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Report Highlights:

Sri Lanka's economic situation is improving and key agricultural inputs like fertilizers and agrochemicals are available in the market although they remain expensive. Rice production is expected to continue on a recovery path. Rice imports are necessary to fulfill the total consumption trend during MY 2024/2025 and MY 2025/2026. Wheat consumption is expected to increase with economic recovery and imports are anticipated to be up slightly at 1.18 MMT during MY 2025/2026. Wheat flour imports from Turkey are expected to decline on high import taxes. Price is the key determinant when deciding the import origins for wheat.

EXECUTIVE SUMMARY

Sri Lanka's economy, after a severe political and economic crisis in 2022-2023, is now showing signs of stabilization and recovery. Foreign reserves have increased with the support of the International Monetary Fund, and increased earnings from exports, tourism and remittance, enabling the country to import essentials like food, fuel, medicine, and fertilizer.

Rice production is on a recovery path but has not achieved full pre-fertilizer crisis levels due to several reasons. Natural disasters like flood, pest and diseases, and high cost of fertilizer are some key challenges. The government continues to provide fertilizer subsidies to farmers, enabling them to purchase a portion of the fertilizer they need. As such, the marketing year (MY) 2025/2026 (October-September) is expected to produce 3.3 million metric tons (MMT) of milled rice. Because rice production is not yet fully recovered, Sri Lanka will continue to import 100,000 MT of rice during MY 2025/2026 to ensure smooth consumption. During the early MY 2024/2025, short supplies of Red rice (long grain, red pericarp raw rice) and White Nadu (long grain, white pericarp parboiled rice) can be attributed to a lower rice crop in Yala 2024, increased rice use for poultry feed and beer production, and millers and farmers holding stocks.

Sri Lanka is an importer of wheat and wheat flour. Climatic conditions on the island make wheat cultivation commercially unviable. Currently, wheat flour import taxes are at a higher level than import taxes for wheat grain to discourage wheat flour dumping and allow local millers fair and equitable market conditions. The imported wheat flour quantities have remained low in recent months. The government introduced new regulations on wheat flour fortification and flour extraction rate to allow healthy options for wheat flour consumers. The country's non-communicable diseases are on an increasing trend. Therefore, health-conscious consumers are now looking for nutritious and balanced dietary options.

FAS Colombo forecasts Sri Lanka's wheat total consumption in MY 2025/2026 (July-June) at 1.11 MMT, representing a marginal increase of 100,000 MT from the MY 2024/2025 estimate. The increase in consumption is attributed to the Sri Lankan economy's gradual recovery from the political-economic crisis of 2021-2022. FAS Colombo forecasts Sri Lanka's MY 2025/2026 wheat imports at 1.18 MMT, up by 30,000 MT, from Post's earlier MY 2024/2025 estimate. However, MY 2025/2026 forecasted imports are still 20 percent below the MY 2020/2021 pre-crisis value of 1.48 MMT. Post attributes the increase in wheat imports in MY 2025/2026 to the country's gradual economic recovery and positive economic outlook.

COMMODITY:

RICE

Table 1. Sri Lanka: Commodity, Rice, Production, Supply, and Distribution (PSD)

Rice, Milled Market Begin Year Sri Lanka	2023/2024		2024/2025		2025/2026	
	Oct 2023		Oct 2024		Oct 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1142	1142	1160	1100	0	1150
Beginning Stocks (1000 MT)	578	578	404	398	0	450
Milled Production (1000 MT)	3086	3100	3300	3150	0	3300
Rough Production (1000 MT)	4538	4559	4853	4632	0	4853
Milling Rate (.9999)	6800	6800	6800	6800	0	6800
MY Imports (1000 MT)	48	48	200	272	0	100
TY Imports (1000 MT)	131	131	125	200	0	100
Total Supply (1000 MT)	3712	3726	3904	3820	0	3850
MY Exports (1000 MT)	8	8	9	10	0	10
TY Exports (1000 MT)	8	8	9	10	0	10
Consumption and Residual (1000 MT)	3300	3320	3350	3360	0	3390
Ending Stocks (1000 MT)	404	398	545	450	0	450
Total Distribution (1000 MT)	3712	3726	3904	3820	0	3850
Yield (Rough) (MT/HA)	3.9737	3.9921	4.1836	4.2109	0	4.22
(1000 HA), (1000 MT), (MT/HA). MY = Marketing Year, begins with the month listed at the top of each column. TY = Trade Year, which for rice, milled begins in January. TY 2023/2024 = January 2024 - December 2024.						

PRODUCTION

FAS Colombo (Post) forecast's Sri Lanka's market year (MY) 2025/2026 (October-September) milled rice production at 3.3 million metric tons (MMT), coming in from a harvested area of 1.15 million hectares, with yield of 4.22 metric tons (MT)/hectare of rough rice. Improved production volumes compared to MY 2024/2025 results are premised on the economic recovery of Sri Lanka, itself being facilitated through an International Monetary Fund (IMF) Extended Fund Facility (EFF) arrangement of \$2.9 billion and increased earnings from tourism and remittances.¹ This will assist in providing the foreign currency liquidity needed to meet urgent imports of medicines, food, and fertilizers, that have been curtailed since mid-2022. Continued access to imported chemical fertilizers will be fundamental for the rice crop's continued recovery.

Sri Lanka's rice production continues on a recovery trend in MY 2024/2025 with imports of chemical fertilizers recently made available again for the country's farmers. Post estimates that Sri Lanka's MY

¹ On March 20, 2023, the International Monetary Fund's Executive Board approved an Extended Fund Facility for Sri Lanka. Sri Lanka has received a total of about \$1.34 billion in IMF financial support by March 2025, including the fourth tranche of \$334 million following the third review under the EFF arrangement.

2024/2025 milled rice production will be about 3.15 MMT because of application of the full basket of three key fertilizers for rice crop production: urea, muriate of potash (MOP), and triple superphosphate (TSP). The MY 2024/2025 rice crop is up by only 50,000 MT, or 2 percent, with yields of 4.21 MT/hectare compared to the previous market year. Marginal increase in rice crop is due to crop damages by flood (86,135 ha), pest and diseases (2,917 ha) in Maha 2024/2025 leading to total crop damage of 11 percent of sown extent.² Flood damages mainly occurred in Ampara, Polonnaruwa, and Anuradhapura Districts. Pest damages are attributable to the Brown Plant Hopper (BPH), White Backed Plant Hopper (WBPH), leaf folder, mites, stem borer, and thrips.

According to Department of Agriculture statistics, for the Maha 2024/2025 season, sown extent reported as at the end January 2025 is 821,329 ha, 94 percent achievement from the target. The estimated gross harvesting extent from the reported sown extent as end January 2025 is 730,075 ha. Paddy production forecast based on the reported sown extent as at the end January 2025 is 2.6 MMT, accounting for crop losses.³ This is a 4 percent reduction of yield compared to Maha 2023/2024 paddy production of 2.72 MMT.⁴

High production costs continue to be a challenge for rice farmers due to increase expenses for fuel, machinery rental, labor, imported chemical fertilizers, and agrochemicals. As a result, during the Maha 2024/2025 season, many smallholder farmers had few options but to apply below the Department of Agriculture (DOA) recommended levels of chemical fertilizers to their crop.

Rice Planting Seasons: In Sri Lanka, rice plantings occur during the country's two main production seasons – the Maha (the main, first season) and Yala (the minor, second season). Under normal climatic conditions the Maha season produces the country's major rice crop (i.e., 60-65 percent of the annual production), with harvesting occurring in February through April. Water supply for rice crop cultivation is a critical factor. The Maha season ends typically in March, with the retreat of the northeast monsoon (which normally occurs December-February/March). The rice crop's productivity is susceptible to the availability of good and timely monsoon rains.

