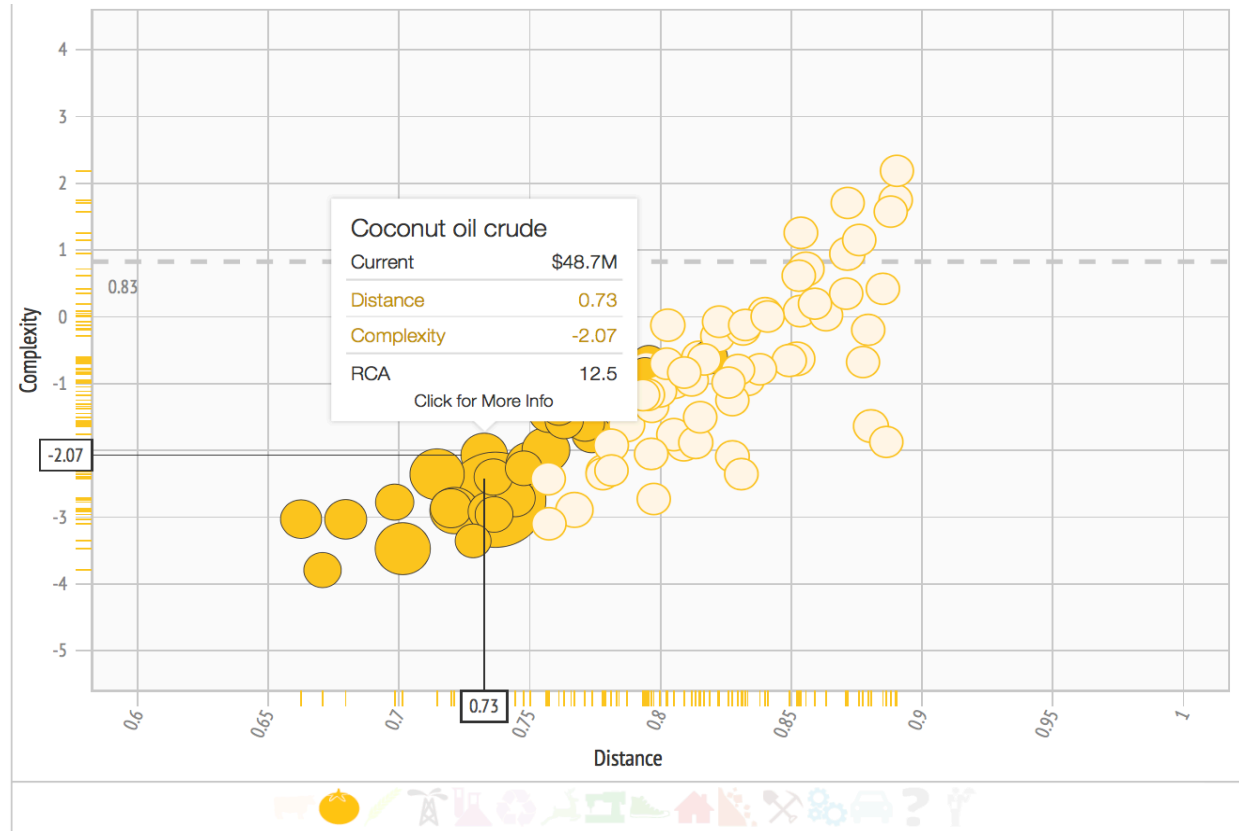
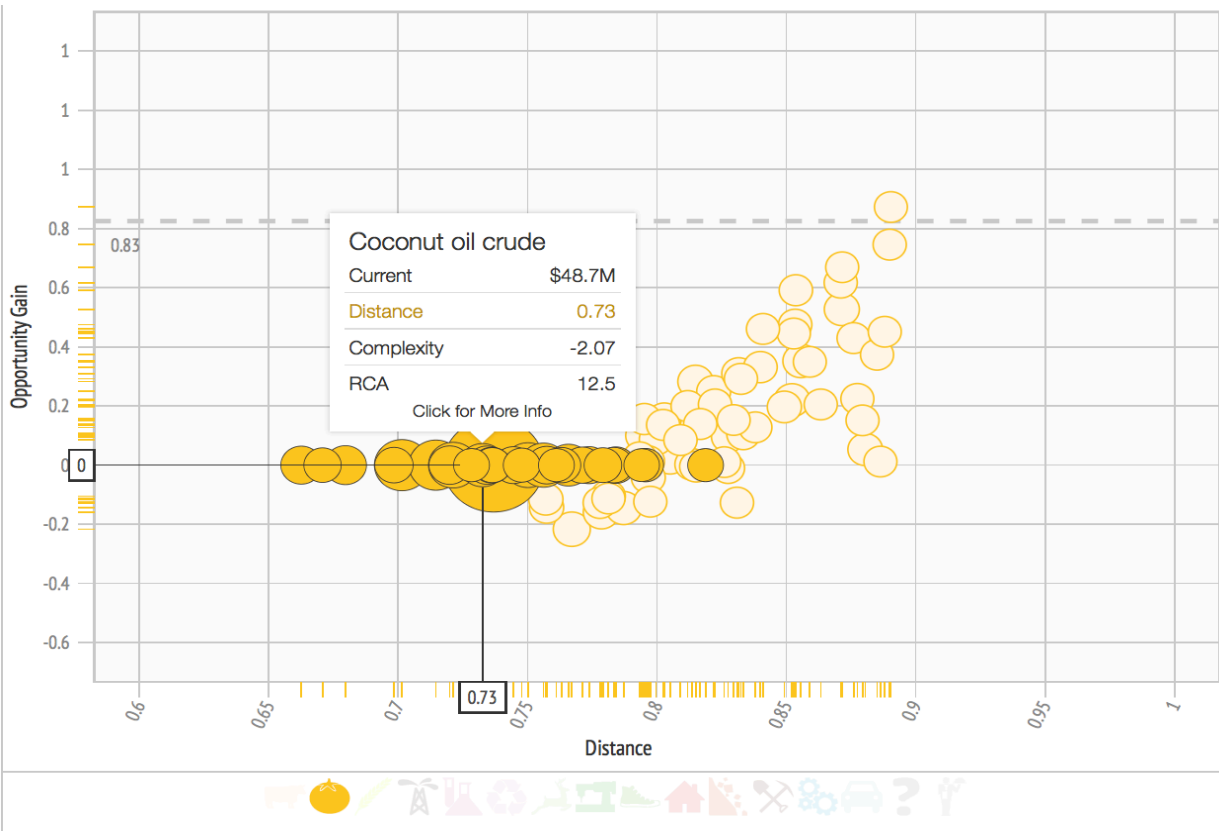
Conclusions

- At \$56.7 million in 2014, edible oils make up a small share of Sri Lanka's overall exports and a small share of global exports of edible oils. However, Sri Lanka maintains a revealed comparative advantage in this sector, albeit just barely ($RCA = 1.05$).
- Coconut oil is Sri Lanka's main export in the sector and the one with the highest revealed comparative advantage. Sri Lanka's growth in coconut oil exports has been very strong and it has much room to grow, including in the US market.
- Hydrogenated oil, stearic acid, margarine and palm oil exports all fluctuate dramatically with demand from India. Sri Lanka maintained a revealed comparative advantage in its exports of hydrogenated oils in 2014 without exporting to India. Sri Lanka exports fish oil only to Japan although there is a much wider global market for the product. Sri Lanka does not have a foothold in other major edible oils (sunflower, soya-bean, canola, olive and linseed).
- Edible oils are non-complex products that are not well-connected to other products, but among vegetable products the sector is a relatively good stepping stone for continued diversification for Sri Lanka.
- Indonesia, Malaysia and the Philippines tend to dominate exports of the edible oils in which Sri Lanka has a foothold. Large-scale multi-national companies appear to play a role in their productivity.

