



# Exporters' Association Of Sri Lanka

Annual Report  
&  
Accounts

2021 - 2022

## **OFFICE BEARERS 2021/ 2022**

### **CHAIRMAN**

**Mr. Talal Shums**  
Shums & Company Pvt Ltd

### **1<sup>st</sup> VICE CHAIRMAN**

**Mr. Ranil Goonetilleke**  
Lion Brewery Ceylon PLC

### **2<sup>nd</sup> VICE CHAIRMAN**

**Mr. Yohan Lawrence**  
Sri Lanka Apparel Exporters Association

### **SECRETARIAT**

#### **THE CEYLON CHAMBER OF COMMERCE**

50, Nawam Mawatha, Colombo 2

TEL : +94 11 5588891/ 5588898

FAX : +94 11 2449352

EMAIL : [easl@chamber.lk](mailto:easl@chamber.lk)

WEBSITE : [www.exporterssrilanka.net](http://www.exporterssrilanka.net)

## **MANAGING COMMITTEE 2021/2020**

**The following representatives from the member companies were elected to serve in the managing committee**

<b>Company Name</b>	<b>Main Representative</b>	<b>Alternate Representative</b>
Ceylon Biscuits Ltd	Mr. Nadeeja Karunathilaka	Mr. Priyantha Bandara
Dankotuwa Porcelain PLC	Mr. Channa Gunawardana	Ms. Sachini Bodhipaksha
Eastern Merchants PLC	Mr. Srinath Jayakody	
Expolanka (Pvt) Limited	Mr. Jagath Pathirane	Mr. Mafaz Munaz
Hayleys PLC	Mr. Chrisso de Mel	Mr. Nalaka Ratnayake
Hela Clothing (Pvt) Ltd	Mr. Nevil Dayananda	Mr. Veranja Gunawardana
Hatton National Bank PLC	Ms. Rozanne De Almeida	Mr. Randeva Mahaarachchi
KIK Lanka (Pvt) Ltd	Mr. Lakshan Algama Perera	Mrs. Nadie Kahatapitiya
Link Natural Products (Pvt) Ltd	Ms. Chamari Wickramathilake	Mr. Chanaka Gunathilake
Lion Brewery Ceylon PLC	Mr. Ranil Goonetilleke	
Meezan & Co. (Pvt) Ltd	Mr. S Abdul Cader	Mr. Umar Azwer
Microcells (Pvt) Ltd	Mr. Srinath Jayakody	
Nidro Supply (Pvt) Ltd	Mrs. Dawn S. Austin	

Nations Trust Bank	Mr. Prageetha De Zoysa	
Printcare Group of Companies	Mr. Kishore Ignatius	Mr. Anoj Iroshan
Rainco (Pvt) Ltd	Mr. Ahmed Aroos	Mr. Prasanna Chandrasiri
Ranfer Teas (Pvt) Ltd	Mr. Niren Ranasinghe	Ms. Ruvinika Kinigama
Sri Lanka Export Credit Insurance Corporation	Mr. D H J Ranasinghe	Mr. S M T Silva
Shums & Company (Pvt) Ltd	Mr. M H Talal Shums	
Tea Tang (Pvt) Ltd	Mr. Suresh Rajendram	Ms. Regina Gomez
Union Commodities (Pvt) Ltd	Mr. Trevine Miranda	

**The following representatives from the product associations were elected to serve in the managing committee**

<b><i>PRODUCT ASSOCIATION</i></b>	<b><i>REPRESENTED BY</i></b>
1. Colombo Tea Traders' Association	Mr. H D Hemaratne
2. Colombo Rubber Traders Association	Mr. Harin de Silva
3. Exporter Association of Coconut Based Substrates	Mr. M C Perera Mr. M C C Udayanga
4. Lanka Fruit & Vegetable Producers, Processors & Exporters Association	Ms. Charindi Ranasinghe
5. Seafood Exporters Association of Sri Lanka	Mr. Sampath Padmawansa Mr. Dilan Fernando
6. Spices & Allied Products Producers Association	Mr. Vernon Abeyratne
7. Sri Lanka Association of Manufacturers & Exporters of Rubber Products	Mr. Justin Seneviratne
8. Sri Lanka Apparel Exporters Association	Mr. Yohan Lawrence Mr. Athula Jayasundara
9. Sri Lanka Association of Software Services Companies (SLASSCOM)	Mr. Channa Manoharan Mr. Ashique Ali
10. Sri Lanka Gem & Jewellery Association	Mr. Ajward Deen Mr. Rizwan Nayeem
11. Sri Lanka Diamond Manufacturers Association	Mr. Sanjaya Baid
12. Tea Exporters Association	Mr. Deivoo Deivanayagam Mr. Ranjith Abeykoon

**The following past chairpersons were elected to serve in the  
managing committee**

Mr. Chrisso de Mel	Hayleys PLC (Immediate Past Chairperson)
Mr. Harin de Silva	Eastern Merchants PLC
Mr. Fazal Mushin	
Mrs. Dawn Austin	Nidro Supply (Pvt) Ltd
Mr. A. S. M. Muzzamil	Ceylon Foods (Pvt) Ltd

# **THE EXPORTERS' ASSOCIATION OF SRI LANKA**

## **MANAGING COMMITTEE 2021-2022**

### **Managing committee members who were present**

Mr. Talal Shums (Chairman/ Shums & Company Pvt Ltd)  
Mr. Ranil Goonetilleke (1<sup>st</sup> Vice Chairman/ Lion Brewery Ceylon PLC)  
Mr. Yohan Lawrence (2<sup>nd</sup> Vice Chairman/ Sri Lanka Apparel Exporters' Association)  
Mr. Chrisso de Mel (Immediate Past Chairman/Hayleys PLC)  
Mr. Harin de Silva (Past Chairman/ Eastern Merchants PLC/ Colombo Rubber Traders' Association)  
Mr. Fazal Mushin (Past Chairman)  
Mr. A S M Muzammil (Past Chairman)  
Mrs. Dawn Austin (Nidro Supply (Pvt) Ltd/ Past Chairperson)  
Mr. Rohan P. Daluwatte (Tea Tang Pvt Ltd/Past Chairman)  
Mr. Udesch Witharana (Akbar Brothers (Pvt) Ltd)  
Mr. Nadeeja Karunathilaka (Ceylon Biscuits Ltd)  
Mr. Priyantha Bandara (Ceylon Biscuits Ltd)  
Ms. Sachini Bodhipaksh (Dankotuwa Porcelain PLC)  
Mr. Jagath Pathirane (Expolanka (Pvt) Limited)  
Mr. Mafaz Munaz (Expolanka (Pvt) Limited)  
Mr. M C Perera (Exporter Association of Coconut Based Substrates)  
Mr. Nalaka Ratnayake (Hayleys PLC)  
Ms. Rozanne De Almeida (Hatton National Bank)  
Mr. Nevil Dayananda (Hela Clothing (Pvt) Ltd)  
Mr. Afthab Salie (Hameed Brothers Colombo (Pvt) Ltd)  
Mr. Lakshan Algama (KIK Lanka (Pvt) Ltd)  
Mr. Chanaka Gunathilake (Link Natural Products (Pvt) Ltd)  
Mr. S Abdul Cader (Meezan & Co. (Pvt) Ltd)  
Mr. Prageetha De Zoysa (Nations Trust Bank)  
Mr. Kishore Ignatius (Printcare Group of Companies)  
Mr. Ahmed Aroos (Rainco (Pvt) Ltd)  
Mr. Niren Ranasinghe (Ranfer Teas (Pvt) Ltd)  
Mr. Rohan P Daluwatte (Tea Tang (Pvt) Ltd/ Past Chairman)  
Ms. Regina Gomez (Tea Tang (Pvt) Ltd)  
Mr. Deivoo Deivanayagam (Tea Exporters Association)  
Mr. Vernon Abeyratne (The Spices & Allied Products, Producers' & Traders' Association)  
Mr. Trevine Miranda (Union Commodities (Pvt) Ltd)  
Mr. S M T Silva (Sri Lanka Export Credit Insurance Corporation)  
Ms. Charindi Ranasinghe (Sri Lanka Fruits & Vegetable Producers, Processors & Exporters' Association)  
Mr. Justin Senevirathne (Sri Lanka Association of Manufacturers & Exporters of Rubber Products)  
Mr Athula Jayasundara (Sri Lanka Apparel Exporters Association)

Mr. Channa Manoharan (SLASSCOM)  
Mr. Ahique Ali (SLASSCOM)  
Mr. Sanjaya Baid (Sri Lanka Diamond Manufacturers Association)  
Mr. Ajward Deen (Sri Lanka Gem & Jewellery Association)  
Ms. Ushani Dassanayake (Ceylon Chamber of Commerce/ EASL Secretariat)  
Ms. Sajani Kannangara (Ceylon Chamber of Commerce/ EASL Secretariat)

**Those who were not present:**

Mr. H D Hemaratne (Colombo Tea Traders' Association)  
Mr. Channa Gunawardana (Dankotuwa Porcelain PLC)  
Mr. Srinath Jayakody (Eastern Merchants PLC/Microcells (Pvt) Ltd)  
Mr. Veranja Gunawardana (Hela Clothing (Pvt) Ltd)  
Mrs. Nadie Kahatapitiya Algama (KIK Lanka (Pvt) Ltd)  
Mr. Umar Azwer (Meezan & Co. (Pvt) Ltd)  
Ms. Ruvinka Kinigama (Ranfer Teas (Pvt) Ltd)  
Mr. Prasanna Chandrasiri (Rainco (Pvt) Ltd)  
Mr. Anoj Iroshan (Printcare Group of Companies)  
Mr. Saheed Jiffry (Shums & Company Pvt Ltd)  
Mr. Rizwan Nayeem (Sri Lanka Gem & Jewellery Association)  
Mr. D H J Ranasinghe (Sri Lanka Export Credit Insurance Corporation)  
Mr. Mr. Sampath Padmawansa (Seafood Exporters' Association of Sri Lanka)  
Mr. Dilan Fernando (Seafood Exporters' Association of Sri Lanka)  
Mr. Ranjith Abeykoon (Tea Exporters Association)



