



## SRI LANKA:

### *Spice Island gears up to ensure competitiveness of “Pure Ceylon Cinnamon”*

#### Context

Sri Lanka, the “Spice Island”, has always been renowned for its spices. Among the many that it grows and exports, Ceylon cinnamon (*Cinnamomum zeylanicum* Blume) – also called “true cinnamon” – is one of the oldest and most well-known. Sri Lanka is the world’s leading supplier of Ceylon cinnamon, producing not only four-fifths of the world output, but also its choicest grades, accounting for 90% of global market share. Ceylon cinnamon is also the country’s third largest agricultural export crop, supporting the livelihood of over 70,000 smallholder growers and providing employment to over 350,000 people.

However, over the past decade, demand for Ceylon cinnamon from Sri Lanka has gradually diminished in European and North American markets. The two reasons for this are: (i) it is losing market share to a cheaper substitute known as cassia; and (ii) it has failed to meet the most recent product specifications and stringent food safety and hygiene standards. The country has also struggled with severe labour shortages due to the social stigma associated with cinnamon peeling as a vocation.

Since July 2004, Sri Lanka has encountered problems with cinnamon consignments exported to the European Community, due to high levels of residual sulphur dioxide (SO<sub>2</sub>). The spice industry is also required to comply with stringent international market regulations, such as Good Manufacturing Practices (GMP), Good Agricultural Practices (GAP) and ISO 22000 certification.

#### Main approach

In an effort to revitalize the global market position of Ceylon cinnamon, the Government of Sri Lanka unveiled a new logo under the brand name “Pure Ceylon Cinnamon” (PCC) to distinguish the country’s cinnamon products. At the same time, the Spice Council (TSC), which represents private and public stakeholders in the cinnamon industry, requested UNIDO’s support in building national capacity to comply with food safety and quality requirements along the cinnamon value chain. The project is supporting the establishment of a Cinnamon Training Academy (CTA) responsible for the delivery of training programmes related to food safety and hygiene.

UNIDO and the Standards and Trade Development Facility (STDF) of the World Trade Organization (WTO) are working together with the

Spice Council to establish an institutional and legal framework for the CTA, develop a nationally accredited training programme for the cinnamon value chain, and promote internationally recognized food safety certifications, especially GMP certification for processing units. The project is also helping Sri Lanka obtain Geographical Indication (GI) protection for Ceylon Cinnamon.

#### Impact and results

The UNIDO-STDF-TSC initiative contributed towards Sanitary and Phytosanitary (SPS) compliance along the cinnamon value chain. At the same time, the project enhanced local production capacity, developed training schemes to improve food safety and hygiene, and assisted six pre-selected cinnamon processing centres to obtain GMP certification. In addition, GI registration will provide Ceylon cinnamon with an exclusive identity and encourage quality upgrade of PCC mark, particularly in its conformity assessment scheme, which in turn improves the Ceylon cinnamon’s marketing value and position in global trade. These combined initiatives contribute significantly towards enhancing the competitiveness of Sri Lankan cinnamon. By empowering The Spice Council and creating an enabling environment conducive to long term public-partnerships and innovation, the project was able to catalyse additional support and has having spill-over effects reaching far beyond its original scope.

#### At a glance

**Project title:** Enhancing the compliance and productive capacities and competitiveness of the cinnamon value chain in Sri Lanka

**Donors:** Standards and Trade Development Facility (STDF), UNIDO

**Budget:** USD 830,000

**Country coverage:** Sri Lanka

**Thematic areas:** Institution building, training programme development, quality, standardization