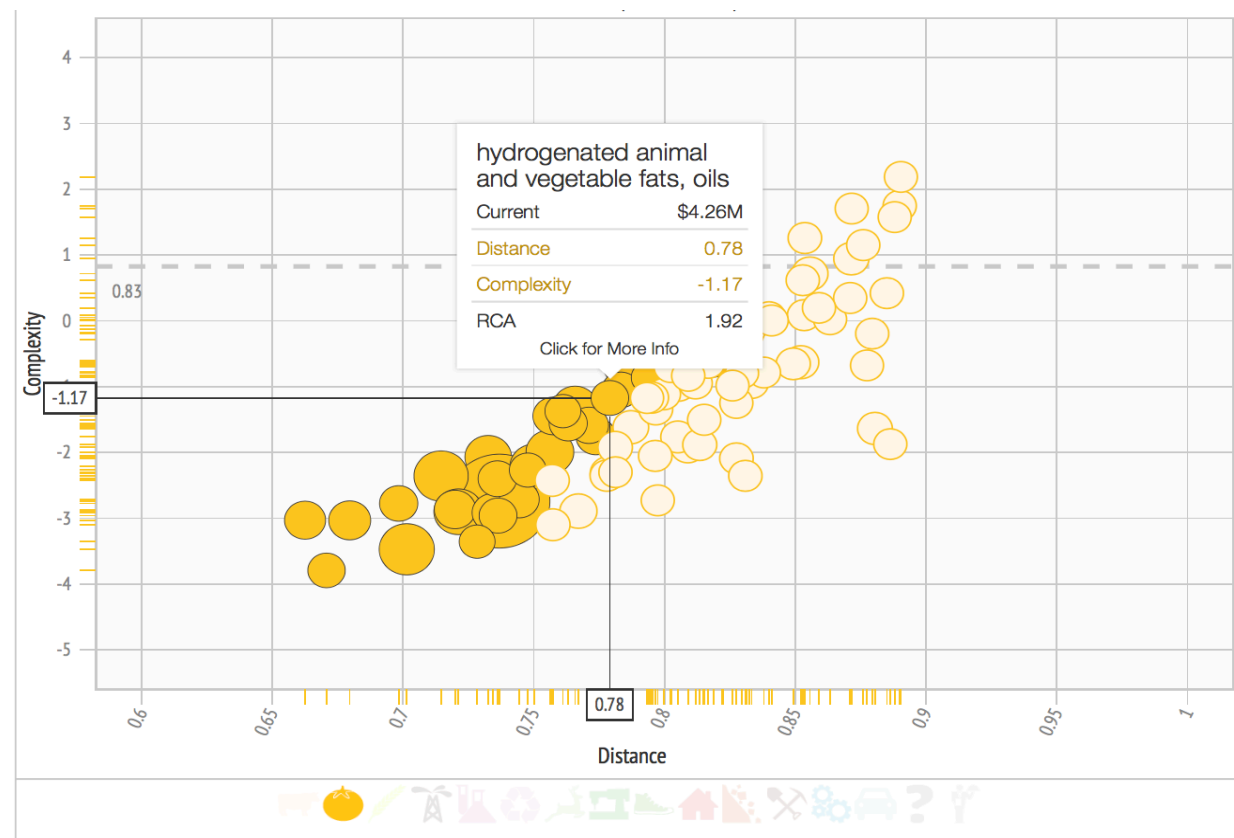
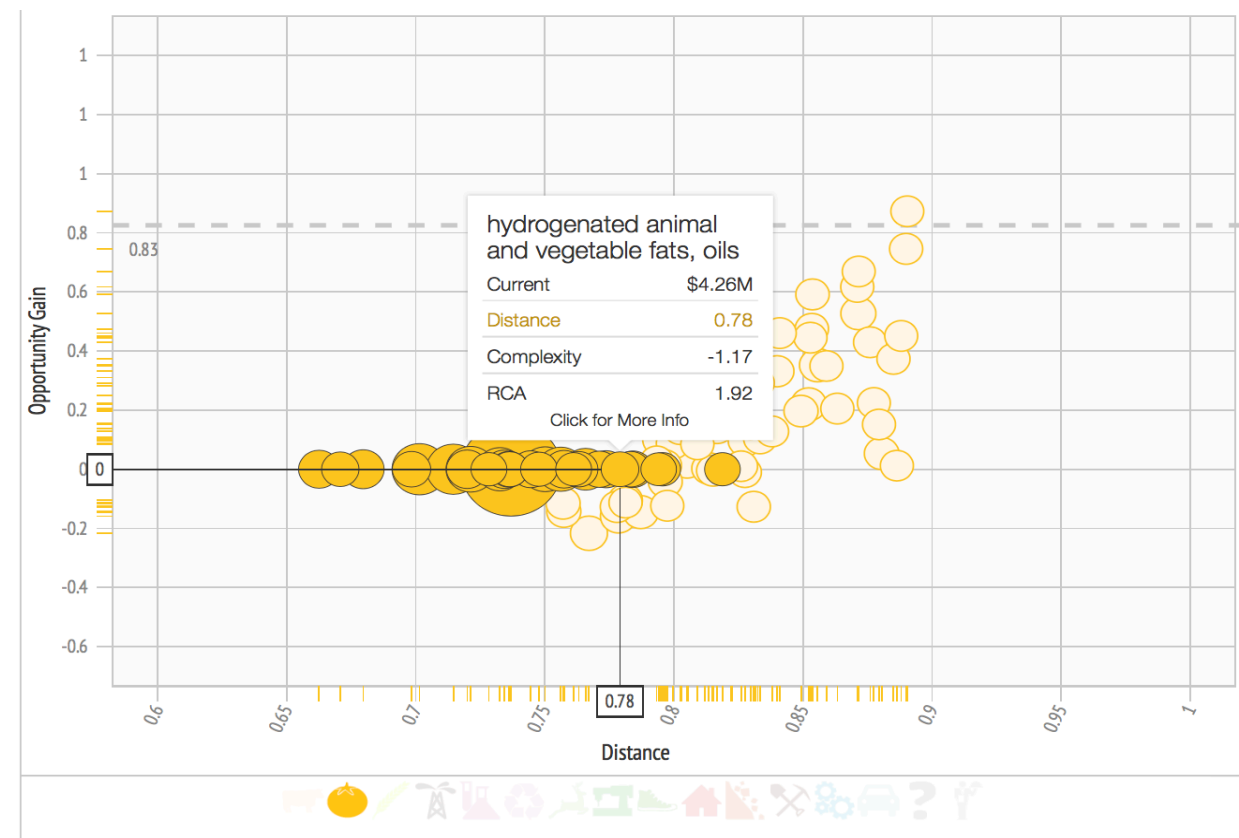