The subsequent Yala season (running May to August) normally produces the country's minor rice crop (i.e., 35-40 percent of annual production), with an August-September harvest date. This growing season tends normally to have lower water availability deriving from the southwest monsoon (May-September), resulting often in lower plantings and lower overall production.

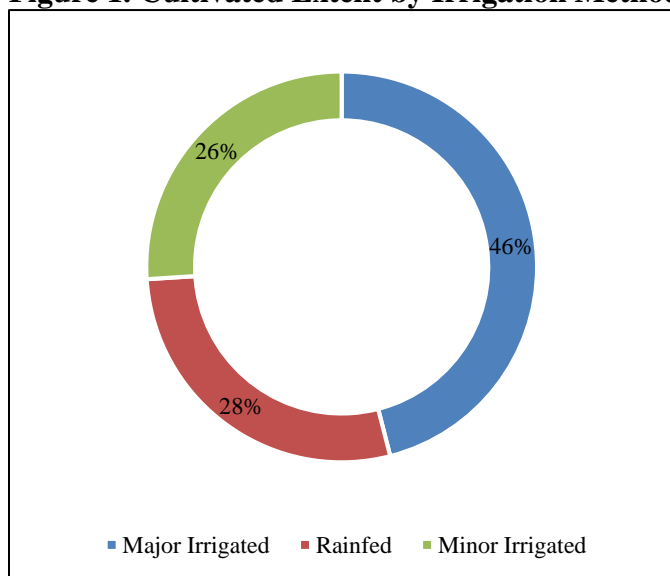
Sri Lanka's paddy rice (rough) cultivation is dependent on rainfall water, distributed under the rainfed irrigation method. The minor irrigation mode of production includes recourse to the water tanks (known locally as *wewa*). The major mode of irrigation includes reservoirs that supply water through formal control systems; handling paddy fields with extensions greater than 80 hectares.

² Crop Forecast Report, Department of Agriculture, February 2025.

³ Crop Forecast Report, Department of Agriculture, February 2025.

⁴ Paddy Statistics, 2023/2024 Maha, Department of Census and Statistics.

Figure 1. Cultivated Extent by Irrigation Method - Maha 2023/2024



Source: Department of Census and Statistics.

Water Availability: Environmental challenges are a growing concern to Sri Lanka's rice production. Observed and projected changes indicate that Sri Lanka's climate is undergoing three major changes: 1) a gradual increase in ambient air temperature; 2) changes in distribution pattern of rainfall; and 3) an increase in the frequency and severity of extreme weather events. Sri Lanka has already faced severe problems with droughts and floods. The most recent event was a series of floods which impacted the Maha 2024/2025 season's cultivation. Statistics show that paddy sown extent reported as at the end January 2025 was 821,329 ha of which 86,135 ha or 10 percent area was affected by floods.⁵ Furthermore, scattered rains in February-March 2025, impacted the harvest operations of the Maha 2024/2025 rice crop in several areas. As of March 2025, water capacity in most reservoirs is at full capacity, allowing sufficient irrigation water for Yala 2025.

Fertilizer Availability: Tight international fertilizer markets, coupled with Sri Lanka's domestic currency depreciation has made it difficult to purchase foreign fertilizers for crop production. While expensive, there was sufficient fertilizer made available during the Maha 2024/2025 season. To assist government provided a fertilizer subsidy of Rs. 25,000 per hectare for a maximum of 2 hectares and free MOP fertilizer for the Maha 2024/2025 season which helped farmers immensely. The World Food Program (WFP) donated 55,000 MT of MOP fertilizer (Russia's Uralchem Group-produced) in response to the country's economic crisis. The shipment arrived in Sri Lanka in December 2024 after being held in the Bay of Riga for over two years due to geo-political concerns. The current market prices of fertilizers are:

- Urea: LKR 9,000 (~\$30.37) per 50-kilogram (kg) bag.
- TSP: LKR 20,000 (~\$67.49) per 50- kg bag.
- MOP: LKR 15,000 (~\$50.62) per 50-kg bag.

⁵ [Crop Forecast- February 2025, Department of Agriculture, Sri Lanka.](#)

Post anticipates that rice yields will vary depending on fertilizer quantity usage, as well as the fertilizers mix choices among farmers. Smallholder rice farmers swap out fertilizers (applying more or less urea) depending on price which has an effect on yield. Although the result of reduced nitrogen is readily observable during the growing season; the impact of cutting back on potash and phosphate use, and its effects on yields and soil health, may take years to materialize.⁶ The non-application of MOP fertilizer results in yellowing of the paddy cultivation as well as panicles fail to grow properly.

Sri Lankan agricultural policy has focused over the years on achieving national self-sufficiency in rice production. The government will provide fertilizer subsidies for farmers cultivating paddy lands for the Yala 2025 season. Accordingly, Rs. 25,000 will be provided per hectare, up to 2 hectares, for paddy cultivation. A sum of Rs. 15,000 per hectare, up to 2 hectares, will be provided for other field crops (legumes like mung bean cowpea, and sesame) cultivated in paddy lands. These cash transfers will be deposited into farmers’ bank accounts.

Table 2. Sri Lanka: Fertilizer Requirements, Per Hectare and Fertilizer Costs

Fertilizer Type	Approximate Fertilizer Requirement per Hectare of Rice Paddy in kilograms (For 3.5 months variety)	Expenditure to Purchase Fertilizer at Current Market Price (LKR/Ha)
Urea	225	40,500 (\$125.01)
TSP	55	22,000 (\$67.90)
MOP	60	16,800 (\$51.85)

Source: Fertilizer requirement data [Dry and Intermediate Zone \(Rainfed\) Crop Calendar](#) and [Dry and Intermediate Zone \(Irrigated\) Crop Calendar](#).

What to Expect in MY 2025/2026 and Beyond:

The Sri Lankan government subsidizes the production of rice in pursuit of rice self-sufficiency, which is a national food security concern. Earlier, the government would import fertilizers and provide these to rice farmers in allotments sufficient to cover two hectares of paddy rice fields. Recently, a fertilizer subsidy is provided as a direct cash transfer to farmers’ bank accounts to increase efficiency. Irrigation water is also provided free of charge to farmers through an extensive canal system. Each political party ensures that rice farmers are protected, and these subsidies are provided to encourage paddy farming.

The critical requirement for bringing back Sri Lankan agricultural production to the pre-chemical fertilizer import ban (2021) level will be determined by farmers’ access to imports of chemical fertilizers. Sri Lanka’s foreign reserves are gradually increasing allowing access to foreign chemical fertilizers. FAS Colombo forecasts Sri Lanka’s MY 2025/2026 paddy rice (un-milled) production at 4.85 MMT, up 5 percent from the MY 2024/2025 estimate of 4.63 MMT. Productive recovery is also subject to favorable weather conditions. Post expects production costs to marginally decrease in tandem with declines in global fertilizer prices along with an appreciation of the Sri Lankan rupee (i.e., the local currency) against the U.S. dollar.

⁶ Hebebrand, C. and Glauber, J. (2023). [The Russia-Ukraine War After a Year: Impacts on Fertilizer Production, Prices, and Trade Flows](#). International Food Policy Research Institute (IFPRI) blog, 2024.

Sri Lankan government institutions and international organizations are now shifting away from emergency humanitarian assistance to more sustainable long-term solutions for paddy rice production. The focus is now to increase the productivity and resilience of the rice-based ecosystems in the dry and intermediate zones by using less water and chemical inputs along with cost-effective production methods. This can potentially release upwards of 100,000 hectares in the wet zone area for other field crops, while reducing the country’s reliance on imports. Farmers are trained to use Integrated Plant Nutrient Management (IPNM) and Integrated Pest Management (IPM) introducing sustainable and climate smart agronomic practices for paddy cultivation. These new technologies will help farmers to get higher returns through increased productivity and reduced input costs, especially of chemical fertilizers and pesticides. Some farmers noted they did not apply any pesticides to their rice crop as they applied IPM techniques efficiently during Maha 2024/2025.

