

Unleashing the ‘Billion Dollar’ Potential of Sri Lanka’s Rubber Industry

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At a time where Sri Lanka is in much need of increasing its foreign exchange reserves, the vast untapped potential of the country’s rubber export industry requires due attention.

To place this industry’s foreign exchange earning potential in context, the Export Development Board (EDB) had earlier set an export earnings target of USD 4.4 billion for the export of rubber products by the year 2024.

This proven, well established industry has a great potential to increase the country’s export earnings both in both short to medium term and the long-run.

In short-term, significant increase in prices of rubber offers a time-bound opportunity. During the first half of the year, the Colombo Rubber Auction saw prices more than doubling, increasing from Rs. 300 to over Rs. 700 per Kilogram.

In the long-run, Sri Lanka enjoys a competitive edge in its ability to manufacture grades of rubber which are not produced by other countries. The unique properties of rubber produced by Sri Lanka (for instance, Sri Lanka is the only producer in the world for Latex Crepe and Sole Crepe grades which are the purest form of natural rubber) further strengthens the country’s value proposition. In the value addition arena, Sri Lanka is also the largest exporter of industrial solid tyres and the fifth largest exporter of surgical / examination latex gloves in the world, according to the EDB.

However, whilst the industry has enormous potential, accomplishing the ambitious ForEx earnings target is a challenging endeavour. In 2020, Sri Lanka’s export earnings from raw material rubber and rubber products only amounted to USD 816 million. Hence, achieving

the EDB target of earnings of USD 4.4 billion through rubber exports by 2024, or perhaps, the more feasible target of USD 3.0 billion by 2025 given in the Rubber Industry Master Plan (2017 – 2026), requires cohesive action and support by policymakers.

Immediate challenges

At present, the raw material rubber industry is being plagued by two main challenges. These are the severe scarcity of fertilizer and a fast-spreading new leaf disease affecting rubber plantations.

Given the high rubber prices at present, there is renewed interest among growers to start new and expand existing cultivation, which augurs well for both the industry and the economy. However, difficulty in obtaining suitable fertilizer due to the current import ban placed by the Government of Sri Lanka is hindering these aspirations.

Due to the fertilizer import ban, the industry expects to see a 10- 15% drop in production by next year and this adverse impact will amplify over the coming years. If this is to be the case, it would be most unfortunate, since rather than expanding, the industry would shrink, thereby reducing its contribution to the economy and to foreign exchange earnings. This would also negatively impact the livelihoods of a large number of individuals (estimated to be around 200,000) linked with the industry in Sri Lanka.

Optimum growth and yields can only be achieved by providing the nutrients required by the rubber plant. Compounding the current issue is the fact that Sri Lankan rubber plantations have gone through the cultivation of several generations which has degraded the fertility levels of the soil. This makes application of fertilizer in correct proportions essential. The rubber growers are required to obtain a site specific fertilizer

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recommendation of RRISL based on soil and foliar analysis every 3 years. Accordingly, If RRISL guidelines are adhered, there will be no necessity to apply excess fertilizer to the plant.

In addition to short-term yield reduction, non-application of fertilizer as per RRI recommendations will retard the growth of the rubber plant and will extend the immature period which is approximately 6 years from planting. This would reduce total production from the tree (within its productive lifetime of around 30 years) and hence production of the overall plantation.

Besides the above, fertilizer is also required to improve the plant immunity to fight against pest and disease attacks faced by Sri Lanka's rubber plantations.

Today, the 'Circular Spot Leaf Disease' which was earlier known as 'Pestalotiopsis', a leaf disease, is having a serious negative impact on local rubber plantations across all rubber growing areas in Sri Lanka. The disease was initially seen in Ratnapura District in the year 2019 has spread over 40,000 hectares of rubber plantations across the country by the end of year 2021.

