



Export competitiveness of Sri Lankan cinnamon in the global market

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Abstract: Cinnamon is the most valuable minor export crop in Sri Lanka, which maintains significant export shares in the world market. Competitiveness is one of the major challenges in cinnamon trade in an era of free trade that increasingly led to competitive competition between countries. Intense competition between countries results in adverse impacts on trade, thus decreasing potential trading opportunities. This study aims to analyze the export competitiveness of Sri Lankan cinnamon with the world cinnamon market. The export competition was measured using the BRCA index (Balassa Revealed Comparative Advantage), NRCA index (Normalized Revealed Comparative Advantage), TBI (Trade Balance Index), and RSCA index (Revealed Symmetric Comparative Advantage) for the period from 2001 to 2020. Data was extracted from the ITC (International Trade Center) trade map (COMTRADE) database. BRCA (566.49), NRCA (7.28×10^{-6}), and RSCA (0.996) results indicated that Sri Lanka has the highest comparative advantage in the global cinnamon market. TBI indicated that Madagascar (0.999) has the highest comparative advantage. Also, product mapping indicated that both Sri Lanka and Madagascar have the highest comparative advantage over other countries. Competitiveness of Sri Lankan cinnamon has declined in recent years. Suggested major reason is other players improve their cinnamon export competitiveness and they pass the Sri Lankan cinnamon export competitiveness like Madagascar. Also, economic issues, global pandemic situation, low food safety and quality standards and lack of government intervention for the Sri Lankan cinnamon industry can be suggested.

Keywords: Cinnamon export, Comparative advantage index, Export competitiveness, International trade