The Rice Research and Development Institute (RRDI) of Sri Lanka in this regard is expediting experimentation with new rice varieties and their release. These upcoming varieties benefit from better abiotic stress tolerance (i.e., improve tolerance to drought, high temperature, heat, salinity, iron toxicity, and flooding) and are intended to achieve an average productivity of 5 MT/hectare within next five years and 5.5 MT/hectares within 10 years.

Table 3. Most Popular Rice Varieties in Major Rice Cultivation Districts

Variety	Duration	Key Characteristics	Average Yield	Key Rice Growing Districts
Bg 300	3 months	White pericarp, medium size grain	4.5-5.5 MT/Ha	Anuradhapura, Polonnaruwa
Bg 94-1	3.5 months	White pericarp, medium size grain	4.0-4.5 MT/Ha	Ampara
Bg 360 (Keeri Samba)	3.5 months	White pericarp, round shape, short grain	4.0-4.5 MT/Ha	Mahaweli
Bg 352		White pericarp, medium size grain	5.0-5.5 MT/Ha	Mahaweli, Anuradhapura, Polonnaruwa
At 362	3.5 months	High yield, red pericarp, long grain	5.5-6.5 MT/Ha	Hambantota, Mahaweli, Ampara

Source: Rice Varietal Distribution in Sri Lanka, Rice Research and Development Institute, 2017.

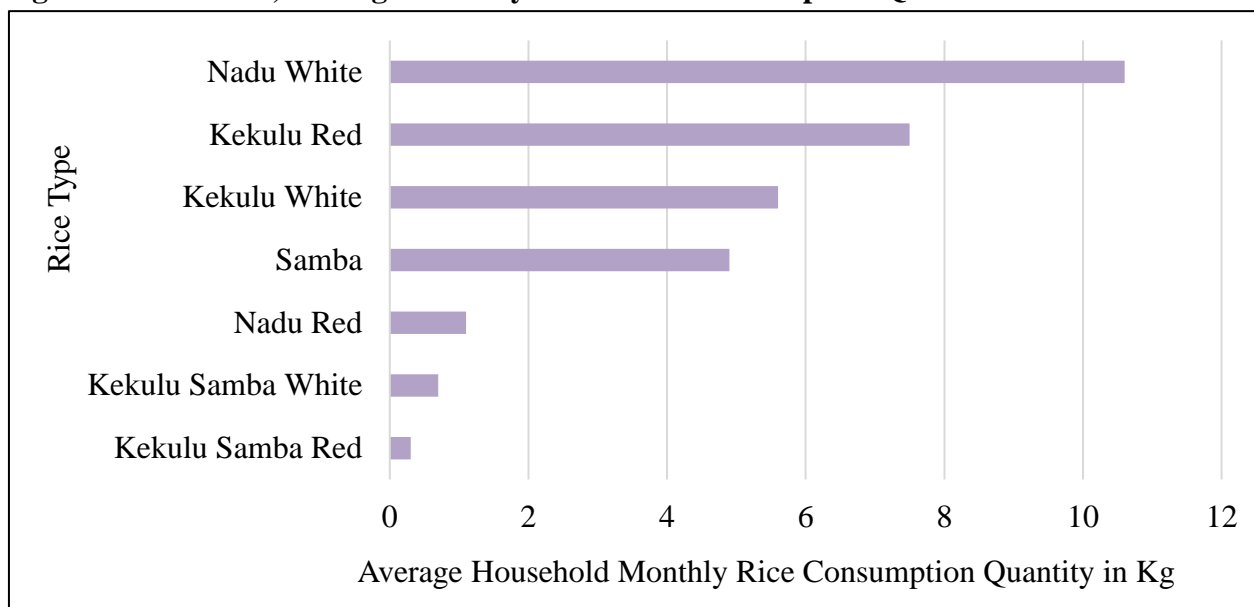
CONSUMPTION

FAS Colombo forecasts Sri Lanka’s MY 2025/2026 rice consumption at 3.39 MMT, slight increase from Post’s MY 2024/2025 estimate of 3.36 MMT. The similar consumption rates are due to stabilized rice prices, recovery in local rice production attributable to chemical fertilizer imports, increased tourist arrivals, and the country’s ongoing economic recovery.

Rice remains a mainstay in Sri Lanka’s diet and lifestyle, two of every three daily meals are comprised of rice and curry. It is the staple food of the vast majority of the country’s population of 23.3 million (Central Intelligence Agency, 2023 estimate). Rice provides the populace with about 45 percent of its total calories and 40 percent of the total protein requirements. On a per capita consumption basis, Post is expecting an overall rice consumption in MY 2025/2026 to 107 kilograms per annum.

Sri Lanka’s Household Income and Expenditure Survey (HIES) – 2019 (most recent), places at the national level, the average monthly household consumption of rice at 30.7 kilograms. Consumer behaviors differ among urban, rural, and estate sectors. The largest consumption of rice occurs within the estate sector, where households consume 35.9 kilograms of rice monthly. Rural household rice consumption is lower at 31.8 kilograms monthly but is lowest in urban areas where households have trimmed back monthly rice intake to 24.1 kilograms. Nadu White is the highest consumed rice variety, followed by Kekulu Red (Raw Red Rice), Kekulu White (Raw White Rice), and Samba. Consumer preferences on rice variety varies by sector. Both the estate and rural sectors are large consumers of Nadu White, while the urban sector favors Samba rice. Imported Basmati is consumed by a niche segment of population only and mostly targeted for tourists at hotels and restaurants.

Figure 2. Sri Lanka, Average Monthly Household Consumption Quantities of Rice – 2019



Note: Kekulu is the raw rice. Parboiled rice produced from short-grain paddy rice is known locally as Samba, while the long-grain paddy is referred to Nadu rice.

Source: [Household Income and Expenditure Survey 2019](#), Department of Census and Statistics of Sri Lanka.

Over the years, large scale millers have improved rice quality using advanced technologies. They have built huge processing plants to convert the paddy into rice, built huge temperature-controlled silos to preserve its moisture content and keep it fresh. These innovations and investments are meant to produce uniform, impurity-free rice with minimal breakage, meeting our demands for high-quality, safe, and consistent rice. Especially in the urban sector, there is a growing demand for premium rice irrespective of price. Locally produced rice varieties are available in packs with detailed labeling that include rice variety, manufacturing, expiry dates, nutrient content, Glycemic Index (GI) value, and other special characteristics. However, these rice types are priced at nearly Rs 600.00 per kilo which is more than double the price of regular rice.

While Sri Lanka’s economy is in the recovery phase, lower income earning households still struggle to come back to pre-crisis levels of income earnings and consumption. High poverty rates, which are

anticipated to remain above 22 percent until 2026 compromise access to sufficient, nutritious food.⁷ In addition, middle- and high-income earning families are also affected by the high direct and indirect taxes as measures for economic recovery. As coping strategies, households often compromise in the quality, quantity, and frequency of meals. However, because rice is a staple food, its consumption did not drop drastically even during the economic crisis. Further, the Central Bank of Sri Lanka highlighted that food prices are showing deflation in early 2025 compared to the early months of 2024. However, food inflation is expected to rise again towards end of 2025.

