



An Investigation of Factors Affecting on Wheat Grain Imports Decisions in Sri Lanka From 2011 To 2020

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Abstract

Wheat can be considered as one of the most important staple grains in Sri Lanka. Sri Lanka is a wheat consumer, not a producer since there are no suitable conditions in Sri Lanka to cultivate wheat. Private firms import both wheat flour & wheat grain from different countries in the world to fulfill the need of wheat consumption in the country. Sri Lanka mainly imports wheat from Canada, Pakistan, the USA, Russia, Romania, and India. The main objective of this study was to identify why Sri Lanka imports wheat from specific countries. Import price & export price of wheat were mainly focused in the study. The import cost of wheat differs from country to country due to different import & export prices. HARTI reports & USDA Foreign Agricultural Service reports were used to collect data for import prices, export prices & import costs in Sri Lanka from 2011 to 2020. Telephone interviews were conducted with wheat importing firms to collect data about firm-level procedures in wheat imports. Time series data analysis was used to analyze the prices & costs of imports. Thematic analysis was used to analyze interviews. According to the key findings, Sri Lanka faces a loss in foreign exchange due to not buying from the country with the lowest wheat import price. But according to import firms, import decisions are based on current world market prices, quality, taste, and the condition of the bidding process. Therefore, Canadian wheat is preferred mainly due to its high quality, and Indian wheat is preferred mainly due to its unique taste although it is expensive. Results indicate that wheat firms need to follow better policies in wheat imports to save the foreign exchange of the country. And also, firms' ideas reveal that government should have discussions with importing firms to decide about future trade agreements with other countries in connection with wheat imports.

Keywords: Wheat grain, Quality, Taste, Import cost, Foreign exchange