Appendix

Efficiency frontiers, with product highlighted

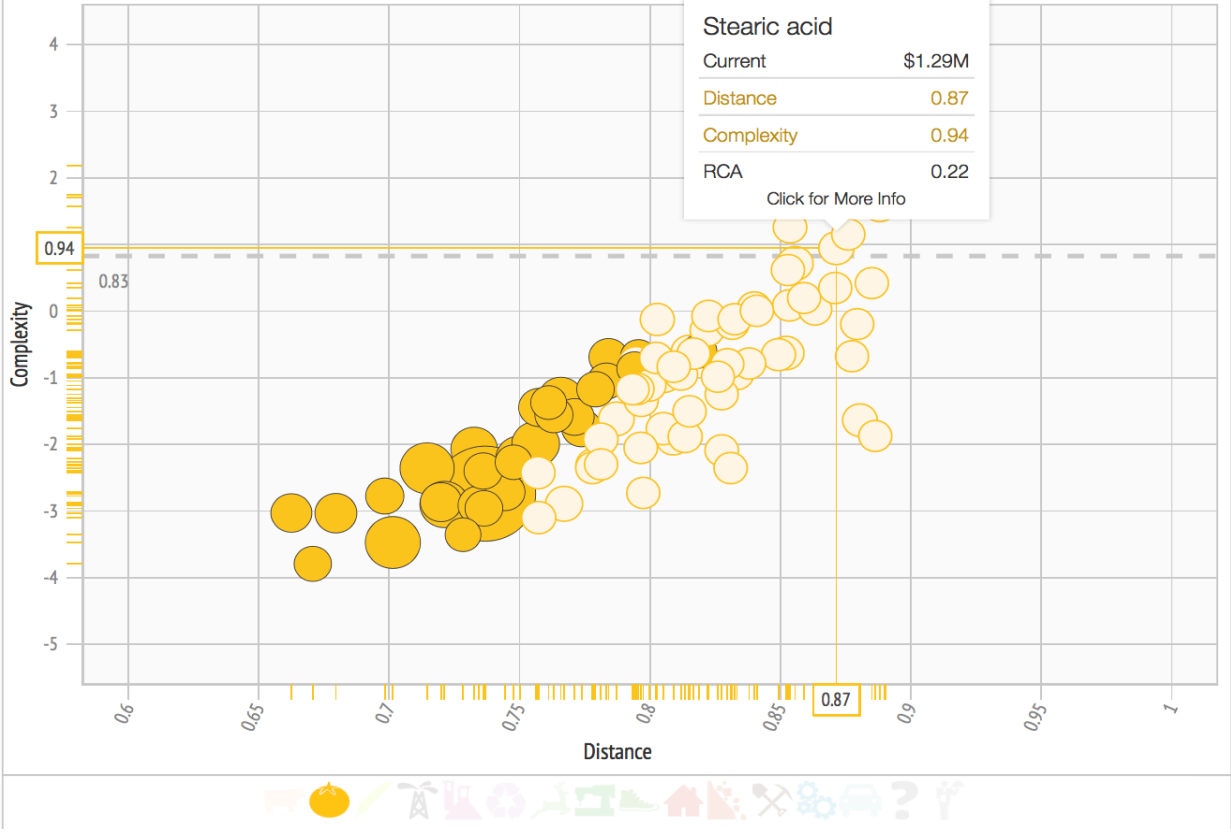
