



SHOWCASING EXPORTS

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BIO FOODS

Q: Where does Bio Foods stand as a Sri Lankan food exporter in the global market?

Madusha Ranaweera (MR): Bio Foods is celebrating its 30th anniversary this year. Given that organic preferences only gained traction globally in the last 35-40 years, we enjoy a leading position in the industry.

Our Founder and Chairman Dr. Sarath Ranaweera is an industry pioneer. He has served on the fair trade regulation setting committee for Asia and the World Fairtrade Labelling Organization (FLO) standards committee for years, and earned the first ever World's Fairest Fairtrader Award in 2014, which was awarded by FLO.

Similarly, the farmer organisations he established – MOPA and SOFA, were recognised as being the best farmer associations in the world in 2014 and 2015 respectively. This highlighted Bio Foods' outstanding reputa-

tion and presence in the international market.

Furthermore, Bio Foods was the world's first exporter of organic and biodynamic coconut products – so we take pride in our leading role in this industry especially as a Sri Lankan company.

Q: In the 30 years that Bio Foods has been involved in exporting organic food, what broad trends have you observed, which Sri Lankan exporters should be prepared for?

Dr. Sarath Ranaweera (SR): The demand for organic, fair trade and biodynamic food products has surged over the years particularly during the COVID-19 pandemic – but exporting them comes with challenges.

Adhering to international standards will become increasingly challenging for exporters – even for established exporters. But it

is necessary to meet consumer demands and stay competitive in the global market. Strict regulations apply to synthetic agrochemicals and pesticides, with mandatory third party inspections and lab analysis of export goods for contaminants. Only certified products may be legally labelled 'organic.'

The US is becoming more attractive as an export market since the USDA standards are substantially more reasonable than the EU ones. It highlights the need for experienced producers and processors to play a more active role in setting international standards that reflect realities in producing countries.

Q: How can local export companies overcome the challenges of managing their resources in terms of money, material, labour etc.?

MR: Following the economic downturn of 2022, we are contending with the challenge



MEDIA SERVICES PHOTOFILE (BIO FOODS)



From left to right: Senior Manager HR Thiwanka Pathirana, General Manager of Production K. D. Hemantha, Head of Exports Udani Mendis, Chief Financial Officer Gayan Wellala, General Manager of Admin and Operations Nadeeka Samarajeewa, Chief Executive Officer Madusha Ranaweera, General Manager of Exports Anil Yapa Bandara, General Manager of Fertilizer Shammi Kirinde.

of inflation, escalating material costs and heightened labour expenses, which offset our exchange rate advantage.

In the spirit of sustainability, we had initiated several eco-friendly projects such as solar panels for factories. This was a step in the right direction as seen during the power cuts in early 2022. Following the crisis, we ramped up our efforts to reduce our dependence on fossil fuels. For instance, we converted our kerosene boilers to use firewood in all our factories.

To facilitate the adoption of sustainable practices, the Sri Lankan government should serve as a bridge between local businesses particularly exporters and international organisations, and offer grants for sustainable development, which most local companies aren't aware of.

As a producer and processor of food items, our import volume is negligible with the majority of our export revenue (96% or more) remaining in Sri Lanka. Our company also seeks to source innovative solutions locally by leveraging the abundant creativity and talent found within the country. These are a few ways by which we try to manage our resources.

Q: What is the root cause of the economic crisis in Sri Lanka?

Gayan Wellala (GW): Sri Lanka's economic crisis stems primarily from a currency crisis, which has triggered a broader economic downturn. The pandemic laid bare the fragility of the country's economy particularly in critical sectors such as tourism, foreign remittances and exports.

As foreign inflows diminished and imports were being relied upon heavily, a significant foreign currency shortage developed. This complicated the payments for imports



Dr. Sarath Ranaweera
Chairman



Madusha Ranaweera
CEO



Gayan Wellala
CFO

and loans. Delaying corrective measures resulted in a hyperinflationary situation, which led to soaring prices for goods and services with a three digit inflation rate at one point. Therefore, it's the currency crisis that is the underlying cause of Sri Lanka's economic woes.

Q: What is the gap between where Sri Lanka currently stands and where it wants to be economically? And what is the solution to addressing the economic crisis in Sri Lanka?

GW: Sri Lanka's growth outlook will depend on the progress of fiscal reformation, and the management of internal and external debt, through the financial discipline of the entire nation.

The critical economic disparity that the country faces, lies in its export sector. Before the pandemic, the country earned export revenue of US\$ 18-19 billion, which dropped during the pandemic but reached 13 billion dollars in 2022. The target is to reach US\$ 18 billion by 2023 to move on.

To address the economic crisis in Sri Lanka, the focus should be on expanding the country's export sector with SMEs – especially those in agriculture, playing a crucial role. Our business has more or less 100 percent value addition inside the country, which significantly impacts the current balance of payments crisis.

The true story behind Sri Lankan farmers and agriculture have a vital marketing element that more people should be looking into. As a country, we should focus heavily on value addition in agricultural exports to enlarge export proceeds, as this can easily be done.

– Compiled by Fazmina Imamudeen