TRADE

Imports: FAS Colombo forecasts Sri Lanka's MY 2025/2026 rice imports at 100,000 MT, a 172,000 MT lower than MY 2024/2025 estimate. Post attributes decline in import volumes, compared to MY 2024/2025, as a result of the country's rice production increasing with the renewed use of imported chemical fertilizers and application of best agricultural practices. Rice crop damage from flood and low rice productivity will necessitate a significant increase in rice imports at 272,000 MT during the MY 2024/2025. About 90-95 percent of rice imports come from India (Figure 4).

Rice Shortage During Early MY 2024/2025 Lead to Increased Rice Imports:

During the early MY 2024/2025 Red rice (a long grain, red pericarp raw rice) and White Nadu (a long grain, white pericarp parboiled rice) were in short supply in the market for about three months and the phenomenon is attributed to multiple factors. Lower rice crop in Yala 2024 due to drier conditions, using rice for poultry feed and beer production, millers and farmers holding stocks, and delayed cultivation of Yala 2024 due to green gram cultivation in some areas are key reasons for the rice shortage.

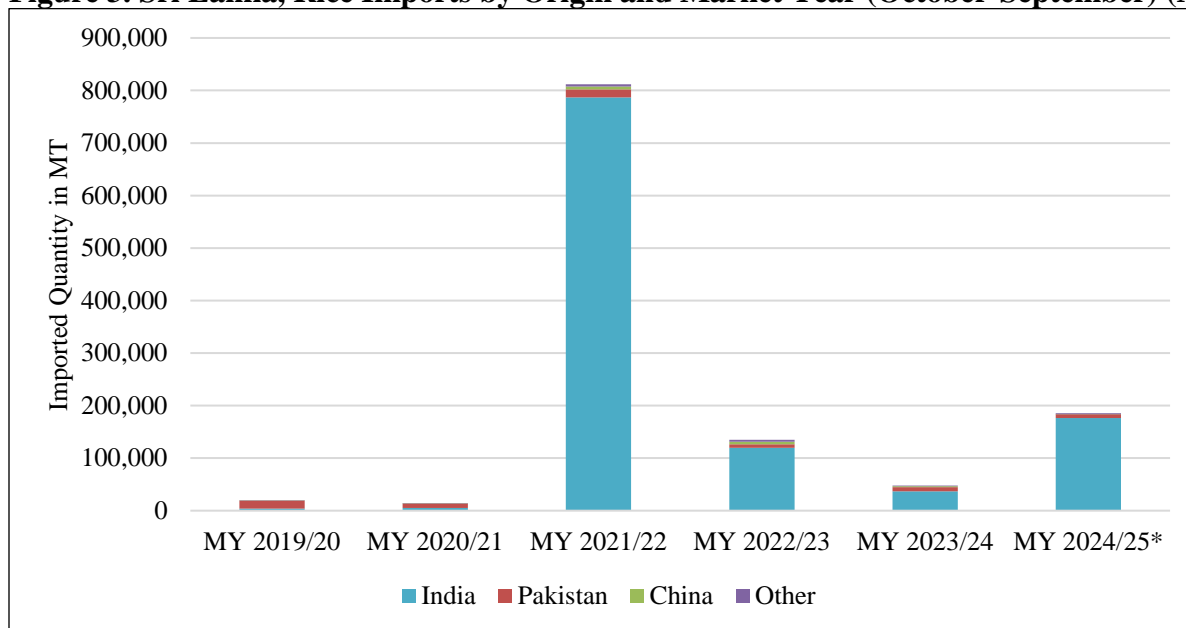
Red rice (At 362) has cultural and dietary significance. It is widely consumed in the Southern Province in Sri Lanka. Southern Province is the major red rice cultivating area and people in the area often only consume red rice and they are not used to eating other rice types. In recent years, the consumption of red rice increased due to health concerns. People believe red rice is better for diabetes due to high fiber content.

While White Nadu can be replaced by imported rice, there is no close substitute for Sri Lankan red rice to import which forced people to eat other rice types during the shortage. Consumers were highly dissatisfied about the lack of availability of red rice in the market.

The government implemented several measures to address the rice crisis, which has persisted for over three months (November 2024-January 2025). These efforts included setting maximum wholesale and retail price limits, conducting raids on rice mills through the Consumer Affairs Authority (CAA), and facilitating rice imports from foreign markets. As such, the Sri Lankan government allowed imported rice with a Rs 65.00 tax and import license. This was done to ensure sufficient stocks during the Christmas and New Years festive season in 2024/2025. According to Sri Lanka Customs, 167,000 MT of rice have been imported since import permissions were granted from December 4, 2024, to January 10, 2025. This includes 101,000 MT of parboiled rice and 66,000 MT of red raw rice. The shortage of red rice resolved once the local Maha 2024/2025 crop started to harvest in February 2025.

⁷ [Sri Lanka's Economy Shows Signs of Stabilization, but Poverty to Remain Elevated.](#)

Figure 3. Sri Lanka, Rice Imports by Origin and Market Year (October-September) (MT)



Note: *MY 2024/2025 includes data only through January 2025.

Source: Trade Data Monitor.

Special Commodity Levy (SCL) is applicable for three major rice types consumed in the country. The husked brown rice, raw rice, and parboiled rice are under SCL where importers must pay Rs.65.00 per kilogram of rice and required to take import control license prior to importing. For any commodity under SCL, importers only need to pay the SCL as import duties. These SCLs are valid till December 31st, 2025 (Table 4).

Basmati is not produced locally and mainly imported from India and Pakistan. The import of Basmati rice allowed without prior import license but is subject to a general tariff duty rate of 20 percent or Rs. 80/= per kilogram and other import duty which adds to nearly Rs. 300.00 tax per kilo.

Table 4. Sri Lanka, Rice, Import Control Measures, and Import Duty Tariff Rates

HS Code	Description	Import Control Measure	General Duty	VAT	PAL	CESS	SSCL	SCL
1006	Rice							
1006.10	Rice in the husk (paddy or rough)	Imports Control License	20% or Rs.80/= per kg	18%	Excluded	10% or Rs.40/= per kg	2.5%	
1006.20	Husked (brown) rice	Imports Control License	20% or Rs.80/= per kg	18%	Excluded	10% or Rs.40/= per kg	2.5%	Rs. 65/- per kg until 31/12/2025
	Raw Rice							
1006.30.11	Basmati rice (as defined by Department of Agriculture)		20% or Rs.80/= per kg	18%	10%	10% or Rs.40/= per kg	2.5%	
1006.30.19	Other	Imports Control License	20% or Rs.80/= per kg	18%	Excluded	10% or Rs.40/= per kg	2.5%	Rs. 65/- per kg until 31/12/2025
	Parboiled Rice							
1006.30.21	Basmati rice (as defined by Department of Agriculture)		20% or Rs.80/= per kg	18%	10%	10% or Rs.40/= per kg	2.5%	
1006.30.29	Other	Imports Control License	20% or Rs.80/= per kg	18%	Excluded	10% or Rs.40/= per kg	2.5%	Rs. 65/- per kg until 31/12/2025
1006.40	Broken rice	Imports Control License	20% or Rs.140/= per kg	18%	10%	10% or Rs.70/= per kg	2.5%	

Note: Computation formulae for import duties are available in [Preamble](#) of Import Tariff on the Sri Lanka Customs' website.

VAT = Value-Added-Tax; PAL = Port and Airport Development Levy; SSCL = Social Security Contribution Levy; CESS = Cess levy under Sri Lanka Export Development Act; SCL-Special Commodity Levy.

Source: [Import Tariff](#), Sri Lanka Customs as of March 18, 2025.