## **LIST OF MEMBER COMPANIES AS AT 31<sup>ST</sup> MARCH 2022**

### **A**

A BAUR & COMPANY (PRIVATE) LIMITED

A F JONES (EXPORTERS) CEYLON LTD

A S AGRI EXPORTS (PVT) LTD

ADAMEXPO

AGSTAR EXPORTS (PVT) LTD

AITKEN SPENCE EXPORTS LTD

AKBAR BROTHERS (PVT) LTD

ANSELL LANKA (PVT) LTD

ATLAS AXILLIA CO. (PVT) LIMITED

### **B**

BANK OF CEYLON

BEIRA BRUSH LTD

BOGALA GRAPHITE LANKA PLC

### **C**

CEYLON BISCUITS LTD

CEYLON TEA MARKETING (PVT) LTD

CHAS P. HAYLEY & CO. LTD

CIC HOLDINGS PLC

COCOTANA COCONUT PRODUCTS

COLOMBO RUBBER TRADERS' ASSOCIATION COLOMBO RUBBER TRADERS'

COLOMBO TEA TRADERS ASSOCIATION COLOMBO TEA TRADERS ASSOCIATION

CONSOLIDATED BUSINESS SYSTEMS (PVT) LTD

## ***D***

DANKOTUWA PORCELAIN PLC

DELMEGE FORSYTH & CO. LTD

DIPPED PRODUCTS PLC

D P GLOBAL VENTURES (PVT) LTD

## ***E***

E B CREASY & CO. PLC

EASTERN MERCHANTS PLC

EDINBOROUGH PRODUCTS (PVT) LTD

ESWARAN BROTHERS EXPORTS (PVT) LTD

EURO-SCAN EXPORTS (PVT) LTD

EXPACK CORRUGATED CARTON (PVT) LTD

EXPOLANKA (PVT) LIMITED

EXPOLANKA FREIGHT (PVT) LTD

EXPORTERS ASSOCIATION OF COCONUT BASED SUBSTRATES

## ***F***

FINLAYS COLOMBO PLC

## ***G***

GEORGE STEUART & CO. LTD

GORDON FRAZER & CO LTD

GREENFIELD BIO PLANTATIONS (PVT) LTD

## ***H***

HAMEED BROTHERS COLOMBO (PVT) LTD

HARRISONS (COLOMBO) LTD

HATTON NATIONAL BANK PLC

HAYLEYS PLC

HELA CLOTHING (PVT) LTD

HELLMANN WORLDWIDE LOGISTICS (PVT) LTD

HIRDARAMANI INTERNATIONAL EXPORTS (PVT) LTD

## ***I***

IMPERIAL TEAS (PVT) LTD

INDUSTRIAL CLOTHINGS LTD

INTEROCEAN CONTAINERS (PVT) LTD

## ***J***

JAFFERJEE BROTHERS

JEFFY PRODUCTS S.L. (PVT) LTD

## ***K***

K. I. K. . LANKA (PVT) LTD

## ***L***

LANKA WALLTILES PLC

LANKEM CEYLON PLC

LINEA AQUA (PVT) LTD

LINK NATURAL PRODUCTS (PRIVATE) LTD

LION BREWERY (CEYLON) PLC

## ***M***

MABROC TEAS (PVT) LTD

MASCONS (PVT) LIMITED

MEEZAN & CO (PVT) LTD

MIAMI EXPORTS (PVT) LTD

MICROCELLS (PRIVATE) LTD

MONA PLASTICS (PVT) LTD

MORISON PLC J L

## ***N***

NATIONS TRUST BANK PLC

NIDRO SUPPLY (PVT) LTD

NATIONAL DEVELOPMENT BANK PLC

## ***P***

PATTAKANNUS (PVT) LTD

PREMIER NATURAL TEAS (PVT) LTD

PRINTCARE PLC

## ***R***

RANFER TEAS (PVT) LTD

RENUKA HOLDINGS PLC

RICHARD PEIRIS NATURAL FOAMS LTD

RILEYS (PVT) LTD

RAINCO (PVT) LTD

## ***S***

SABOOR CHATOOR (PRIVATE) LTD

SAMPATH BANK PLC

SEAFOOD EXPORTERS ASSC OF SRI LANKA

SHUMS & CO. LTD

SL ASSO.OF MANUFACTURURES & EXP OF RUBB PRDS SL ASSO.O

SL FRUITS & VEG. PRODS, PROCS, & EXP AS. SLFRUITS & VEGPRODSPROCS

SMITHKLINE BEECHAM (PVT) LTD

SPICE & ALLIED PRODUCTS, PRODUCERS' ASSC SPICE & ALLIED PRODUCTS,

SRI LANKA APPAREL EXPORTERS ASSOCIATION

SRI LANKA ASSOCIATION OF SOFTWARE AND SERVICE COMP

SRI LANKA DIAMOND MANUFACTURERS' ASSOCIATION

SRI LANKA EXPORT CREDIT INSURANCE CORPORATION

SRI LANKA GEM & JEWELLERY ASSOCIATION SL

STASSEN EXPORTS (PVT) LTD

## ***T***

TEA EXPORTERS ASSOCIATION OF SRI LANKA

TEA TANG (PVT) LTD

THE SWADESHI INDUSTRIAL WORKS PLC

TRELLEBORG LANKA (PVT) LTD

TISSA BRUSH MANUFACTURES AND EXPORT

## ***U***

UNION COMMODITIES (PVT) LTD

## ***V***

VAN REES CEYLON LTD

## LIST OF MEMBER PRODUCT ASSOCIATIONS AS AT 31<sup>ST</sup> MARCH 2022

1. Colombo Rubber Traders' Association
2. Colombo Tea Traders' Association
3. Exporter Association of Coconut Based Substrates
4. Lanka Fruit & Vegetable Producers, Processors & Exporters Association
5. Spices & Allied Products Producers Association
6. Sri Lanka Apparel Exporters Association
7. Sri Lanka Association of Manufacturers & Exporters of Rubber Products
8. Sri Lanka Gem & Jewellery Association
9. Seafood Exporters Association of Sri Lanka
10. Sri Lanka Diamond Manufacturers Association
11. Sri Lanka Association of Software and Service Companies
12. Tea Exporters Association of Sri Lanka

## PAST CHAIRPERSONS OF THE EXPORTERS' ASSOCIATION OF SRI LANKA

### *Year*

From 1993 to 1997 August - Mr Lyn Fernando  
Chairman of the Export Section of the Ceylon Chamber of Commerce  
- Mr. Gulam Chatoor  
Chairman of the Federation of Exporters Association of Sri Lanka

### **August, 1997**

The Export Section of the Ceylon Chamber of Commerce & the Federation of Exporters Association of Sri Lanka merged to form EASL and the inaugural meeting of the Exporters' Association of Sri Lanka held on August 22nd 1997, This meeting was chaired by Mr Gulam Chatoor as Chairman of Federation of Exporters' Association of Sri Lanka. Mr Lyn Fernando was elected as the Chairman of EASL.

### **Chairpersons from 1997 onwards;**

1997-2000	-	Mr. Lyn Fernando
2000-2003	-	Mr. A S M Muzzammil
2003-2005	-	Mr. Gratian Gunawardhana
2005-2007	-	Mr. Mohan Mendis
2007-2008	-	Mr. Deepal Chandrasekara
2008-2011	-	Mrs. Nirmali Samaratunga
2011-2013	-	Mrs. Dawn Austin
2013-2015	-	Mr. Rohan P. Daluwatte

2015-2017 (February)	-	Mr. Fazal Mushin
2017-2019		Mr. Harin de Silva
2019-2021		Mr. Chrisso de Mel

## **THE EXPORTERS' ASSOCIATION OF SRI LANKA**

*The formation of the Exporters Association of Sri Lanka brought a wide spectrum of exporters, under one umbrella, and a strong platform was built to discuss and make representations on issues affecting the Export Trade, with one voice. The Association now represents around 1000 Exporters through direct and indirect membership, and contributes to over 80% of the total exports of the country.*

### **History:**

*In 1973, Chamber Members who engaged in individual export trade initiated the formation of the "Export Section of the Ceylon Chamber of Commerce".*

*In 1987, the Export Development Board initiated the formation of the Federation of Exporters' Associations of Sri Lanka (FEA), which was an umbrella organization of major export product specific Associations.*

*It was observed that there was a duplication of activities of these individual Organizations and that there would be more usefulness served if the two were merged to promote and protect the common interests of Members, whilst making a significant contribution to the growth of the Export Industry of Sri Lankan exporter.*

*In August 1997, Export Section of the Ceylon Chamber of Commerce (CCC) and the Federation of Exporters' Association (FEA) passed resolutions at specially convened General Meetings by the two Institutions that the Institutions merge into one Association to be called the EXPORTERS ASSOCIATION OF SRI LANKA.*

*The first Chairperson elected after the merger, was Mr. Lyn Fernando, with Mr. Gulam Chatoor proposing his name from the chair. Mr. Lyn Fernando and Mr. Gulam Chatoor had both served as Chairpersons of the Export Section of the Ceylon Chamber of Commerce and as the Chairpersons of the FEA.*

*All members of both the Institutions took the membership of the EASL.*

### **Membership**

*The EASL now proudly represents practically the entire Export Sector of Sri Lanka through the Membership of Companies and Exporter Associations. Eligibility to join the EASL being made up of the following:*

- 1. Any member of the Ceylon Chamber of Commerce engaged in or interested in export*
- 2. Any properly constituted and functioning Association representing exporters of products and services*
- 3. Any individual member of such an Association referred to in (2) above*



4. *Any Company or Individual engaged in exports of goods and services who are registered with Sri Lanka Export Development Board (SLEDB) or any respective Association duly constituted and functional.*

*The EASL's single platform representation structure is acknowledged by all authorities in both the public and private sectors to be a responsible and credible voice of Exporters in Sri Lanka.*

## **REVIEW OF ACTIVITIES 2021/2022**

### **ANNUAL GENERAL MEETING (AGM)**

The Exporters' Association of Sri Lanka (EASL) which is an approved Association of the Ceylon Chamber of Commerce held its 24<sup>th</sup> AGM on 16<sup>th</sup> July, 2021 at 3.00 p.m. as a virtual meeting connected through Microsoft Teams.

Mr. Talal Shums of Shums & Company (Pvt) Ltd was elected as the Chairman for EASL whilst Mr. Ranil Goonetilleke and Mr. Yohan Lawrence were elected as 1<sup>st</sup> Vice Chairman and the 2<sup>nd</sup> Vice Chairman respectively.

The EASL's mission is to promote and protect the interests of the Exporter Community at large and this has brought together a wide spectrum of Exporters under a strong single platform aimed at exchanging views and making representation on Macro issues relevant to the country's Exports.