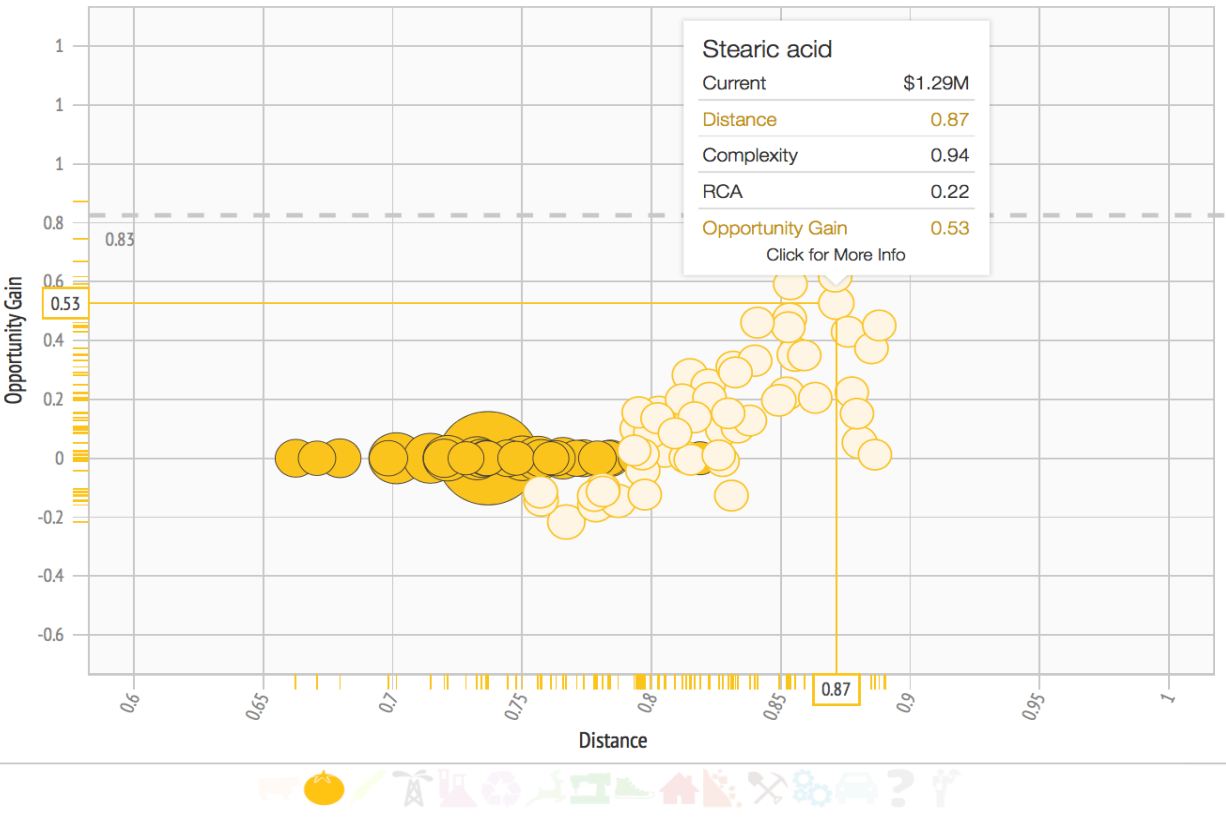
Coconut oil, crude