Exports: FAS Colombo forecasts Sri Lanka's MY 2025/2026 rice exports at 10,000 MT, a small portion of the total rice (milled) production. The major rice export destinations for Sri Lankan rice include Japan, the United Arab Emirates (UAE), Australia, France, and the United Kingdom, all of which are home to Sri Lankan expat workers and residents. Due to years of protection, Sri Lanka does not produce export competitive, globally traded rice grades like in East Asia. As a result, even if there is a bumper harvest, it does not necessarily lead to increased foreign exchange earnings.

Table 5. Sri Lanka, Rice Exports to World, MY 2020/2021 to MY 2024/2025

Market Year (October/September)	MY 2020/2021	MY 2021/2022	MY 2022/2023	MY 2023/2024	MY 2024/2025
Total Exported Rice Quantity (MT)	7,331	5,814	6,879	7,852	2,780*

Note: *MY 2024/2025 includes data only through January 2025.

Source: Trade Data Monitor.

STOCKS

The Sri Lankan government provides no official statistics on the country's paddy and rice stocks volumes – complicating actual stock level estimations. Accusations abound that there has been hoarding by traders and that farmers have also held back rice in hopes of obtaining higher prices. The economic crisis coupled with a lack of available fertilizer at the correct application time have reduced the country's rice stock volumes in recent years.

The country's rice shortages during December and January are a direct result of its reliance on the seasonal Maha harvest and the insufficient output of the Yala season, with stocks typically depleting by late November. The disparity between the seasons leaves a supply gap during December and January, exacerbating shortages when Yala harvests underperform, or Maha cultivation faces delays. Maha rice production output normally supplies about nine months of rice supply, while the Yala season's production provides an additional six months for a total of 15 months of supply. With rice production in gradual recovery, FAS Colombo forecasts Sri Lanka's MY 2025/2026 rice stock volume to reach 450,000 MT which is nearly 35 percent lower stock compared to an average year.

MARKETING

The paddy rice (rough) marketing system in Sri Lanka consists of both the private and public sectors. However, 90 percent of paddy rice produced is picked up by the private sector directly off the fields. The government, even when it has the financial resources available, will at best absorb 10 percent of domestic rice production.⁸ The private sector is motivated strictly by profit, while the public sector value-chain aims at delivering a service to both the producers and consumers by trying to break the private sector monopoly of paddy. The biggest problem faced by the paddy rice farmers at harvest time is the very low paddy rice prices prevailing in the market. During the harvest, prices plummet below the minimum floor price due to the excess supply of paddy rice.

The Paddy Marketing Board (PMB) resumed its paddy purchasing operations in February 2025, utilizing funds received from the Treasury (LKR 500 million). However, farmers are currently hesitant to sell their paddy to the PMB as the private sector offers higher prices. As per PMB, the minimum purchase price of paddy for the Maha 2024/2025 season (rupees per kilogram) is as follows: for standard paddy with a moisture content of 14 percent, *Nadu* paddy will be purchased at Rs. 120 per kilogram, *Samba* paddy at Rs. 125, and *Keeri Samba* paddy at Rs. 132. Farmers claimed that private traders were offering a farm-gate price of Rs. 120-140 per kilo despite high moisture content at field

⁸ Japan International Cooperation Agency (JICA) and System Science Consultants Pvt. Limited (SSC). 2013. Agricultural Distribution and Marketing Network in Sri Lanka: A Report Submitted to JICA Tokyo, 2013.

level. Further, farmers are required to dry and transport paddy to the PMB stores themselves leading to additional costs, discouraging them from selling their paddy to PMB. However, the government's certified paddy prices helped farmers to get higher price from private traders due to competition. Farmers noted the price seen just prior to the government announcing the minimum price for paddy was between Rs. 95-100 per kilo of paddy.

Prices:

Rice prices move up in December and January each year ahead of the Maha rice harvest as rice stocks with millers gradually deplete. In the past, people did not notice a shortage as imports were allowed under a small tax of Rs. 1.00 per rice kilogram. However, this year the import tax was Rs 65.00 per kilo discouraging imports. From December 2024 to January 2025, the total imported rice quantity was 167,000 MT which allowed the government to generate Rs. 6 billion in import duties from these rice stocks.

As a response to the rice shortage in the market during early MY 2024/2025, paddy millers have been campaigning for the revision of the maximum retail price (MRP), claiming they were unable to provide rice to the markets while complying with the 2022 gazette's MRPs. Millers indicated that they could not sell the rice at the regulated price due to their high purchasing costs of paddy (approximately Rs. 130 per kilogram of paddy) and other production and storage costs. Accordingly, retail prices of three popular varieties-Nadu, Raw rice, and Samba increased by Rs. 10.00. The retail price of a kilo of *Keeri Samba* (Bg 360) remained unchanged at Rs.260.00 (Table 6). The CAA conducts raids to identify the traders selling rice at higher prices than the MRP and legal actions are taken against anyone violating these new price regulations. Despite this price regulation, rice prices remain high, especially during the shortages.

Table 6. Sri Lanka, Regulation of Rice Prices - Current Maximum Retail Prices (MRP) of Rice

Rice Type	Revised Maximum Retail Price (MRP) (LKR/Kg) Effective from December 9 th 2024	Previous Maximum Retail Price (MRP) (LKR/Kg) (May 2022 Gazette)
Keeri Samba (Bg 360) -Local	260.00	260.00
White /Red Samba - Steamed/Boiled-Local (excluding <i>Suduru Samba</i>)	240.00	230.00
White /Red Nadu - Steamed /Boiled -Local (excluding <i>Mottaikarupan</i> and <i>Attakari</i>)	230.00	220.00
White /Red Raw Rice-Local	220.00	210.00

Note: MRPs for imported Raw Rice are LKR 210, Nadu LKR 220, and Samba LKR 230.

Source: Consumer Affairs Authority, December 2024.

Rice prices vary by rice variety and the production process (i.e. red vs. white; raw vs. parboiled). Specialty rice, for example, imported Basmati is priced at Rs. 700 to 1,800 per kilogram and there are no regulations to control prices. Further, local rice prices are higher than the imported rice prices even after taxing Rs. 65 per kilo (Table 7).

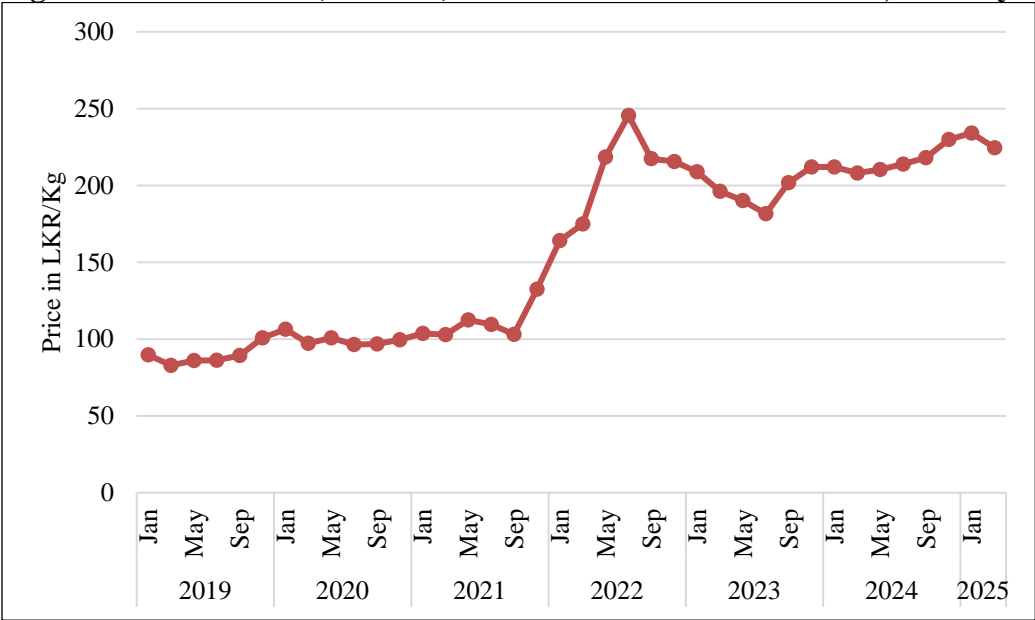
About 15 years ago, Nadu (parboiled rice) prices were below red rice. Over the years, Nadu prices moved up due to two reasons: (1) quality of parboiled rice improved with the steaming and drying system used by private mills which reduced the bad smell, and (2) increased demand from rice and curry shops. Unlike red rice, the volume of cooked rice that came from Nadu is greater, allowing cooked rice selling shops to make more rice packets with one kilo of rice. Currently, White Nadu is the most consumed rice type in Sri Lanka, followed by Red Nadu.