The EASL has constantly engaged with Government agencies, representing and lobbying Exporter concerns for consideration, with a view to facilitating a dialogue with regard to national policy direction, whilst taking into account the shared goal of achieving strong national economic development through the combined endeavours of the Export Sector and the Government.

Addressing the 24<sup>th</sup> Annual General Meeting of the Exporters' Association of Sri Lanka, Mr. Talal Shums, the elected chairman of the EASL, made the following remarks.

“The need of the hour is increased Exports; hence we believe that the EASL as well as our members have a very large role to play in the recovery of our economy. As an industry, what we need is stable policy decisions - AD Hoc policy decisions such as banning the importation of Chemical Fertilizer could have a detrimental impact on our Agricultural Crops, which in turn would result in decreased volumes available for export of such crops. We believe that going organic is important, but this should be achieved with a long term plan and should be phased in and we urge the government to not implement such decisions overnight,” he said.

“The Daily news of the 3rd of July stated that a ministerial committee has been setup to make amendments to the current Export CESS Act. We have made representation with the EDB to intervene and stop any amendments to the act which could kill the goose that laying the golden eggs. Along with a general increase in the global freight rates, the current import ban (as required to conserve our Foreign Exchange) has resulted in less containers being available for exporters to ship out with which has worsened the situation for exporters.

Exporters have had to bare the cost of increased freight rates, vessel's by passing Sri Lankan ports due to low cargo volumes etc... Whilst these are natural market forces at play - the exporters have had to bare the brunt of these with late shipment penalties, being reputed as an unreliable sourcing destination, sky high freight rates, claims etc... Further, Whilst understanding the need for our very tight exchange control policy's , we believe the government should look at mechanisms of giving the Export sector an extra benefit in terms of a higher value for every USD that brought into the country through exports ( similar to foreign worker remittances ) - We believe this would make our exports more competitive, further Exporters should have the ability to negotiate 100% of their term USD Bills through local banks and to be able to remit money out for raw material purchases without any restrictions," he noted.

"We believe that we will have to live with the COVID 19 Pandemic for the foreseeable future, however, I believe that we will have to find methods to live with this pandemic. A key to doing so is to have most of our population vaccinated, in that light whilst appreciating the Government for having carried out a very good vaccination program to date we would like to request that all SLEDB registered Export Companies are put on a priority list in order to be able to vaccinate their staff and work at full capacity and efficiency and in turn increase exports from Sri Lanka. We would like to commend the EDB on the work done on the National Brands Development Program 2021-2024 which is a program setup to give financial assistance to 100% Sri Lankan owned brands to be taken to the world market. This is a great initiative for both current exporters as well as Export Ready companies in Sri Lanka. Moving forward The Constitution of the EASL states that the objectives of the association are to promote and protect the common interests of the members of the association who export products and services to engage in any activity as may be necessary or conducive to the interest or benefit of such exporters. We would like to work with the authorities by engagement and not confrontation and we would like more inclusiveness and greater engagement with policy makers. I would like to place on record that we had a very productive meeting with Mr. Suresh De Mel - Chairman Export Development board who wanted the EASL's input on increasing exports in the short to medium term. We are grateful to our membership who have come back to us with their feedback on the same. This was the first of many engagements we hope to have with the EDB. We believe this is one of the mechanisms of the private sector working very closely with the public sector for the betterment of our mother land," he said.

"We would like to continue to be a part of the discussions with regard to all areas of trade such as FTA's, Bilateral trade agreements and as such. Sri Lanka's current Ease of doing business ranking is at 99, whilst our closest neighbor India is at 63 and other countries who are close competitors in the Asian region such as Vietnam ranks 70. We have a lot of work to do to increase our rankings in the Ease of doing business index and the EASL is happy to play its part to help the government increase our rankings. We will continue with our Recommendation for a National Export Strategy document NEDEV's and would like to play an active role in formulating future strategy to increase exports from Sri Lanka. In order to be current in a global context and also not to rely solely on our existing basket of export goods, we believe high value Technology Exports as well as Technology in Exports needs to be looked at this is an area that I would like our committee to look at very seriously. I believe that we could engage more with our member associations such as SLASSCOM and their member companies to see how best we could use technology and cross sell technological products to enhance our product portfolio and become a relevant destination in the global supply chain. We look forward to engaging with the authorities to ensure that the exporters expectations are met and look at how we could play our part in bringing in much needed export earnings into the country," he added.

## **MANAGEMENT COMMITTEE MEETINGS & SUMMARY OF ITS ACTIVITIES**

During the period under review (2021/2022) the Committee met on eight (08) occasions.

### **EASL REPRESENTATION ON OTHER BODIES/PARTICIPATION AT OTHER FORUMS**

- Committee of the Ceylon Chamber of Commerce
  - Chairman, Mr. M H Talal Shums (Main representative)  
& Mr. Ranil Goonetilleke (Alternate)
- The Ceylon Chamber of Commerce Sector Committee on ‘Logistics & Transport’
  - Chairman, Mr. M H Talal Shums
- The Ceylon Chamber of Commerce Sector Committee on ‘Export Development’
  - Chairman, Mr. M H Talal Shums
- ADB & SLEDB ‘Planning Committee’
  - Chairman, Mr. M H Talal Shums

The Association has maintained a closer dialogue with the following Institutions, on export related matters:

- Ministry of Development Strategies and International Trade
- Ministry of Industry and Commerce
- Ministry of Finance, Economy & Policy Development
- Ministry of Foreign Affairs
- Sri Lanka Export Development Board
- Department of Inland Revenue (VAT Dept)
- Sri Lanka Customs
- Board of Investment
- The Central Bank of Sri Lanka
- Sri Lanka Ports Authority
- Department of Commerce
- Department of Exchange Control
- Joint Apparel Associations Forum
- Sri Lanka Standards Institute

### **MAIN AREAS ADDRESSED DURING THE YEAR UNDER REVIEW**

As the apex body representing over 100 Exporters through direct & indirect membership, who contribute over 80% to the total exports of the country, the EASL activities during the year under review, were primarily aimed at facilitating an environment for the Exporters with a focus on global competitiveness and achieving strong growth of the Sector.

In the year under review the EASL has forged ahead to capitalize on the Government's declaration that all imperatives required to encourage the growth of Export will be addressed and resolved. Consistent and frequent representation has been made by the EASL to every related agency connected with Exports, drawing attention to aspects that constrain Export businesses from being able to achieve the targets which each sector has set for itself.

**KEY EXPORT RELATED MATTERS ADDRESSED AND RESOLVED THROUGH EASL INTERVENTIONS AT MEETINGS WITH GOVERNMENT OFFICIALS AND OTHER EXPORT RELATED ORGANIZATIONS:**

**1) Export Development Board**

- i) EASL office bearers had a meeting with the SLEDB Chairman on the 09<sup>th</sup> July 2021 via Zoom to discuss avenues of increasing exports. During this discussion, the SLEDB Chairman requested EASL to share the inputs as to how Exports could be increased in the short and medium term. Email circular was sent by the Secretariat and the few members were responded to the said request. The collated information was forwarded to the SLEDB Chairman.
- ii) **Virtual Meeting to discuss on the issues related to inadequacy of containers for exports and increasing freight rates – 01<sup>st</sup> September 2021**

This meeting was organized by the Chairman/ Chief Executive of SLEDB to discuss the issues related to shortage of equipment, inadequacy of containers for exports and increasing freight rate.

The following stakeholders were invited for the meeting.

Director General - Sri Lanka Customs  
Managing Director –Sri Lanka Ports Authority  
Immediate Past Chairman / Secretary General - CASA  
Chairman / Secretary General - Sri Lanka Freight Forwarders' Association  
Chairman – Sri Lanka Shippers' Council  
Chairman - Exporters' Association of Sri Lanka  
Immediate Past Chairman/EDB's Advisory Committee on Logistics  
Country Director / MSC Shipping lines  
County Director / Maersk Shipping line

Government's actions against shipping lines will not work at this moment, as no carrier is obliged to call at the Port of Colombo. The concerning factor is that there is no urgency on the part of the Government to resolves the issues that are being encountered, which is further impacted due to the prevailing pandemic; more ports are getting congested and new issues are being encountered. From a commercial perspective, although vessels are coming in with some capacity, they are maintaining very low inventories. Even though they are instances that space can be released, difficulties were being encountered due to the shortage of equipment; the restrictions imposed on imports at present have further intensified this concern. The number of containers have now been repositioned in order to accommodate exports. Sri Lanka pays very low freight rates in comparison to

Indonesia and Thailand and there was a need for the country to understand these issues and align its strategies accordingly, to derive benefits from the advantages of the country's Port facilities. A well planned port management system is essential to improve productivity and it is also essential to appropriately plan and strategize, enabling the shipping lines to derive cost benefits from container repositioning.

## **2) Ministry of Finance**

### **55th Asian Development Bank Annual Meeting in Sri Lanka 2022**

Chairman had been invited by the Ministry of Finance to help with organizing the 55<sup>th</sup> Annual General Meeting of Asian Development Bank.

### **Debt Moratorium**

Considering the new surge in COVID-19 outbreak in Sri Lanka, requests from many concerned parties were received by the Central Bank of Sri Lanka (CBSL) to consider extending the concessions granted to the affected borrowers/customers under the Circular No. 05 of 2021 dated 25 May 2021.

Accordingly, with a view to facilitating to meet the challenges faced by businesses and individuals due to the ongoing COVID-19 pandemic, CBSL requested licensed commercial banks and licensed specialised banks, to extend the concessions granted under Circular No. 05 of 2021 dated 25 May 2021 as specified in the circular release on 01<sup>st</sup> September 2021. Further, licensed banks may offer additional concessions to businesses and individuals affected due to the COVID- 19 pandemic, on their request, in a way that the overall benefits to the borrower/customer are not less than the benefits offered under the Circular.

Debt moratorium has been extended until the 31<sup>st</sup> of December 2021. Government extended the moratorium due to the pandemic. The tourism sector debt moratorium has been extended since April 2019.

## **3) Sri Lanka Customs**

### **Digital Signature Implementation**

As part of the efforts moving toward a paperless environment in Sri Lanka Customs, UNCTAD has developed new functionality in the Asycuda World system to digitally sign the Customs Declarations in the import and export processes.