This fungus causes the leaves of rubber trees to fall prematurely. Repeated attacks of this new disease could lead to a crop drop of almost up to 40 % per annum. Unfortunately, application of certain chemicals to control the disease together with application of additional fertilizer is one of the key recommendations to address this condition. These inputs being unavailable are compounding issues further.

Having seen the adverse effects of this Circular Spot Leaf Disease, the Ministry of Plantations established a Task Force with the representatives of all stakeholders including the Rubber Research Institute, Rubber Development Department and Regional Plantation Companies.

Long-term impact

The scarcity of fertilizer could have a long-term negative impact on the industry as well, beyond the short-term implications.

Rubber replanting is a very important and costly exercise which is a key requirement in maintaining viability and sustainability of the rubber industry. It is heartening to see the enthusiasm building among the growers with the attractive rubber prices. But, other unfortunate negative factors would diminish it looking at the long term repercussions forced down on it,

To produce healthy & vigorous rubber plants required for replanting, it is important to apply a special fertilizer mixture to plants every fortnight at the nursery stage. The lack of fertilizer at nurseries could compromise the quality of the plants, thereby having a long-term negative impact on production, as these plants will be used for rubber production for the next 30 years.

Even currently, Sri Lanka lags behind its competitors in terms of yield per hectare. Sri Lanka's rubber yield per hectare is around half of that of competitors such as India, Vietnam and Thailand. This is due to factors such as the soil of being plantations being degraded by successive cycles of cultivation, low stand per hectare, lack of income due to unstable rubber prices and high costs hindering replanting and non-use of best agronomic practices. To increase the sector's competitiveness in exports, it is important to raise these yields. However, ongoing developments could instead reduce yields further, reducing the ability of our rubber exports to compete in international markets.

Alternative solutions

RRISL and rubber plantations of the country are already working on numerous initiatives to minimize fertilizer usage. For instance, experiments have been successfully conducted in immature rubber areas to introduce slow release fertilizers by using a porous tube buried around the rubber plant. Thus far it appears that this technique can potentially reduce fertilizer usage dramatically – essentially by half. Such techniques which also help maximise absorption rate of fertilizer and can save plantations money both in terms of cost of fertilizer and labour and hence would be adopted by plantations if they are viable on a commercial scale.

These alternatives would significantly lessen the impact of the use of the chemicals on the environment and hence could have a similar impact to replacement of conventional fertilizer with organic substitutes. Although there were recommendations to use organic fertilizer in immature rubber areas to improve the physical, chemical and biological properties of soil, in most rubber growing areas have shown increase incidence of pest and fungal attacks when organic fertilizer / compost is used.

Further, there was no substitute organic fertiliser at present recommended by the RRI for use in place of conventional fertilizer in the mature rubber estates. With recent fertilizer import restrictions, RRI has proposed new such recommendation which have been now practiced on experimental basis. It must also be

noted that application of entirely organic material could potentially increase certain diseases which affect rubber trees.

‘White root disease’ (a fungal disease) and cockchafer grub can have a devastating impact on rubber plantations. Adding organic compost provides nourishment for the grub, causing it to grow rapidly. Hence, within the first three years it can kill the rubber tree and it affects the growth of the plant as well. White root disease is even more dangerous and can kill the plant at any stage within a very short time.

Non-availability of pesticides and fungicides due to current import restrictions may discourage the estates from using organic / compost materials.

Industry open to cooperation

While there are many challenges facing the rubber

industry, it deserves greater attention, considering both its massive potential as a foreign exchange earner and in uplifting the livelihoods of a significant part of the country’s population.

Superior natural properties of locally produced rubber and Sri Lanka’s ability to manufacture grades of rubber not produced by other countries have given the country a competitive advantage. However, this opportunity cannot be fully realized if the short-term and long-term industry challenges, most critically those related to fertilizer, are not addressed.

Industry stakeholders are eager to engage with the authorities and find viable solutions. We are confident that with dialogue, collaboration and cooperation, we can find a solution amenable to all parties, which will elevate the industry to its true potential.



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