

Cinnamon Oil Value Chain: An Investigation of Key Success Factors, Strategic Intervention for Value Chain Upgrading

***Sandamith, M., Wickramarathna, I., Kalhara, S., Madushanka, P.,
Basnayake, B.M.R.L. and De Silva, D.A.M.**

Dept. of Agribusiness Management, Sabaragamuwa University of Sri Lanka

*Corresponding email: sandamithm@gmail.com

Cinnamon oil and oleoresin cover a broad range of products, used primarily as flavors and fragrances, but cinnamon oil has a long history of traditional usage as medicines and food supplements to support good health. Study focused to investigate the cinnamon oil value chain; map the value chain, find out the functions, actors and products, value and volume flow, and income distribution along the value chain. Study heavily based on primary data collected from cinnamon oil value chain actors of Galle and Matara districts of Sri Lanka. Purposively selected 45 cinnamon leaf and bark oil distillers, local collectors and exporters were the respondents. The main data collecting tools were interviewer-administrated questionnaires, in depth interviews and focus group discussion. Cinnamon oil value chains were lengthier, fragmented, leading to low levels of traceability in terms of quality and quantity. Trust, information and knowledge sharing, quality compliance was poor among value chain actors. The chain generally involves cinnamon farmers, distillers, collectors, processors and exporters. Value chain supporters and influencers were mainly government institutions with over lapping mandates but fragmented service providers. Cinnamon oil and oleoresins were highest gainers of cinnamon industry catering to the USA and EU markets mainly. The cinnamon oil consumption in many developed as well as developing nations has increased in past few decades due to rising healthcare awareness and its other beneficiary effects on mind and body and its extensive use in aromatherapy.

Keywords: Cinnamon oil, Sri Lanka, Value chain