The import and export process has a huge bearing on a country's Ease of Doing Business index. This is also considered a critical factor in attracting foreign direct investments. For many years, document submission to Sri Lanka Customs was a manual process. Ending this cumbersome and ineffective process, Sri Lanka Customs introduced online document submission following the migration to ASYCUDA World in 2012. As a solution, Sri Lanka Customs partnered with LankaClear in introducing LankaSign Digital Signatures for documents submitted to Sri Lanka Customs.

#### 4) Central Bank of Sri Lanka (CBSL)

- i) The EASL has lobbied the following issues to the Deshamanya Prof. W D Lakshman Governor Central Bank of Sri Lanka on the 31<sup>st</sup> August 2021.

- Exchange Rates: Most Banks give very low exchange rates when converting our USD into LKR, EASL request is to grant the Exporters a Special Exchange Rate in line with the actual market exchange rates Further we would also like to request a scheme where exporters could enjoy a similar benefit similar to the expatriate workers and get an additional incentive per USD brought into the country.

- Moratoriums: Most Businesses have not gone back to normal since the beginning of the pandemic (when the Debt Moratoriums and the Saubhagya loans were originally disbursed), EASL made the following requests,

- o Get clarity on the end settlement date for the Saubhagya Loans granted. i.e.: if the loan was originally granted for 18 months with a six months grace period. We understand that the original end date is still applicable- however the repayment has been delayed and the amount borrowed has to be repaid in a shorter time frame. Most exporters find it difficult to commit to a higher repayment on a monthly basis.

- o Debt Moratoriums: Due to the Fourth Wave of the Covid 19 pandemic most export related businesses would require a longer moratorium period on the debt repayments. We would be grateful if the debt moratorium could be extended by a further six months to help us get through this tough period.

- ii) The new Rules, as published in the Gazette Extraordinary No. 2251/42 dated 28 October 2021, were issued by the Monetary Board of the Central Bank has issued in respect of repatriation of export proceeds into Sri Lanka and conversion of such export proceeds to Sri Lanka Rupees. The Gazette requires repatriation of export proceeds into Sri Lanka and conversion on or before the seventh day of the succeeding month. However, exporters could

The exporters could retain and use such proceeds only for outward remittances in respect of current transactions, withdrawal in foreign currency notes as permitted, debt servicing expenses and repayment of foreign currency loans, purchases of goods and obtaining services including one-month commitments, and payments in respect of making investments in Sri Lanka Development Bonds in foreign currency up to 10% of the export proceeds.

### **iii) Repatriation of export proceeds to Sri Lanka**

Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2022 published in Gazette No: 2270/66 dated 11.03.2022

Under the special gazette notification, exporters of goods and/or services will be authorized to make payments in foreign currency in several categories including payments of dividends declared to non-resident investors and/or payments of salaries to expatriate employees who are foreign nationals or dual citizens as permitted under the provisions of the Foreign Exchange Act No. 12 of 2017.

Every exporter of goods or services shall mandatorily receive the export proceeds in Sri Lanka, in respect of all goods exported and/ or services provided outside Sri Lanka, within 180 days from the date of shipment or provisioning of services.

Exporters are requested to immediately submit all related documentary evidence on each and every receipt of export proceeds after receiving all and every receipt/s of export proceeds, to the respective Licensed commercial bank or a permitted licensed specialized bank that receives such proceeds in Sri Lanka.

The gazette also states that every exporter of goods and services, who receives export proceeds in Sri Lanka, must mandatorily convert export proceeds into Sri Lanka Rupees on or before the 7th day of the following month.

All licensed banks are required to strictly and mandatorily monitor the receipts of exports proceeds in Sri Lanka and follow the new regulations.

## **OTHER TRADE RELATED MATTERS ADDRESSED BY EASL**

### **1) Discussion on sea freight rate discrepancies and increasing & frequently changing freight rates with CASA on 01<sup>st</sup> October 2021.**

1. Exchange rates used for freight rates published in the CASA should be the rate at which the freight forwarders invoice the exporters, however EASL have noticed that most freight forwarders use a much higher rate of exchange when invoicing. We request that CASA intervenes in this matter and requests the freight forwarders and others to follow CASA / Central Bank published rates of exchange when invoicing the exporter.
2. Increasing & frequently changing freight rates - EASL members find it very difficult to Sell on CIF / CFR basis due to the increasing freight rates and other charges imposed by the lines. Whilst we understand that this is a global problem - we would like to seek some clarity on how best we could manage this situation as exporters in order to increase our exports and bring in much valued foreign currency into the country.



## **2) Meeting held on 14<sup>th</sup> May 2022 to discuss current issues and proposals with the Prime Minister, Hon. Ranil Wickramasinghe.**

EASL was invited to a meeting with Prime Minister, Hon. Ranil Wickramasinghe on 14<sup>th</sup> May 2022 with very short notice. The new committee for essential items appointed by the Prime Minister and discussed major issues and proposals. On behalf of the export sector of the country, Chairman requested Hon. Prime Minister to relook at the National Export Strategy in order to initiate the sustainable plan for exports. Meeting was chaired by Hon. Prime Minister and Mr. Ruwan Wijewardena, Mr. Vajira Abeywardena and Mr. Sagala Ratnayake also attended for discussions.

## **3) Press Article 01 October 2021(Daily FT, front Page).**

### **Exporters' Association perturbed by CBSL allegations of 'hoarding' foreign currency**

The Exporters' Association of Sri Lanka (EASL) in a statement said yesterday it was deeply disturbed by the negative connotations and inferences cast on the export sector of the country by the Central Bank with its recent article in the media.

EASL, which is the export arm of the Ceylon Chamber of Commerce, said exports were the driver of the economy and at this crucial juncture where the export community was doing its best to support the foreign exchange earnings of the country, it was deeply disappointing to see these unfounded allegations being cast on the export sector as a whole.

EASL asserted that as a whole, exporters had been abiding by the rules of the country despite the number of difficulties they faced and this broad-brush tarnishing was neither useful, nor accurate.

EASL said in an era where digitalization was being portrayed as the way forward, the CBSL would have access to the real time data on each and every exporter in terms of their export earnings (these are on the ASYCUDA system of the Sri Lanka Customs, and from remittances through the banking sector).

“It would be far more productive if the CBSL were to use this data to identify any companies which are not abiding by the regulations regarding both the repatriation of export proceeds and the conversion of at least 25% of the same. The CBSL should call these individual companies out and use the provisions of the law that are afforded to it, to take strong action against any such company,” asserted EASL.

The EASL said it would strongly support such an intervention rather than the generalisation of the entire export sector as companies that were “hoarding” foreign currency. “We stand ready to work with our membership and with the CBSL in this endeavour,” it emphasised.

“There are challenges such as dealing with NFE exports, reconciling of payments for exports by buyers, issues over cargo that has been ‘shipped’ but is sat on a dock in a port somewhere due to port and



shipping delays all need to be considered before a decision is taken on whether a company is ‘hoarding’ its exchange earnings,” it noted.

EASL said it was unfortunate that at a time where exporters needed to focus their attention on the real problems of securing orders and delivering them to customers, attention now had to be focused on rescuing the image of the industry because of alleged infringements by some companies.

“We urge the CBSL to use the information and tools that it has within its armoury to correctly identify companies failing in their obligations to repatriate export proceeds and to take severe action against those companies,” EASL said in its statement.

#### **4) Press conference on 7<sup>th</sup> March 2022**

Private sector tells government to ‘bite the bullet’ today to avert disaster tomorrow.

The Joint Chambers, comprising nine leading private sector business, industry, commerce and entrepreneurship lobby groups, said they have expressed willingness to take up additional burden by way of higher taxes as well as utility prices thereby extending support to the Government to resort to difficult yet critical decisions to resolve the crisis sparked by depleting foreign reserves, shortage of dollars, disruption in power and fuel supplies.

“It is better to do it today than face a far worse debacle tomorrow,” Ceylon Chamber of Commerce told journalists at a joint briefing along with eight other groups - Federation of Chambers of Commerce and Industry (FCCSIL), Sri Lanka Apparel (JAAF), Chamber of Young Lankan Entrepreneurs (COYLE), International Chamber of Commerce Sri Lanka (ICC), National Chamber of Commerce (NCCSL), the Exporters Association of Sri Lanka (EASL), the Chamber of Construction Industry (CCISL) and the Women’s Chamber of Industry and Commerce (WCIC).

They unanimously decided to go to the press to list their concerns and suggestions to resolve the precarious country situation after having met at an emergency session last week and issuing a statement subsequently.

Joint Chambers yesterday renewed their suggestion to the Government. They are:

- 1. Establish a market driven pricing formula for fuel, gas and electricity while also allowing flexibility on the exchange rate. This is on the basis that it is better to manage a situation of cost escalations compared to the present shortage of essential items including foreign exchange which is crippling economic activity.*
- 2. Immediately commence a pre-emptive foreign debt restructuring process in an orderly manner. This the Chambers said should involve restructuring of both commercial and non-commercial debt. We feel commencing this process soon will provide a breathing space to allocate the scarce dollars towards essential imports such as fuel and medicines.*
- 3. Pursue the support of the IMF and formulate a reform program that would provide confidence to the market and private sector with immediate effect.*

The private sector also renewed their expression of support to the Government in developing and implementing a program that would help Sri Lanka emerge from this crisis and stage a strong post-pandemic recovery as envisioned by all stakeholders.



### **5) Press conference on 8<sup>th</sup> April 2022**

#### **Private sector warns crises causing \$ 50m daily economic loss**

The current political crisis could cause \$ 50 million loss per day or rising, the private sector revealed yesterday, whilst fearing a drop of around 30% from the export revenue from this month onwards.

A total of 23 major associations, representing key industries of the economy in one voice called on the parliamentarians of all political parties to come up with a viable long-term proposal to urgently start negotiations with the International Monetary Fund (IMF) along with debt restructuring plan, to ensure political stability to win the confidence of the world to fix the adversity.

They warned that their industries, which collectively earn about \$16.7 billion annually through merchandise and services exports, would come to a standstill if the current situation continues.

In addition, they said livelihoods of over 4.2 million workers or 50% of Sri Lanka's entire working population will be badly affected.

The private sector champions expressed that they could breathe a sigh of relief with the appointments of new Central Bank Governor Dr. Nandalal Weerasinghe and Finance Ministry Secretary K.M.M. Siriwardena on Thursday.

“We are seeing tremendous challenges which is going into the next level and bringing all industries to a halt. IMF should have been yesterday and not tomorrow or next week. We insist on the Government and Opposition to come up with a politically stable system, so that the world will believe us. The President has all powers through the Constitution and he has to take a call on the next step.

