



large increases in production would be possible if the above problems could be overcome"

Ten years later, when the need for export earnings had grown more pressing, the 'Five Year Plan, 1972-1976' reiterated the importance and the potential of Minor Export Crops to supplement export earnings. The Plan envisaged the development and improvement of 165,000 acres under Minor Export Crops through new plantings, replantings, rehabilitation and fertilizer application.

In order to implement this ambitious programme a separate Department of Minor Export Crops was also set up under the Ministry of Plantation Industries in 1972. Again, ten years later, the Government's Public Investment programme 1983-1987 restated the position as follows:

"The production potential in the perennial crops sector could be expanded through diversification of uneconomic tea lands, settlement on nonviable lands, and through underplanting in coconut areas. Intercropping of pepper, cloves and coffee in tea lands and cocoa under rubber needs to be encouraged, to promote better utilization of land resources. Cashew, and to some extent castor, could also be expanded in the marginal lands in the coastal dry zone belt..... The identification of land areas suitable for minor export crop expansion and their allocation, the redesigning of subsidy schemes to promote crops according to indicated priority and the streamlining of procedures for the implementation of the scheme all require urgent consideration so as not to delay optimisation of potential export crops production".

There have been increases over the last two decades in areas under coffee, cloves, cardamoms, nutmeg and pepper; while exchange earnings from MEC's have moved up from 3 percent of total earnings to 5 percent during this period. Much of the development has been due to enhanced world market prices rather than increased production. There is no doubt that the economic potential of this sector is only being partially realised. Many of the new export crops such as tobacco, fruits, vegetables, cut flowers and oil seeds have come into prominence more recently. The perennials such as spices, coffee and cocoa, however, have been the mainstay of this sector and therefore the discussions that follow centre mainly on these crops.

MINOR EXPORT CROPS

Trade had been only a peripheral activity in Sri Lanka's economy upto the 16th century, but with the arrival of the Portuguese it took on a more significant dimension. This distortion in the existing economy was continued by the Dutch who built up an export trade and for this purpose promoted the cultivation of cinnamon, pepper, coffee and arecanut in the island. The British helped to firmly establish the plantation system, as opposed to the system of subsistence agriculture that was widely prevalent in the precolonial times. They started with coffee, but switched on to tea. By the early 20th century dependence of the economy on the three plantation crops of tea, rubber and coconut was virtually complete. A large part of the population, however, continued to depend on the traditional agricultural sector for their livelihood, where individual farmers supplemented paddy cultivation with other crops and where land holdings were generally small and fragmented. Much of the minor export crops were grown on similar small holdings. Upto the 1960's, however, prices of the three major export crops were generally stable and generated growing sur-

pluses of foreign exchange. From the mid 1950's this situation changed and it was realised that the economy could no longer be solely dependent on the earnings from the three major exports alone. Measures were introduced from the 1960's to cut down drastically on imports while every effort was made to increase export earnings. The obvious answer was in export crop diversification and greater attention to the perennial crop sector comprising mainly coffee, cocoa, cardamoms, pepper, cloves, nutmeg, citronella, lemon grass and papaw which were collectively referred to as Minor Export Crops (MEC's).

The problem was studied and understood and many plans drawn up to develop this sector. In the early 1960's the 'Short Term Implementation Program 1962-64' commented on *"the urgent need to diversify our export crops. While it is necessary to develop new crops for export, our first task should be to strengthen and expand out existing minor export crops.....the solution of existing problems, especially those of processing and marketing, could lead to considerable expansion of markets for crops such as cardamoms, cloves, pepper and mustard. Cultivation of these crops is relatively simple and*