

FUTURE OF OIL PALM INDUSTRY IN SRI LANKA: A CASE STUDY IN KALUTARA DISTRICT

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Oil palm has introduced as the second edible oil producer of Sri Lanka in 2014, and the cultivations then expanded rapidly. Owing to ecological, economic, and social impacts, the government then banned the expansion of oil palm in 2019. The study assessed the community perception on oil palm cultivations and the impacts of the banning of oil palm in Sri Lanka. A randomly selected 100 persons were interviewed using a pre-tested questionnaire, while focus group discussions and key informant interviews were held with persons engaged in oil palm industry. The data were analysed using quantitative methods in Minitab. Drought (40%), drying of natural water bodies (42%), release of effluent (41%) and increase of wildlife (35%) were identified as the negative environmental impacts. Respondents perceived, generation of jobs (37%) as a positive social impact, while labour shortage for rubber industry (44%), drinking water shortage (42%), high use of agrochemicals (38%), health risk of palm oil (46%), and contaminated water (51%) as negative social impacts. Reduction of edible oil prices (46%), improving livelihood (32%), and foreign exchange saving (33%) were positive economic drives, while land degradation (38%), farmer migration from other cultivations (38%), and impact on rubber and coconut industry (41%) were the negative economic concerns. Factor analysis confirmed that, banning of oil palm has positive economic influence on both coconut (0.93) and rubber (0.85) industries. Reduction of drying out of water bodies (0.88) and soil erosion (0.90) were identified as the positive environmental impacts. Nearly 87% of respondents positively perceived the banning decision, while persons engaged in the oil palm industry mentioned it leads to job insecurity. They firmly believed that oil palm makes less harm to the environment, if managed sustainably. In conclusion, the banning decision may last the oil palm industry in Sri Lanka, causing many negative social and economic impacts to the country.

Keywords: Banning, Economic impact, Environmental impact, Social impact