On behalf of the Exporters Association of Sri Lanka (EASL), Chairman said they anticipate a drop of around 20-30% in export turnover this month, if no immediate action is taken by the policymakers.

“All the associations represented here accounts to about \$ 17 billion exports each year. So, a drop of 20-30% is significant. We urge the authorities to help us not come to this drastic decline in turnover,” he added.

Chairman pointed out that this political instability has led to a credibility issues with their buyers, where the competitive countries are using the opportunity to increase their market share.



## 6) Joint Chambers welcome new appointees, calls for urgent appointment of Finance Minister

Joint Chambers welcome the appointment of two experienced professionals to the posts of Governor, Central Bank and Secretary, Ministry of Finance and wish both of them all success. We also extend our fullest cooperation to the new appointees in navigating the Sri Lankan economy out of its current predicament.

At the same time, the Joint Chambers believe that the immediate appointment of a Minister of Finance is critical to complete the country's economic management team to prepare for the forthcoming discussions with IMF and the commencement of the long delayed debt restructuring process. Hence, we urge that a new appointment is finalized before the end of this week as a matter of utmost priority.



## 7) Joint Chambers call for the appointment of an Interim PM and ask the President to heed the Voice of the People

Joint Chambers together with Institute of Chartered Accountants of Sri Lanka call upon the President to take immediate steps to appoint a competent person as the interim Prime Minister and a small Cabinet of Ministers to be appointed in consultation with the Prime Minister acceptable to all leading political parties represented in Parliament. This must be done with immediate effect in order to take urgent action to restore law & order and economic activity in the country.

Further, it is abundantly clear that concluding the IMF staff level agreement in a timely manner as planned, could be jeopardized due to the absence of a legitimate government. While awaiting the IMF program, it is critical that Sri Lanka secures Bridge Financing to help get through the next six months.

We therefore:

- Call upon all political parties to leave aside their political agendas and differences in order to support the formation of an interim government under a leadership accepted by all.
- Urge the expedition of much needed constitutional amendment to repeal the 20th amendment and abolishment of the executive presidency within a reasonable timeframe through a consensual approach.
- Request that the President respects the voice of the public and resigns immediately after the interim government is firmly in place.
- Appeal to the people of this country to remain calm and not resort to violence that will make it even harder for the country to emerge from this crisis.
- Respectfully urge all religious leaders to advise the public on the need to desist from violence while expressing their voice in a peaceful manner as done so effectively up to yesterday.

Statement issued by the following Institutions:



## 8) Private sector appeals to Parliament to prioritise political stability

The embattled private sector yesterday in writing appealed to all members of Parliament to urgently restore political stability as the current crises is destroying the economy further.

In an unprecedented move, 38 Chambers of Commerce and Industry jointly wrote to the Speaker, Party Leaders and MPs stressing the need for the economic crisis to be resolved urgently to prevent a serious catastrophe.

“We the undersigned Chambers and associations, unanimously wish to bring to your attention the catastrophic economic wave that is heading towards all of us,” said the letter by the Chambers collectively representing exporters, importers, manufacturers, tourism sector, shipping and logistics providers, and other service providers.

It said vital sectors of the economy are witnessing a fast and a steady collapse of the supply chains, which could in turn seriously disrupt both financial markets and banking systems.

“If all industries, exports and other critical sectors of the economy come to a standstill, the result will be the destruction of the entire social fabric with the Micro, Small and Medium Enterprise (MSME) sector being the hardest hit,” warned the letter copy of which has been sent to President Gotabaya Rajapaksa as well.

Therefore, the private sector said, it was imperative that the Government is able to take forward the engagement with the IMF and the debt restructuring process coupled with other much needed reforms with a sense of urgency to avoid an economic catastrophe.

“We, therefore, call upon from the leaders of political parties and all elected representatives of the people to bring upon political stability to the country by the end of this week, where a pragmatic interim solution is brought upon by the sitting parliamentarians together with the executive branch to address the concerns of citizens that has led to a massive public uprising,” the private sector appealed from MPs.

“We strongly believe if this trend is continued it can turn into a spiral of violence which can cause serious damage to the people and economy of this country. Therefore, we urge every one of you to take up responsibility and act in the best interest of the country at this crucial juncture of our nation to establish an interim government that can focus on the immediate priorities described,” the private sector added.

The joint letter was signed by the following institutions:

All Island Dairy Association; Association of Container Deport Operators; Association of Container Transporters; Ceylon Association of Shipping Agents; Ceylon Chamber of Commerce; Ceylon Motor Traders Association; Colombo Rubber Traders Association; Colombo Tea Traders’ Association; Diamond exporters Association of Sri Lanka; Essential Food Importers and Traders Association; Exporters Association of Sri Lanka; Federation of the Information Technology Industry Sri Lanka; Free Trade Zone Manufacturers Association; Hub Operators Association of Sri Lanka;



Industrialists Association Minuwangoda; Insurance Association of Sri Lanka; Joint Apparel Association Forum; Lanka Fruit and Vegetable Producers, Processors and Exporters Association; Leasing Association of Sri Lanka; National Chamber of Exporters of Sri Lanka; Plastics and Rubber Institute of Sri Lanka; Sri Lanka Association for Software and Services Companies (SLASSCOM); Sri Lanka Association of Air Express Companies; Sri Lanka Association of Inbound Tour Operators (SLAITO); Sri Lanka Association of Manufacturers and Exporters of Rubber Products; Sri Lanka Ceramics and Glass Council; Sri Lanka Logistics and Freight Forwarders Association; Sri Lanka Retailers' Association; Sri Lanka Shippers Council; Sugar Importers Association; Tea Exporters Association; The Colombo Brokers' Association ; The Finance Houses Association of Sri Lanka; The Hotels Association of Sri Lanka; The Industrial Association of Sri Lanka; The Planters' Association of Ceylon; The Sri Lanka Pharmaceutical Manufacturers' Association; and Travel Agents Association of Sri Lanka (TAASL).

#### 9) BASL, private sector, YMBA present 13 crisis resolution proposals to Mahanayakas

The Bar Association of Sri Lanka (BASL), the Ceylon Chamber of Commerce and the Young Men's Buddhist Association (YMBA) yesterday presented several proposals to restore political and economic stability to Ven. Thibbotuwawe Sri Sumangala Mahanayake Thero of the Malwatte Chapter and Ven. Warakagoda Sri Gnanarathana Mahanayake Thero of the Asgiriya Chapter.

The proposals including the repeal of the 20th Amendment to the Constitution, the abolition of the Executive Presidency, the formation of a Government of national unity with a Prime Minister able to create a consensus among the political parties, a 15-member Cabinet of Ministers, a 15-member advisory council and the adoption of a Common Minimum Program are among the 13-point proposals.

BASL President Saliya Pieris PC, Ceylon Chamber Chairman Vish Govindasamy as well as BASL Deputy President Anura Meddegoda PC, Ceylon Chamber Vice Chairman Duminda Hulangamuwa, former Chairman Suresh Shah, BASL Secretary Isuru Balapatabendi, and Treasurer Rajindh Perera, Prasantha Abeykoon and Danuka Samarasinghe from the Board of Management of the Colombo YMBA were present at the handover of proposals to the Mahanayakas.

Last week the BASL was invited by the Ceylon Chamber to present the proposals to representatives of the Joint Chambers of Commerce, the Organisation of Professional Associations (OPA), the Sri Lanka Medical Association and the Institute of Chartered Accountants of Sri Lanka.

The BASL and the Ceylon Chamber of Commerce have over the past several months separately expressed their strong concern about the dire state of the economy, the need for immediate action and the consequences of failing to do so.

In the light of apparent apathy to these concerns the BASL and the Ceylon Chamber of Commerce commenced a dialogue to explore the role professionals and the business community could play in ensuring, at first, economic stability and subsequently political stability in the country.

The proposals drafted by a Sub-Committee of the Executive Committee of the BASL were unanimously approved at a Special Meeting of the Bar Council on 22 April where the Bar Council also decided to bring the proposals to the immediate attention of the political leadership and religious leaders of the country and to discuss the proposals with the Chambers and other professional organisations.

The objective of the proposals are to create a stable Government with the ability to implement reforms domestically and the ability/credibility to negotiate with the IMF, other multilateral agencies and friendly countries to help Sri Lanka get out of the economic crisis by: creating political, economic and social stability; creating an environment to address the fundamental problems that have led to the current crisis and imperil future reforms; restructuring Sri Lanka's external debt; d) obtaining bridging finance to ensure the uninterrupted supply of essential goods; and creating an environment to combat corruption and ensure accountability by strengthening independent institutions.

There was a broad consensus among those present to continue discussions on the basis of the proposals presented by the BASL and to include more industry associations and professional bodies.

Representatives of the Ceylon Chamber of Commerce (CCC), International Chamber of Commerce Sri Lanka (ICCSL), the National Chamber of Commerce of Sri Lanka (NCCSL), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL), Joint Apparel Association Forum (JAAF), Chamber of Construction Industry Sri Lanka (CCISL), Women's Chamber of Industry and Commerce Sri Lanka, Exporters Association of Sri Lanka and the American Chamber of Commerce attended the discussion.

In addition, representatives from the Organisation of Professional Associations (OPA), the Sri Lanka Medical Association (SLMA) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and several Past Presidents of the Ceylon Chamber of Commerce were invited to the discussion.

### **EASL'S AFFILIATION WITH OTHER ORGANIZATIONS ON EXPORT RELATED MATTERS**

#### ***i) The Ceylon Chamber of Commerce***

Participation in monthly Chamber Committee meetings:

#### ***ii) Employers Federation of Ceylon***

As an Affiliated Association of the EFC, EASL participated in EFC regular meetings, where employee related matters were discussed.

## **AWARENESS BUILDING ACTIVITIES**

### **A) Dissemination of Information**

The membership was alerted on various issues affecting exporters, as well as matters of interest, by way of Circulars issued by EASL as well as the Ceylon Chamber of Commerce and various other affiliated bodies of the relevant local Chamber. This included information on matters of business interest to members, notices of topical seminars/workshops organized by the Ceylon Chamber of Commerce and affiliated Associations/Councils

### **B) Seminars/Interactive forum**

During the year under review, there was no seminars organized by EASL.