Table 7. Sri Lanka, Rice Prices by Type

Rice Type	Price February 2025 (LKR/Kg)	Price February 2024 (LKR/Kg)
Raw Red - Local	226.11	195.52
Raw Red - Imported	216.67	N/A
Raw White - Local	224.50	210.28
Raw White - Imported	216.00	N/A
Nadu White - Local	236.36	218.78
Nadu White – Imported	224.92	N/A
Samba	241.67	250.42
Ponni Samba - Imported	245.00	296.05

Source: Department of Census and Statistics, Sri Lanka.

Figure 4. Retail Prices (Nominal) of White Raw Rice in Colombo, January 2019–March 2025



Source: Department of Census and Statistics, Sri Lanka.

COMMODITY:

WHEAT

Table 8. Sri Lanka: Commodity, Wheat, Production-Supply-Distribution (PSD)

Wheat	2023/2024		2024/2025		2025/2026	
Market Begin Year	Jul 2023		Jul 2024		Jul 2025	
Sri Lanka	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	120	120	68	68	0	123
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	904	904	1050	1150	0	1180
TY Imports (1000 MT)	904	904	1050	1150	0	1180
Total Supply (1000 MT)	1024	1024	1118	1218	0	1303
MY Exports (1000 MT)	81	81	75	85	0	90
TY Exports (1000 MT)	81	81	75	85	0	90
Feed and Residual (1000 MT)	50	50	50	60	0	60
FSI Consumption (1000 MT)	825	825	900	950	0	1050
Total Consumption (1000 MT)	875	875	950	1010	0	1110
Ending Stocks (1000 MT)	68	68	93	123	0	103
Total Distribution (1000 MT)	1024	1024	1118	1218	0	1303
Yield (Rough) (MT/HA)	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA). MY = Marketing Year, begins with the month listed at the top of each column. TY = Trade Year, which for wheat, begins in July. TY 2024/2025 = July 2024 - June 2025.						

PRODUCTION

Sri Lanka does not produce wheat locally primarily due to its climate, which is not suitable for wheat cultivation. The country's wheat requirement is fulfilled by importation of wheat for flour milling and direct wheat flour imports.

Wheat Flour Milling: The country for decades has been importing wheat for flour milling.

In Sri Lanka there are only two flour millers operating (Prima Ceylon Ltd., and Serendib Flour Mills) for milling wheat for human consumption. Imported wheat is milled under controlled conditions at the port-of-entry (Colombo and Trincomalee). These two millers are responsible for most of Sri Lanka's annual wheat imports. With a 3,600 MT/day milling capacity, the larger of the two millers, accounts for the bulk of Sri Lanka's flour milling. Sri Lanka has excess milling capacity that outpaces domestic demand for wheat flour. The largest milling facility has 350,000 MT storage capacity.

Different Flour Types for Different Market Segments: Millers have diversified its products in the wheat flour market for different markets offering over 20 varieties of flour. For example, bakers flour for the bakery industry, Rotti (flat bread commonly consumed in Asia) flour for the eateries, household flour for domestic households, and separate flour for noodle, biscuit, cake, and whole meal flour, among others. Further, millers introduce premium bakery flour for those bakeries looking for a superior

product. Premium flour provides whiter and a softer bread which is also tastes better. In addition, millers introduce flour with high dietary fiber for health-conscious consumers.

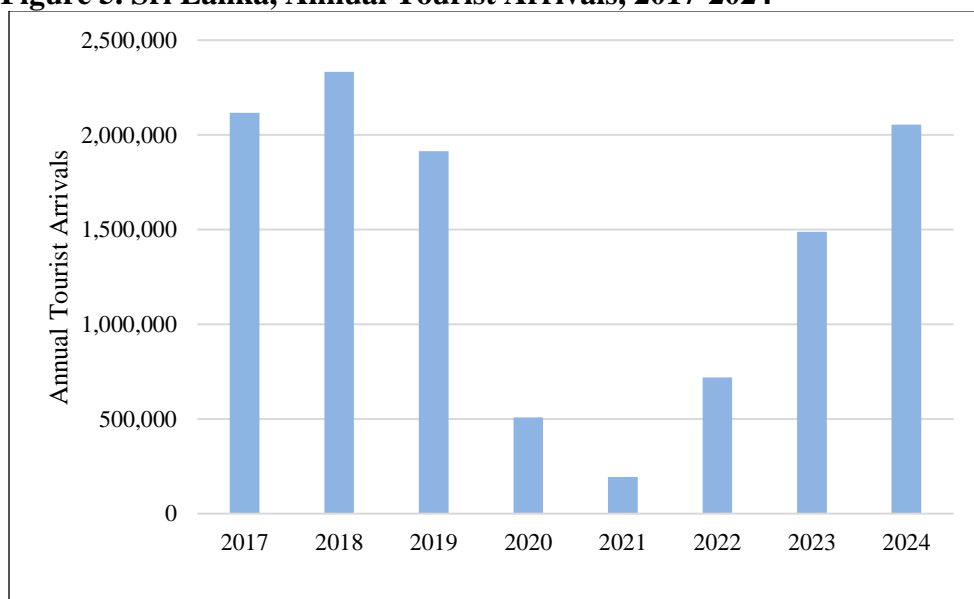
CONSUMPTION

Wheat flour-based products are nation's second staple food. FAS Colombo (Post) forecasts Sri Lanka's Market Year (MY) 2025/2026 (July-June) wheat total consumption at 1.11 million metric tons (MMT), representing an increase of 0.1 MMT (nearly 10 percent increase) from Post's earlier MY 2024/2025 estimate of 1.01 MMT.

The increase in consumption is attributed to the Sri Lankan economy's recovery from the political-economic crisis of 2021-2022. According to Asian Development Bank Outlook, Sri Lanka's Gross Domestic Product (GDP) is expected to grow at 2.8 percent in 2025, showing positive signs of economic stabilization. Further, Sri Lanka's inflation rate is forecasted at moderate level of 5.5 percent in 2025.

In addition, there has been a revival of the country's tourism sector with the large-scale influx of tourists from India, Russia, United Kingdom, China, and Germany. The influx of foreign tourists is fueling increased consumption of wheat flour-based bakery and foods. Foreign tourists tend to eat more wheat flour-based products rather than rice. In 2024, Sri Lanka welcomed 2.05 million visitors, nearly a 40 percent increase in visitor arrivals compared to 2023, and targets at least 3 million visitors in 2025. This is no small number when compared to Sri Lanka's population of just 23.3 million (Central Intelligence Agency, 2023 estimate).

