

Abstract

Since the 1980s, increased global competition has made agriculture in many developing countries at risk. Economists generally suggest fiscal and monetary policies to counteract the influence of global competition, but no focus on empirical evidence-based solutions is provided. This thesis analyses regional food chain systems (RFCSs) for sustainable purveyance, agricultural production and regional resources utilization in Sri Lanka. It indicates the best solutions in counteracting influence of global competition in the context of Sri Lanka from an empirical perspective. The study specifically pays attention to resources circulation systems (RCSs) approach in FCSs. The study: 1) characterizes typical RCSs presented in different agro-ecological zones; 2) analyses the impact of RCSs to counteract economic, social and environmental concerns of economic liberalization; and 3) identifies the development conditions of RCSs. The study examined five typical empirical studies employing the inductive research approach.

The first case study—RCS initiated by the sugar sector—proved the importance of effective circulation of the local resources among farming and processing sectors in alleviating poverty in farming areas, improving labor market opportunities for local people, improving living conditions of local people and strengthening economic status of the processing sector without linking with international competition. Results indicated that total dependency upon local resources had led to minimal dependency on imported foreign materials in terms of production of sugar and related products. The processing sector has diversified the production system with more value-added steps based on main material. It has minimized the need for imported materials such as energy for the processing sector and fertilizer for the farmers. The study also proved the comparative advantage of sugarcane farming (cost and income) under RCS approach.

The second case study—dairy sector resources dual circulation system (RDCS)—provided strategies to revitalize the local dairy sector by enhancing the productivity and economic success of dairy farmers in global competition. The study describes independent smallholder dairy farms, integrated dairy-crop farming and independent dairy markets in Sri Lanka. The results indicated; 1) the efficiency in farm-level integrated resource management techniques; 2) the contribution to smallholder dairy farmers in terms of improving milk income and productivity, providing year round working opportunities, and utilizing family labor effectively; 3) the provision of a competitive supply chain system with better raw milk prices, and 4) positive responsiveness to the environment in terms of organic manure usage and biogas production.

The third and fourth empirical studies the traditional circulation system of local coconut. Both studies indicated three important characteristics of the system in counteracting influences of global competition on the coconut based regional economy. They are: a diversified industrial system based on the main regional crop; adaptability of main crop to the natural features of the region; and important economic opportunities for all smallholder farmers in the system. The results also indicate three main conditions of the stable regional economy: growth of home manufacturing to medium and large scale processing industries in the regional economy; superior main material base value-adding system in the region; and the contribution made by the coconut processing industries to the local labor market. Specifically, both studies identified the oligopolistic market structure to the local farmers. However, the overall economic condition of the farmers' has not weakened because of labor income opportunities offered by the system and agricultural diversification practices in coconut-growing lands.

The fifth empirical study—interaction system between agriculture cooperatives and smallholder farmers— demonstrated the importance of combining farmers' efforts and resources within the form of cooperation in both areas of production and marketing in order to protect disadvantaged smallholder farmers from economic liberalization in Sri Lanka. The analysis of marketing structure and its functions indicated its contribution to improve the marketing condition of the smallholder farmers by improving the quality of main value-added products, eliminating market exploitation problem and improving market access.

These findings are novel in regard to the existing body of knowledge in the field. Thus, the study shows RFCSs associated RCSs as a method for sustainable purveyance, agricultural production and regional resources use in Sri Lanka in the context of global competition.