#### **i) Exporters Association Sri Lanka@100 webinar today to promote women-led start-ups**

Sri Lanka@100, in collaboration with the Exporters Association of Sri Lanka, has conducted a capacity-building webinars to support the growth of women led startups, which will be in three parts series. The first webinar was held on 24 January 2022.

The webinar was conducted by Shawn Silva from Stax Inc., it was organized mainly for female entrepreneurs who have created a brand and are looking to align their business strategy to expand their reach and succeed in the export markets. International Trade Consultant and Export Development Board (EDB) ex-Chairperson Ms. Indira Malwatte played a pivotal role in connecting these aspiring women to appropriate distribution partners/channels across the globe.

Sri Lanka@100 is a private sector-led business development platform that was launched in 2020 with support from USAID. This initiative works with high potential mid-market firms to optimize internal operations, enhance product portfolios, access new markets, and attract capital to help Sri Lanka become a high-income country within 100 years of independence.

The association's intention was to bring the wide spectrum of the export sector under one umbrella and provided a strong platform to build, discuss and make representations on issues affecting the export trade, with one voice. EASL had interests in supporting under privileged and underrepresented demographic groups, to reach their economic potential in the export sector and will be organizing these kinds of webinars in future.





- ii) Uncover key insights from the Chief Growth Evangelist at Salesforce, Tiffani Bova as she outlined what it takes to stay relevant, be bold and create an engine for sustained and repeatable growth in 2022 and beyond – 24<sup>th</sup> February 2022 at 6.00 p.m.



- i) Chairman was also a panelist in a launch of the first report under the Export Barometer Survey series - a bi-annual survey conducted to provide exporter insights over time. This launch was followed by a roundtable discussion with industry experts | 23<sup>rd</sup> November 2021



### C) Website

The site has proved to be an extremely useful information tool. <http://www.exporterssrilanka.net>.

### D) Publicity

Several Press releases and interviews were given by EASL to create awareness of developments and issues in the Sector, and the future outlook.

### E) Membership

The Membership as at 31<sup>st</sup> March 2022 consisted of 94 individual Exporter members and 11 Product Associations.

### F) Auditors and Annual Accounts

The Auditors of the Exporters Association of Sri Lanka for the period 2021/2022 were Messrs. HLB Edirisinghe & Co. The Audited Accounts of the Association is attached.

## **G) Secretariat**

The Ceylon Chamber of Commerce continued to provide Secretarial Services to the Association during the period under review.

*BY ORDER OF THE COMMITTEE*

Sgd.

**Ushani Dassanayake**  
**For Secretary**

## **EXPORT SECTOR PERFORMANCE IN 2021/2022** **AND FUTURE EXPORT CHALLENGES**

### **OVERVIEW OF THE ECONOMY**

The Sri Lankan economy recovered in 2021 from the pandemic induced contraction in 2020, albeit with several deeply entrenched structural problems and vulnerabilities inherited over several decades coming to the forefront, thereby resulting in unprecedented socio-political tensions in early 2022. The economy was already in a fragile state lacking the necessary buffers to withstand shocks, when it was hit by the COVID-19 pandemic and other multifaceted headwinds that emanated from the global and domestic fronts. Such vulnerability of the economy can be mainly attributed to the lack of fiscal space, which was further constrained by the changes introduced to the tax structure in late 2019. Sri Lanka was not an exception in the world in deploying countermeasures to face the pandemic and safeguard the economy to forestall a lasting economic fallout and scarring effects on livelihoods. However, given particular vulnerabilities in the economy, the Central Bank had to be heavily involved in shielding the economy through extraordinary responses, in the form of monetary policy easing, ample liquidity provision to the markets and the Government, and adopting several external sector and financial sector policies, in the absence of adequate policy space in the fiscal sector or an adequately prompt response from the fiscal sector. The ultra easy macroeconomic policy package unveiled by the Central Bank and the Government helped the economic recovery in 2021 from the historical contraction recorded in 2020, while also helping cushion the impact of the pandemic on a broader segment of the stakeholders. Both public and private sectors enjoyed the comfort of low cost funds for working capital and investment that helped them stay afloat during this difficult time, and keep industries viable, even witnessing some growth,

which in turn ensured uninterrupted provision of public services, utilities and goods and services to the public as well as other essential supply chains. However, unprecedented policy responses taken during the peak of the pandemic together with the inability to withdraw the policy measures due to expected fiscal responses not coming through adequately, caused a limited space for reversal measures and led to some unintended effects on macroeconomic stability in 2021, which were further aggravated in early 2022. Further, the pressures witnessed on the exchange rate amidst dried up liquidity in the domestic foreign exchange market were amplified in 2021 and early 2022, warranting a measured adjustment that was allowed in the exchange rate in early March 2022, compared to the level that prevailed in the market amidst concerns about the adverse impact of any large depreciation of the exchange rate on the society. However, the outcome of the exchange rate flexibility that was thereafter allowed also in early March 2022, fell short of expectations due to the large overshooting by market forces, reflecting the significant liquidity pressures that prevailed in the domestic foreign exchange market as well as the delay in market correction. Price stability, which was the strongest pillar for macroeconomic stability over the last decade or so, was challenged since the second half of 2021 due to the combined impact of global and local supply driven causes as well as the build-up of excessive demand pressures on prices, primarily caused by the lagged impact of extraordinary monetary accommodation, including unprecedented monetary financing that became required due to the lack of fiscal space. Moreover, the external sector remained on the brink of a precarious state since late 2021 due to the mounting Balance of Payments (BOP) pressures reflected in the meagre level of official reserves amidst significant debt servicing

obligations along with the dire need to finance essential imports at a time when the domestic foreign exchange market remained largely illiquid. Calamities in the power and energy sector, acute shortages of essentials and raw materials and the spillover effects of these on every nook and cranny of the economy could disrupt economic activity excessively unless resolved urgently. The actions and policy measures taken on a piecemeal basis to fix or postpone these severe conditions have proven to be unsuccessful or created novel issues. Any notable intervention by fiscal authorities to ease these domestic economic conditions to restore normalcy remained a remote possibility due to historically high public debt levels, further weakening of fiscal balances and extremely low sovereign rating. As a result, the Central Bank took swift measures in early April 2022 to preempt further deterioration of macroeconomic stability and to restore price stability through a significant tightening of monetary policy, among others. These policy initiatives would be imperative to commence bold structural reforms to revitalise medium to long term macroeconomic stability, which remains a necessary condition for long term inclusive growth. In this regard, the implementation of several structural reforms is vital at this juncture by the Government to complement the Central Bank's remedial policies. Implementing strong fiscal adjustments, which have been long delayed and often reversed in the past, will lead to a visible turnaround in the current complex economic turmoil. Sustainable containment of the budget deficit through an upward level shift to government revenue along with the rationalisation and prioritisation of government expenditure would help contain the expansion of government borrowing going forward. Further, a comprehensive and coherent approach to achieving and maintaining public debt sustainability is a must to take any step forward in addressing the current economic problem. These essential fiscal adjustments have to be supported by financially independent and autonomous State Owned Business Enterprises

(SOBEs) by introducing, among others, cost reflective pricing structures, institutionalisation of good governance and accountability mechanisms, notable productivity enhancement and service delivery in the overall public sector, and strengthening of well targeted social safety net schemes. While it is necessary to strengthen legal frameworks to ensure public accountability of state institutions, exercising existing legal powers in policy formulation and 5 implementations by relevant authorities would ensure lasting economic welfare in the country. These changes would ensure increased participation of the private sector with ease, while the public sector continues to play a facilitator role in the economy. The persistent twin deficit dilemma experienced by Sri Lanka highlights the importance of addressing the BOP issues on a sustainable basis. National policies, which are free from changing political regimes, formed with the support of relevant stakeholders aiming at reducing the external current account deficit and budget deficit to a manageable level are imperative in this endeavour. Further, other non-debt creating foreign exchange generating sources need to be explored and established to build-up official reserves, while reducing the need for external debt financing of the BOP. A conducive doing business environment and Foreign Direct Investment (FDI) promotions must supplement this external sector stabilisation package. Recent events experienced in Sri Lanka reveal how macroeconomic stability, social cohesion and political stability are intertwined and how the effect of one aspect could spill over to another. Thus, the overall solution to the prevailing triple plights, i.e., economic turmoil, social unrest, and political instability, should cover all these elements to reboot Sri Lanka to new heights. The ongoing efforts to resolve the economic issues, including the suspension of external debt servicing by the Government for an interim period pending orderly and consensual restructuring of debt obligations, seeking an economic adjustment programme from the International Monetary Fund (IMF),

a commitment to rationalising government expenditure and enhancing government revenue, and continuing nonaligned political and economic diplomacy, among others, are expected to restore macroeconomic stability in the period ahead. The overall success of these efforts is conditional on reassuring social coherence and restoring political stability and an enduring political will, to take this reform agenda forward.

### Macroeconomic Performance (2017-2021)

Indicator	Unit	2017	2018	2019	2020 (a)	2021 (b)
<b>Real Sector (c)</b>						
Real GDP Growth	%	3.6	3.3	2.3 (a)	-3.6 (b)	3.7
GDP at Current Market Price	Rs. bn	13,328	14,291	14,997 (a)	15,027 (b)	16,809
Per Capita GDP (d)	US\$	4,077	4,057	3,848 (a)	3,695 (b)	3,815
<b>External Sector</b>						
Trade Balance (c)	% of GDP	-11.0	-11.8	-9.5	-7.4	-9.6
Current Account Balance (c)	% of GDP	-2.6	-3.2	-2.2	-1.5	-4.0
Overall Balance	US\$ mn	2,068	-1,103	377	-2,328	-3,967
External Official Reserves	US\$ mn	7,959	6,919	7,642	5,664	3,139
<b>Fiscal Sector (c)(e)</b>						
Current Account Balance	% of GDP	-0.7	-1.2	-3.6 (f)	-7.9	-7.7
Primary Balance	% of GDP	0.02	0.6	-3.6 (f)	-4.6	-6.0
Overall Fiscal Balance	% of GDP	-5.5	-5.3	-9.6 (f)	-11.1	-12.2
Central Government Debt (g)	% of GDP	77.9	84.2	86.9 (f)	100.6	104.6
<b>Monetary Sector and Inflation</b>						
Broad Money Growth ( $M_{20}$ ) (h)	%	16.7	13.0	7.0	23.4	13.2
Private Sector Credit Growth (in $M_{20}$ ) (h)	%	14.7	15.9	4.2	6.5	13.1
Annual Average Inflation (i)	%	6.6	4.3	4.3	4.6	6.0

(a) Revised

(b) Provisional

(c) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics.