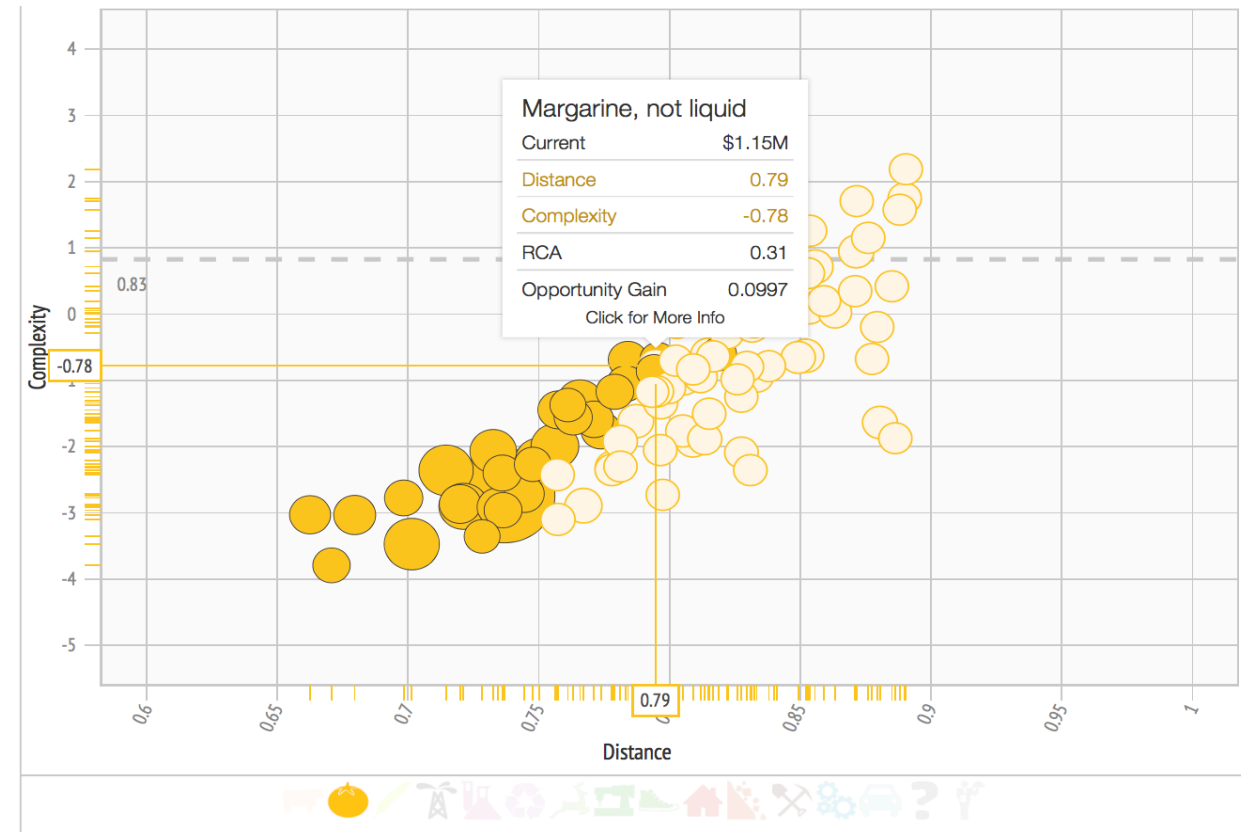
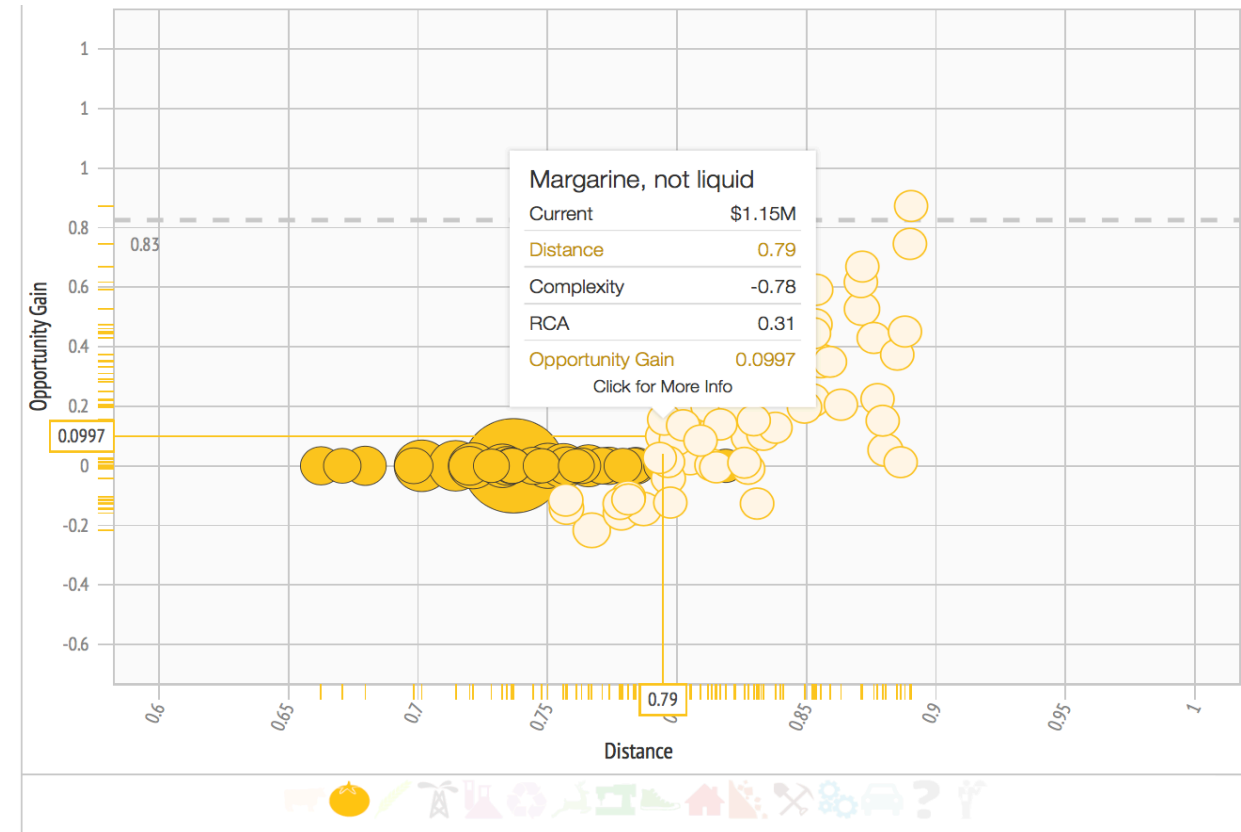
Hydrogenated animal and