

EXPORT COMPETITIVENESS, POLICY ENVIRONMENT: A CASE OF CEYLON CINNAMON VALUE CHAIN

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Export competitiveness is the country's ability to produce and sell goods and services in foreign markets while managing sustainable trade over a long period concerning reasonable prices and good quality. Exporting levels can be significantly influenced to enhance the country's economy. Government policies need to be compatible with firms' objectives also essential requirement to achieve sustainable export growth in a nation. The objective of the research study was to investigate the impact of policy environment on competitiveness of Ceylon Cinnamon export industry. Sri Lanka retains the major share (80%) of the world & share for true cinnamon. Principal data collection tools were interviewer administrated questionnaire & respondents were 48 Ceylon Cinnamon exporters. Key informant discussions, focus group discussions representing major cinnamon growing areas (Galle, Matara, Ratnapura, and Kalutara) as well as field observations, and e-mail survey were undertaken. The most of Cinnamon exporters were concentrated in Colombo district where export processing and export infrastructure were favourable. The study resulted that the Revealed Comparative Advantage (RCA) index for cinnamon in Sri Lanka was 485 (in 2018), & RCA shows fluctuating pattern by measuring export competitiveness. Export market share and management support on strategy formulation were significant on export competitiveness. Relationship between policy environment and export competitiveness were significant at p value (0.008), with a positive correlative coefficient where the status of the stability of exchange rate, tariff structure of the country, Government support on technology improvement, incentives provided by the government, Presence of import- export policy of the country, presence of trade agreements between countries, industry related labour policy and economic and political stability. Based on that results policy implication has developed for the enhancement of Ceylon cinnamon value chain. Policy development mainly focused on areas of Market facilitation, Rules and regulation environment, Technology facilitation, and Research & development facilitation. The research study will mainly helpful for policy makers to formulate and implement the strategies for the betterment of the Sri Lankan cinnamon industry.

Keywords: *Cinnamon industry, Export competitiveness, Policy environment*