Figure 5. Sri Lanka, Annual Tourist Arrivals, 2017-2024



Source: Sri Lanka Tourism Development Authority (SLTDA)

Wheat flour prices have also reduced significantly compared to the latter part of MY 2021/2022 and into the early part of MY 2022/2023. During February 2025, the price of a kilogram (kg) of wheat flour has dropped nearly 12 percent, compared to prices in the previous year. Still, these prices are nearly

double than pre-crisis prices. Although the wheat flour price helps in stabilizing the market, many households have not achieved their pre-crisis levels of consumption. This is due to limited disposable income after paying higher direct and indirect taxes, high electricity and water expenditures, and increased payments for other essentials such as cooking gas.

Sri Lanka's bakery industry was severely affected by the 2021-22 political-economic crisis. It confronted higher prices demanded by manufacturers of food ingredients, such as margarine, butter, and eggs. Currently, prices of these ingredients are largely stabilized and required quantity of eggs are produced domestically.⁹ Further, with the urbanization and busy lifestyle, a significant portion of country's population will opt for ready-to-eat or easy-to-prepare food instead of daily-cooked rice-based options. These easy-to-prepare food items are already available in the market.

Consumption of Wheat Flour-based Products and its Health Concerns:

Over the last few decades, non-communicable diseases (NCD) have emerged as a critical health challenge for Sri Lanka, contributing over 80 percent of the total deaths that occurred in the country. Majority of consumers aware that excessive consumption of refined wheat flour is linked to an increased risk of NCDs like obesity, type-2 diabetes, and cardiovascular disease, among others. In fact, medical doctors often warn their patients to limit the consumption of food made of refined wheat flour, as it has a high glycemic index (GI) which cause blood sugar levels to spike rapidly.

As a response to these health concerns, millers and bakers have introduced bread made of whole wheat or wheat flour with high dietary fiber content. Further, the Sri Lankan government also has introduced new regulation to increase the nutrient and fiber content of domestically milled wheat flour. Accordingly, the new regulation requires wheat flour to fortify with folic acid and iron, as well as to maintain a minimum of 80 percent of extraction rate of refined wheat flour for retail sale for domestic consumption and bread manufacturing effective January 1, 2024 (For more information, please see, [GAIN|CE2023-0015|Sri Lanka Enacts New Legislation for the Fortification of Refined Wheat Flour](#)). However, this regulation is not strictly enforced by the government authorities, and it is expected to revise addressing the industry concerns.

The consumption of wheat flour and its related products vary by the geographic location of Sri Lanka. Wheat flour is the main sources of nutrition of the plantation communities and poverty levels are also high among these communities. Therefore, Anemia is more prevalent among the tea plantation communities because of a lack of a balanced diet. Nutrition experts have identified flour fortification as the ideal way of addressing their anemic conditions and folate deficiencies. Currently, most of domestically milled wheat flour available in the domestic market is fortified with iron and folic acid.

⁹Over the past two years, Sri Lanka experienced an egg shortage due to a combination of factors, including COVID-19 pandemic-related supply chain disruptions, rising feed costs, and economic instability, leading to a decline in egg production and a surge in prices. Sri Lanka had to import eggs from India to control egg prices.

Table 9. Household Monthly Consumption of Wheat Flour and Bread by Sector

Sector	Wheat Flour (Kg)	Bread (Normal) (Kg)
Sri Lanka	1.8	3.5
Urban	1.4	5
Rural	1.6	3.3
Estate Plantation	9.1	3.1

Source: Household Income and Expenditure Survey, 2019. Department of Census and Statistics.

The government's new policy prevents the use of refined wheat flour (with a 60-70 percent extraction rate), pushing manufacturers to produce only fortified whole wheat flour with the higher 80 percent extraction rate. While the policy aims to uplift public health by increasing the nutritional content of flour, it could severely compromise the quality of bakery products and eventually result in consumer dissatisfaction. The industry asserted that it has been rushed without fully considering its broader economic implications.

TRADE

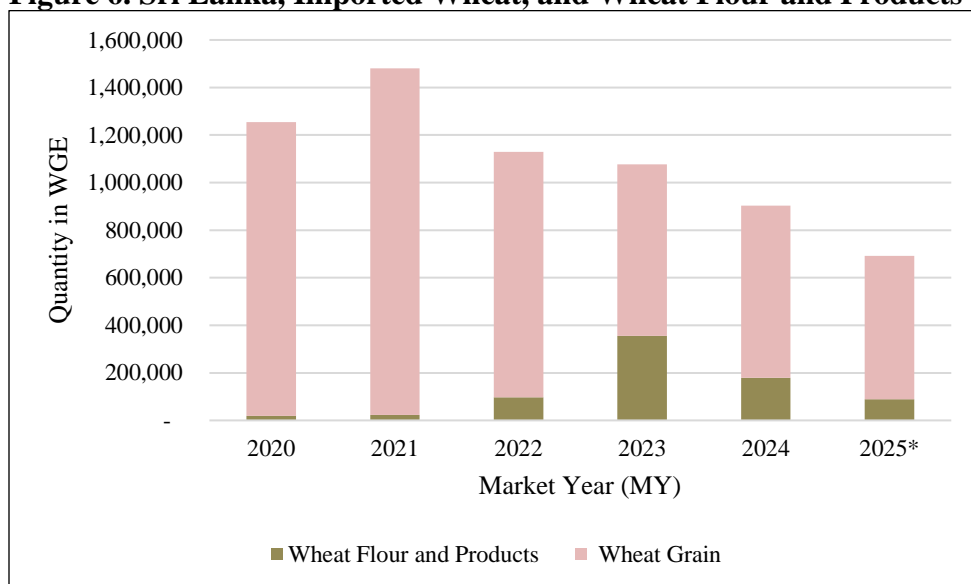
Imports: Wheat and wheat flour account for the largest share of Sri Lanka's cereal imports. Large quantities of rice and corn (maize) are only imported when local production is insufficient to cover domestic needs.¹⁰

Change of Import Duties for Wheat Flour in August 2023: During December 2019, the Sri Lankan government has facilitated wheat flour imports by removing the consolidated Tax of LKR 36 per kilogram of imported wheat flour and replacing it with the Special Commodity Levy (SCL) of LKR 8 per kg. This policy allowed traders to import wheat flour directly and sell them at a competitive price in the local market. Before introducing this policy, Sri Lanka completely depended on domestically milled wheat flour.

The imported wheat flour quantities remain low when compared to the import volume of wheat grain for flour milling. Nonetheless, the share of imported wheat flour, when converted to a wheat equivalent basis, highlights that total wheat flour imports trended upwards through MY 2023, and followed by a declining trend (Figure 6). This decline is because of the government's increase of import duty on wheat flour to Rs 27 a kilogram or 20 percent tax and an additional 10 percent Port and Airport Levy (PAL) and 2.5 percent Social Security Contribution Levy (SSCL), beginning of August 2023.

FAS Colombo forecasts Sri Lanka's MY 2025/2026 wheat imports at 1.18 MMT, up by 30,000 MT, from Post's earlier MY 2024/2025 estimated volume of 1.15 MMT. However, MY 2025/2026 forecasted imports are still 20 percent below the MY 2020/2021 pre-crisis value of 1.48 MMT. Post attributes the slight increase in wheat imports in MY 2025/2026 to the country's gradual economic recovery.

¹⁰ Corn is the key ingredient used in animal feed production in Sri Lanka.

Figure 6. Sri Lanka, Imported Wheat, and Wheat Flour and Products (in WGE)

Note: MY=Market Year for wheat, begins in July. MY 2024=July 2024-June 2025. *MY 2025 data include only figures through January 2025.

Source: Trade Data Monitor (TDM).