vegetable fats, oils



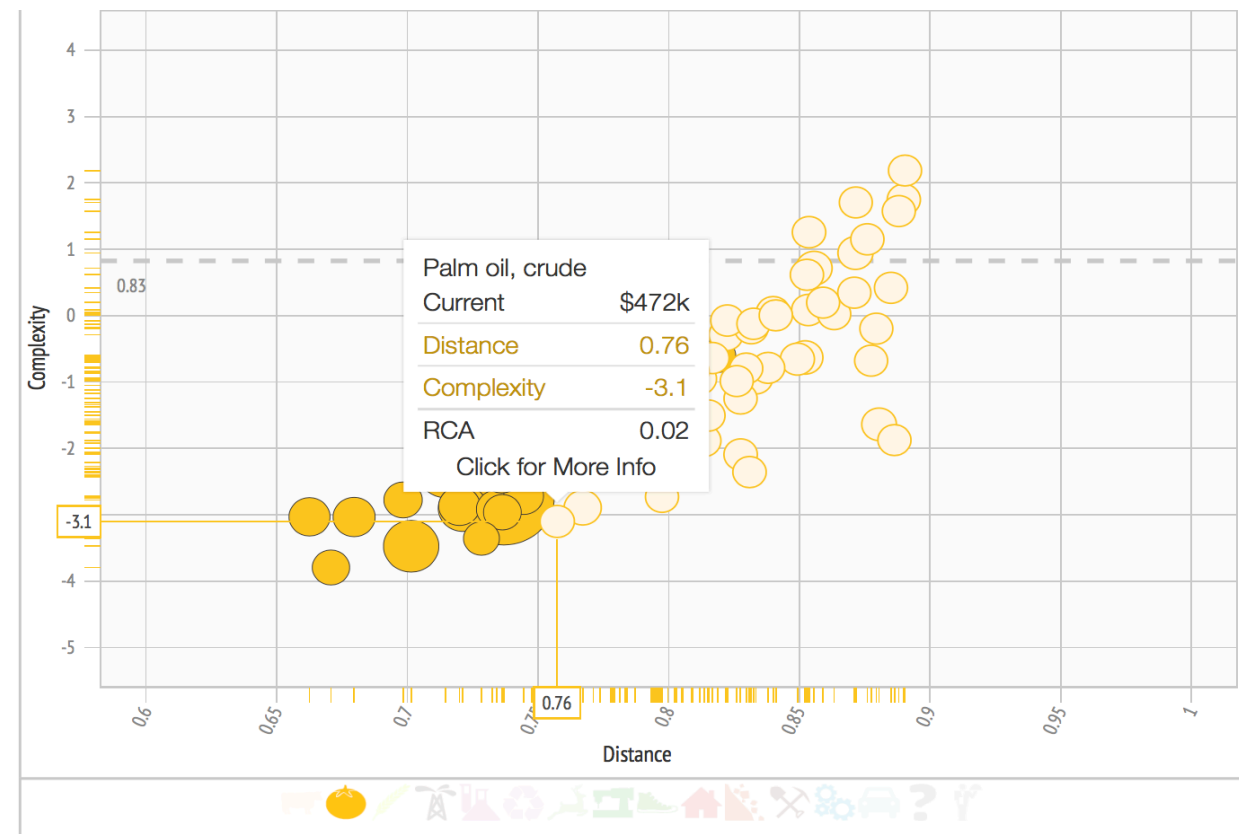
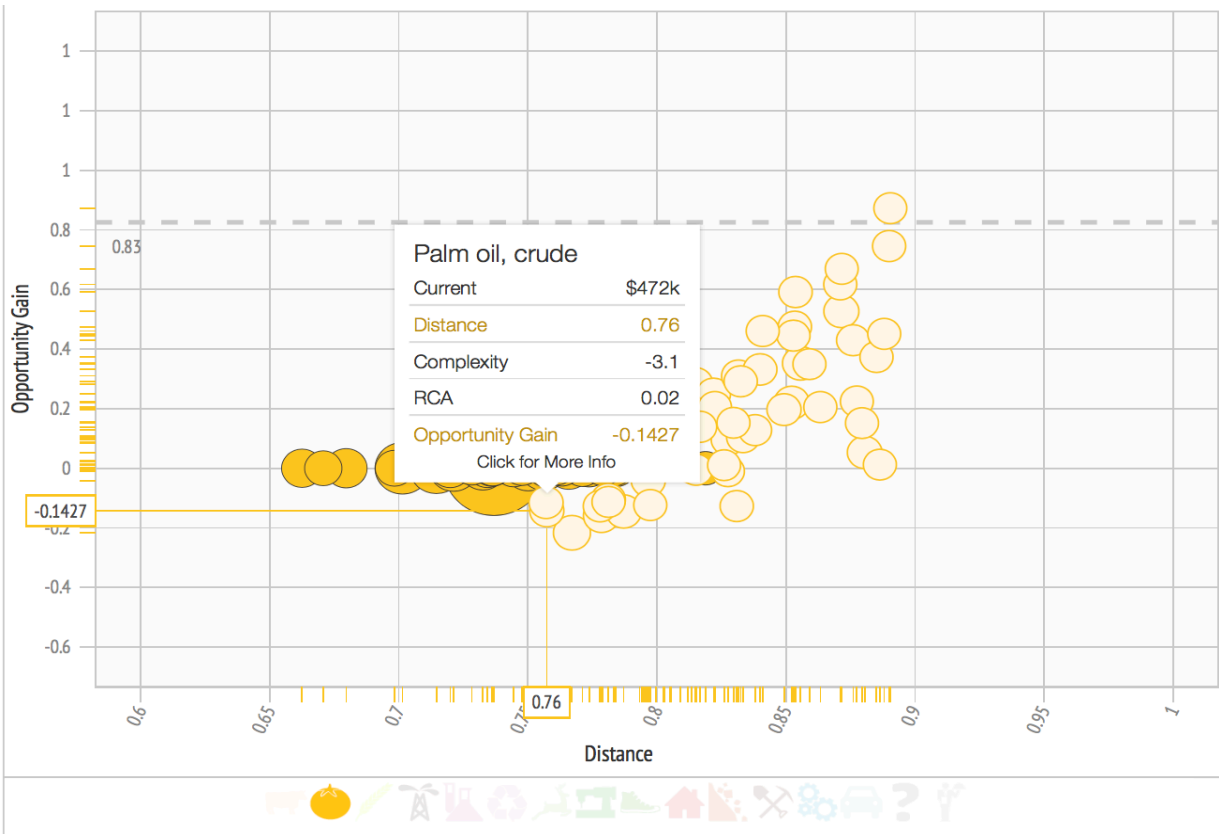
Stearic acid



Margarine, not liquid



Palm oil, crude



Fish oil