(d) Estimates updated with latest population figures

(e) Based on the revised GDP estimates for 2019 and 2020 made available on 29 March 2022 by the Department of Census and Statistics.

(f) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

(g) Includes Treasury bonds of Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million)

(h) Year-on-year growth based on end year values.

(i) Based on CCPI (2013=100)

Sources: Department of Census and Statistics  
Ministry of Finance  
Central Bank of Sri Lanka



## Global Economic Environment and Outlook

As the global economy begins to recover from the effects of the COVID-19 pandemic in 2022, the progress is being severely disrupted by the repercussions of the Russia-Ukraine conflict. According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF) released in April 2022, global economic growth is estimated at 6.1 per cent in 2021, compared to a contraction of 3.1 per cent in 2020. During 2021, advanced economies were estimated to have recorded a growth of 5.2 per cent, while the growth estimation for emerging market and developing economies stood at 6.8 per cent. The IMF projects global economic growth to slow down to 3.6 per cent in 2022, largely reflecting the spillover effects of Russia's invasion of Ukraine and associated sanctions imposed on Russia, on the global economy. In addition to the war, the IMF predicts that disruptions to global supply chains due to frequent and large-scale lockdowns in China, persistent inflationary pressures leading to tightening of monetary policies of many countries and withdrawal of fiscal policy support previously provided across the world to cushion the impact of the pandemic could also affect the global growth prospects adversely. Accordingly, economic growth rates of 3.3 per cent and 3.8 per cent are projected in 2022 for advanced economies and emerging market and developing economies, respectively. Further, the global growth projection for 2023 has been revised downwards by the IMF to 3.6 per cent, 0.2 percentage points lower than the January 2022 WEO. There is consensus that in addition to the loss of lives and human suffering, the ongoing Russia-Ukraine conflict poses significant economic risks beyond these two countries creating an economic toll felt worldwide. The war is resulting in a tragic loss of lives and human suffering and significant damages to the Ukrainian infrastructure and consequently, the Ukrainian economy is set to experience a deep recession in 2022. According

to the IMF, the Ukrainian economy is expected to contract by 35 per cent in 2022. The tight trade and financial sanctions being imposed on Russia, including oil and gas embargoes by some large economies, freezing of assets of the Central Bank of Russia by Western countries and suspension from using services of the Bank for International Settlements are expected to result in a sharp contraction of the Russian economy in 2022 with its GDP falling by about 8.5 per cent, while having a substantial impact on the global economy and financial markets. The neighbouring countries of these two nations are particularly affected by interruptions to trade and remittances and by the influx of refugees. According to the IMF, the spillover effects of the war are being transmitted to the rest of the world through five key channels. The first and the most impactful channel is the surge in commodity prices including energy and other commodities such as wheat, corn, metals and inputs for fertilisers. This has added on to the already high inflationary pressures caused by supply chain disruptions and the revival from the COVID-19 pandemic. Accordingly, inflation is projected to remain elevated at 5.7 per cent in advanced economies and 8.7 per cent in emerging market and developing economies for 2022. Secondly, countries with direct and substantial trade and remittances linkages with Russia and Ukraine would also be negatively affected. Moreover, the tourist earnings of the countries which heavily rely on Russian and Ukrainian tourists would be affected by lower tourist arrivals due to economic disruptions and the withdrawal of international payment services from Russia. Thirdly, as the integration of Russia and Ukraine into global value chains extends beyond typical commodity linkages, disruptions to component manufacturing processes stemming from raw material shortages could propagate across the globe through cross border production networks. The fourth channel is business confidence and financial conditions which have already been

tightening with the commodity price pressures and sanctions. In the Asian region, higher global food and energy prices, tighter global financial conditions and reduced tourism earnings would hold back growth for some oil importing economies while oil exporters would gain from higher fossil fuel prices. Agriculture industries in some South and Southeast Asian nations that rely on Russia and Ukraine for fertiliser and grain, on the other hand, would also be negatively affected. Capital outflows may be triggered from the Asian region with risk aversion in financial markets. Developments in the Chinese economy are expected to dominate the outlook for Asia, with a projected economic growth of 4.4 per cent in 2022. Overall, the rising global energy and commodity prices, leading to high domestic inflation and widening trade deficits, weakening global demand, volatile capital flows, exchange rate instabilities, rising borrowing costs, and tightening global financial conditions as a result of monetary tightening in advanced economies, could make developing countries more vulnerable, resulting in recession, insolvency, and halting development processes in some cases. Prices of energy and food commodities were on a rising trend throughout 2021 on the back of global demand recovery with the easing of COVID-19 concerns and are expected to continue to remain elevated with the ongoing geopolitical tensions in Europe. Although crude oil prices fell sharply with the outbreak of COVID-19 in 2020, prices were steadily rising from April 2020 onwards and reached pre-pandemic levels by March 2021 before reaching seven-year highs in October 2021. The recent emergence of geopolitical tensions between Russia and Ukraine led crude oil prices to remain above US dollars 100 per barrel due to concerns of further tightening of global crude oil supplies as buyers remained apprehensive of purchasing from Russia. As per the April 2022 WEO, the average crude oil price for 2022 is forecast at US dollars 106.83 per barrel, thereby signalling the strong likelihood that crude oil prices will remain elevated throughout the year

despite some downward pressures stemming from outbreaks of COVID-19 and related mobility restrictions, as those that are being seen in China and the expectation of release of additional supplies of oil from countries' strategic reserves. In relation to food prices, during 2021, the Food and Agriculture Organisation's (FAO) Food Price Index depicted an overall growth of 28.1 per cent above the prices observed in 2020. Global food prices were on an upward trend amid high cost of inputs, unfavourable climate conditions and hesitation to increase production amid COVID-19 related uncertainties. These concerns continued to linger and will continue to be aggravated by the geopolitical tensions between Russia and Ukraine, both of whom are key agricultural exporters. This led to the index continuing to escalate during the first three months of 2022. Most central banks around the world adopted substantial monetary easing measures during 2020 and in early 2021 leading to policy interest rates of many economies reaching historically low levels. Contributed by multiple policy support, including that of monetary policy, and successful vaccination programmes, the world economy started showing signs of recovery during 2021. In particular, demand conditions in many countries started to normalise faster than supply conditions, thereby creating price pressures across multiple sectors. As a result, several countries, especially developed economies, began to unwind the large monetary policy easing measures undertaken thus far and to tighten monetary conditions in view of rising inflationary pressures and unfavourable inflation expectations. Further, the recent global political uncertainty and supply disruptions, driven by the Russia-Ukraine war, have also created added pressures on price levels in most economies, forcing many governments to undertake policy measures to address inflation rates that are substantially higher than the levels projected and experienced in the recent past. The Federal Reserve of the United States, which had kept the federal funds target rate range at 0.00



per cent to 0.25 per cent for the last two years, increased it by 25 basis points in March 2022, in view of rising inflationary pressures, as US inflation had increased to a 40-year high in early 2022. In addition to this policy rate increase, the Federal Reserve also signalled further tightening of monetary policy with policy rate hikes and shrinking of its balance sheet over the near term. The Bank of England (BoE), which adopted an accommodative policy stance from early 2020 onwards to support the pandemic hit economy, commenced tightening the monetary policy stance from late 2021. By end March 2022, BoE had raised its Bank Rate by 65 basis points in three steps compared to the rate that prevailed during the pandemic. Since the refinance rate of the European Central Bank (ECB) had already reached the zero level, policy accommodation during the pandemic in the euro area was primarily conducted with asset purchase programmes. However, net asset purchases are expected to be gradually reduced, while any adjustments to policy rates are expected to take place sometime after the end of net asset purchases. The ECB has also affirmed the provisioning of forward guidance on the interest rate path. Meanwhile, several Asian economies, including China, continued to adopt accommodative policies to further support economic growth. The People's Bank of China (PBoC) continued to relax monetary policy in early 2022 as well, amidst modest levels of inflation and growth concerns due to issues in the property sector and resurgence of the COVID-19 pandemic in some areas. The Reserve Bank of India (RBI) continued to maintain the relaxed monetary policy stance while focusing on withdrawal of monetary stimuli to ensure that inflation remains within the target in the period ahead. Bank Negara Malaysia (BNM), which brought down its overnight policy rate to 1.75 per cent in several steps in mid-2020, continued the relaxed monetary policy stance by maintaining the policy rate unchanged from 2021 into early 2022. Since demand driven inflationary

pressures remained subdued and medium-term inflation projections were expected to return to target levels with the stabilisation of energy and food prices, Bank of Thailand (BoT) continued to maintain the emphasis on supporting the recovery of the economy by maintaining its dovish policy stance. Similarly, Bangko Sentral ng Pilipinas (BSP) also continued to maintain the accommodative policy stance during 2021, and had not deviated from it by March 2022 to support growth momentum, but emphasised its readiness to address inflationary pressures that could de-anchor inflation expectations. The policy behaviour of Indonesia was also similar to the other South East Asian economies discussed above, where Bank Indonesia (BI) maintained its policy rate stable since early 2021 onwards. At the same time, BI continued to normalise liquidity conditions by incrementally raising reserve requirements. In contrast to the almost synchronous policy accommodations by most central banks across the world in response to the COVID-19 pandemic during 2020, the winding up of such accommodative policy measures seem to be divergent across countries, due to varying levels of inflationary pressures, underlying causes of such pressures, and concerns about growth outlook. Some economies seem to have managed inflationary pressures better than others, particularly with supply side adjustments, while most countries have attempted to strike a balance between price stability and post pandemic growth recovery. However, by March 2022, the developments regarding the Russia-Ukraine war had led to substantial uncertainty over global economic outlook. The April 2022 WEO states that the appropriate monetary response across countries may vary considerably as the transmission of the effects of the war could be diverse across various economies, and highlights the importance of clear communication and data driven forward guidance in order to maintain policy credibility over the period ahead.