Sri Lanka's main wheat suppliers include Russia, Canada, Turkey, and Romania. Import origins are primarily determined by the price resulting higher imports from Russia and Romania. Imported wheat from United States and Canada are used for producing specialty flour products irrespective of their prices. During MY 2022/2023, wheat flour imports from Turkey were substantially large because of reduced taxes being levied on wheat flour imports, as well as Turkey-origin wheat price advantages. Although the Sri Lankan government increased wheat flour import taxes in August 2023, a considerable quantity of wheat flour is still imported from Turkey. FAS Colombo anticipates that this trend will continue through MY 2025/2026 at a moderate level. Though anti-dumping regulations are still not enacted in Sri Lanka, current industry efforts to enact such laws should future discourage large-scale import dumping.

At present, import duties are lower for wheat grain than importing wheat flour. There is a 5 percent, or LKR 6 per kg import tax levied on foreign-origin wheat grain imports. Although import of wheat flour is taxed at 20 percent or LKR 27 per kg, the difference does not deter the large-scale dumping of Turkish flour onto the local market (Table 11).

Table 11. Sri Lanka, Import Tariffs on Wheat, and Wheat Flour (March 2025)

Description (HS Code)	Custom Duty or General Duty	VAT	PAL	SSCL
Wheat grain- non-Durum (1001.99)	5% or LKR 6.00/Kg (Preferential duty-free for imports from Pakistan)	Exempted	5%	2.5%
Wheat flour (1101.00)	20% or LKR 27/Kg (Preferential duty-free for imports from Pakistan)	Exempted	10%	2.5%

Note: Computation formulae for import duties are available in [Preamble](#) of Import Tariff on Sri Lanka Customs Website. VAT = Value Added Tax; PAL = Port and Airport Development Levy; SSCL = Social Security Contribution Levy.

Source: [Import Tariff](#), Sri Lanka Customs as of March 7, 2025

Table 10. Share of Imported Wheat Quantity by Imported Country in MY 2024

Imported Country	Imported Wheat Quantity during MY 2024 (Wheat Equivalent Basis)	Share of Wheat Imports (%)
Romania	296,449	33
Russia	279,622	31
Turkey	165,127	18
Canada	92,529	10
Australia	37,054	5
United States	19,802	2
Other	12,951	2
Total	903,534	

Source: Trade Data Monitor.

Currently, the import of wheat flour for animal feed is subject to obtaining import control licenses and the prior approval from Sri Lanka's Department of Animal Production and Health (DAPH). Sri Lanka's current import requirements disallow U.S.-origin feed wheat. Entry requirements are highly restrictive for de-husked, bulk wheat imported for animal feed production. Unlike the case of wheat imports for human consumption, where the two millers' production locations are easily verifiable by authorities, small to medium-sized feed mills are scattered throughout the country and often lack adequate infrastructure (i.e., including silos).

Exports: FAS Colombo forecasts Sri Lanka's MY 2025/2026 wheat product exports at about 90,000 MT, up by 5,000 MT compared to Post's MY 2024/2025 estimated quantity of 85,000 MT. The slight increase in export volume going forward, compared to that of previous years, is premised on the increase in wheat imports for flour milling resulting from better access to adequate forex currency available for financing imports and the gradual recovery of the country from the 2021-2022 political-economic crises.

Table 12. Sri Lanka, Total Wheat Imports and Exports

Item	MY 2018/2019 (MT)	MY 2019/2020 (MT)	MY 2020/2021 (MT)	MY 2021/2022 (MT)	MY 2022/2023 (MT)	MY 2023/2024 (MT)	MY 2024/2025 (MT)
Wheat Imports to Sri Lanka from World	1,046,231	1,254,766	1,481,120	1,129,206	1,077,012	903,534	813,524
Wheat Exports from Sri Lanka to World	92,920	114,244	96,972	133,203	74,992	80,685	47,235

Note: MY=Market Year for wheat, begins in July. MY 2024/2025=July 2024-June 2025. MY 2024/2025 data include only figures through January 2025.

Wheat imports and exports include wheat grain, flour, and processed products using wheat like pasta and couscous.

Source: Trade Data Monitor.

The Sri Lankan market of late, has been saturated with domestically milled wheat flour. Even during the economic crisis in 2021-22, Sri Lanka managed to export nearly 0.13 MMT of excess wheat flour production to neighboring and regional foreign markets. To date, the country’s main export destinations include Malaysia, the Maldives, Singapore, Cambodia, and Thailand.

STOCKS

FAS Colombo forecasts Sri Lanka’s MY 2025/2026 wheat ending stocks at 103,000 MT. The ending stock is 20,000 MT lower than the Post’s estimate of stock in MY 2024/2025 mainly due to gradual increase in consumption and exports.

MARKETING

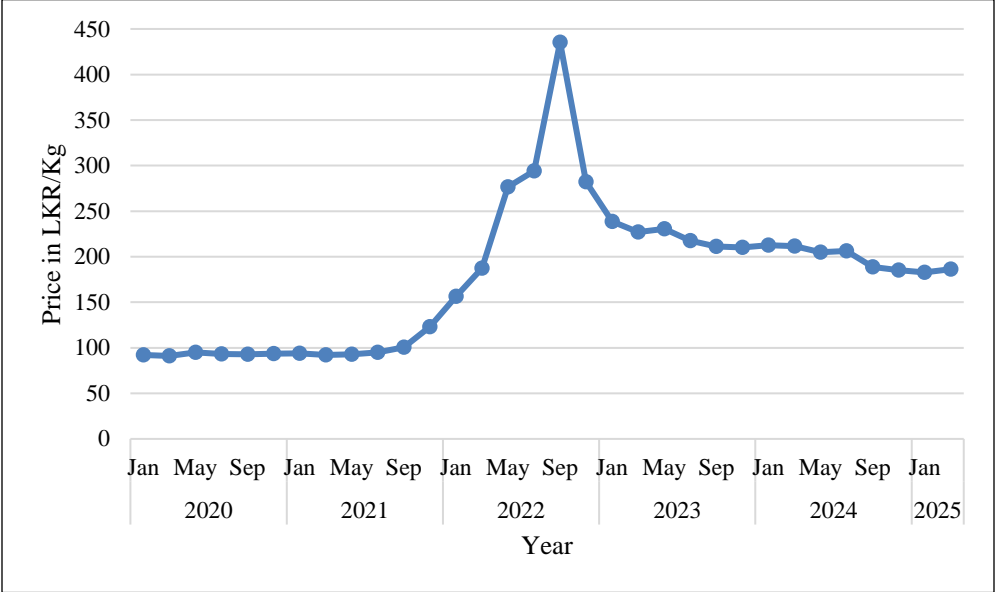
Prices: The rapid Sri Lankan rupee’s depreciation contributed to quick increase in wheat flour and wheat flour-based products prices. In Colombo, the retail price of one kilogram of wheat flour went up nearly fourfold, going from LKR 100.64 (~\$0.51) in September 2021, to LKR 435.42 (\$1.22), up 332 percent by September 2022. This spike in prices occurred at the time when rising global wheat prices also made it more difficult for the forex starved Sri Lankan economy to finance wheat imports for flour milling. However, domestic wheat flour prices have declined since October 2022, reflecting increased imported quantities and low international wheat flour quotations. Yet, as of March 2025, prices were still nearly double than the pre-crisis level.

Table 13. Sri Lanka, Retail Price, Wheat Flour and Bread in Main Markets in Colombo District (February 2025)

Item	Average Price (LKR/Kg)		% Change in Price Third Week of February 2025 compared to February 2024
	Third Week February 2025	Third Week February 2024	
Wheat Flour	186.43	211.15	-11.7 %
Bread (450 grams)	133.64	145.83	-8.4 %

Source: Department of Census and Statistics of Sri Lanka.

Figure 7. Sri Lanka, Wheat Flour Retail Prices (Colombo), 2020-2025



Source: Department of Census and Statistics of Sri Lanka.

Attachments:

No Attachments

Attachments:

No Attachments