Table 1.4  
Global Economic Developments and Outlook (a)

Item	2020 (b)	2021 (c)	2022 (Proj)	2023 (Proj)
<b>World Output</b>	<b>-3.1</b>	<b>6.1</b>	<b>3.6</b>	<b>3.6</b>
Advanced Economies	-4.5	5.2	3.3	2.4
United States	-3.4	5.7	3.7	2.3
Euro Area	-6.4	5.3	2.8	2.3
United Kingdom	-9.3	7.4	3.7	1.2
Japan	-4.5	1.6	2.4	2.3
Emerging Market and Developing Economies	-2.0	6.8	3.8	4.4
Emerging and Developing Asia	-0.8	7.3	5.4	5.6
China	2.2	8.1	4.4	5.1
India	-6.6	8.9	8.2	6.9
<b>World Trade Volume (Goods and Services)</b>	<b>-7.9</b>	<b>10.1</b>	<b>5.0</b>	<b>4.4</b>
<b>Price Movements</b>				
Consumer Prices				
Advanced Economies	0.7	3.1	5.7	2.5
Emerging Market and Developing Economies	5.2	5.9	8.7	6.5
Commodity Prices (US\$)				
Oil	-32.7	67.3	54.7	-13.3
Non Fuel	6.8	26.8	11.4	-2.5

(a) Annual percentage change unless otherwise indicated  
(b) Revised  
(c) Provisional

Source: World Economic Outlook (April 2022), IMF

## Direction of Trade

Sri Lanka continued to have similar major trading partners in 2021 compared to the previous year. In value terms, India regained its position as the main trading partner of Sri Lanka in 2021, followed by China and the USA, all of which together contributed to around 42 per cent of total trade (both exports and imports) of Sri Lanka. Total trade with India and China exceeded US dollars 5 billion each, while trade with the USA exceeded US dollars 3.5 billion. The UAE, the UK and Germany were the other major trading partners, accounting for more than US dollars 1 billion each in 2021. As per the country wise trade balances in 2021, notable trade surpluses were recorded with Western countries such as the USA, the UK, Germany, Netherlands, Italy and Belgium, while significant trade deficits were recorded with Asian countries such as China, India, the UAE, Malaysia, and Singapore. The USA and European countries remained the major destinations for Sri Lankan exports in 2021. The USA continued to be the single largest buyer of

Sri Lankan exports with more than US dollars 3 billion worth of exports, which accounted for 24.9 per cent of total exports, followed by the UK (7.5 per cent), India (6.6 per cent), Germany (6.1 per cent) and Italy (4.6 per cent). In line with increased exports, earnings from most destinations, including the top ten export destinations of Sri Lanka, increased during 2021. Garments, rubber products, machinery and mechanical appliances, and food, beverages and tobacco were major products exported to the USA. The USA continued to be the single largest garment export destination for Sri Lanka with a share of 42 per cent of total garment exports in 2021. Exports to the UK were denominated by garments, rubber products, made up textile articles, food, beverages and tobacco, machinery and mechanical appliance and seafood. Exports to India included spices, animal fodder, textiles, food, beverages and tobacco, wood and paper products and minor agricultural products. The EU as a region accounted for about 24 per cent of total exports

in 2021, including about 30 per cent of total garment exports. Rubber products, food, beverages and tobacco, tea, seafood, machinery and mechanical appliances and coconut kernel products were among the other major items exported to the EU. In 2021, the Middle East and the Commonwealth of Independent States (CIS) led by Russia were the main export destinations for tea, jointly contributing to about 58 per cent of tea exports by Sri Lanka. Asian countries continued to be the major source of Sri Lankan imports in 2021. China continued to be the largest source of imports for the third consecutive year, recording more than US dollars 4.7 billion of imports in 2021, with a share of about 23 per cent of total imports. Import expenditure from China increased by 33 per cent, mainly due to higher imports of machinery and equipment, textiles and textile articles, building material, and medical and pharmaceuticals. India and the UAE followed suit as the second and the third largest import sourcing countries in 2021, accounting for

shares of about 22.4 per cent and 6.8 per cent, respectively. Expenditure on import items from India increased by 50 per cent, due to petroleum products, textiles and textile articles, base metals, and wheat. Major imports from the UAE were petroleum products, base metals and building materials, which contributed to around 86 per cent of total imports from the UAE. As an import source, Malaysia gained the fourth position in 2021 due to increases in major import items such as petroleum products, food preparations, machinery and equipment, chemical products, and oils and fats. The major imports from Singapore in 2021 consisted of petroleum products, chemical products and machinery and equipment. As an import source, Japan was positioned at the tenth position in 2021 compared to the sixth position in 2020, mainly due to restrictions on vehicle imports during the year.

Figure 5.8  
Exports by Destination

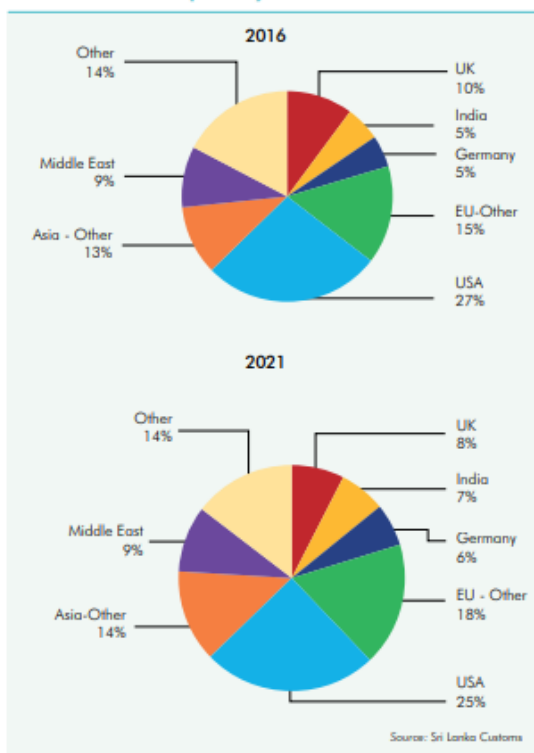
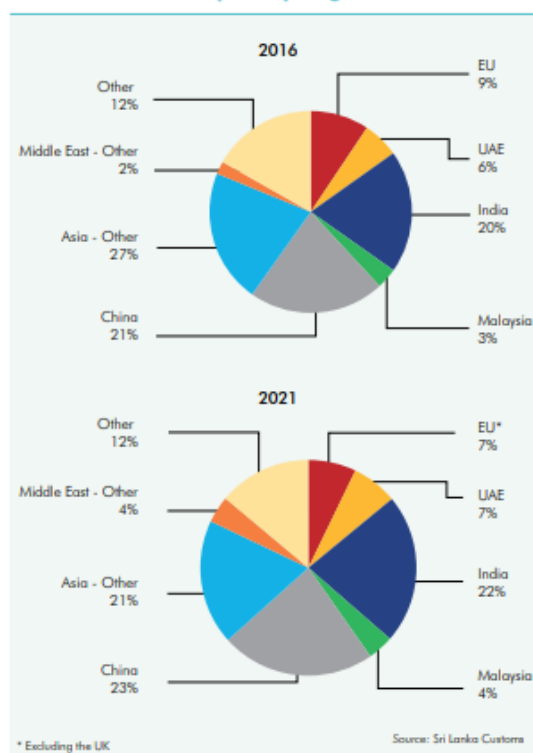


Figure 5.9  
Imports by Origin



## Export Performance

Earnings from merchandise exports reached US dollars 12,499 million in 2021, recording the highest level of export earnings for a year, exceeding the previously highest export earnings of US dollars 11,940 million that was recorded in 2019. Accordingly, export earnings grew by 24.4 per cent compared to US dollars 10,047 million recorded during 2020. Indicating the strong export performance, earnings from exports continued to exceed US dollars 1.0 billion consecutively every month from June 2021. Further, the highest ever monthly export value of US dollars 1,211 million was recorded in November 2021. The increase in export earnings during 2021 resulted from the broad-based increase in earnings from most export categories. Special policy attention received from the Government, the Central Bank, and other relevant authorities, particularly through the setting up of new follow up mechanisms and granting incentives towards export-oriented industries and industries affected by the pandemic, recovery of domestic production due to the rapid vaccination rollout, and the gradual revival of both demand and supply market chains with the normalisation of global markets were the main drivers of higher export earnings. As evident from the movements in the export volume and unit value indices, the increase in export volumes significantly contributed to the increase in export earnings. As a percentage of GDP, export earnings increased to 14.8 per cent in 2021 from 12.4 per cent recorded in 2020.

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Figure 5.4  
Composition of Exports - 2021

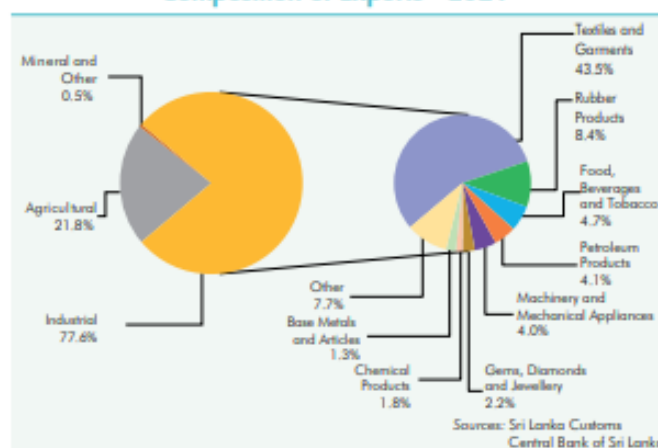


Table 5.3  
Composition of Exports

Category	2020		2021 (a)		Change in Value US\$ million	Y-o-Y Change %	Contribution to Change %
	Value US\$ million	Share %	Value US\$ million	Share %			
<b>Agricultural Exports</b>	<b>2,336.2</b>	<b>23.3</b>	<b>2,729.5</b>	<b>21.8</b>	<b>393.3</b>	<b>16.8</b>	<b>16.0</b>
Tea	1,240.9	12.4	1,324.4	10.6	83.4	6.7	3.4
Spices	333.5	3.3	454.8	3.6	121.3	36.4	4.9
Coconut	345.2	3.4	425.2	3.4	80.1	23.2	3.3
Seafood	189.8	1.9	274.1	2.2	84.3	44.4	3.4
Minor Agricultural Products	134.7	1.3	148.8	1.2	14.1	10.5	0.6
Rubber	30.1	0.3	42.2	0.3	12.1	40.1	0.5
Unmanufactured Tobacco	25.5	0.3	31.6	0.3	6.1	23.9	0.2
Vegetables	36.6	0.4	28.5	0.2	-8.0	-22.0	-0.3
<b>Industrial Exports</b>	<b>7,672.0</b>	<b>76.4</b>	<b>9,702.0</b>	<b>77.6</b>	<b>2,030.0</b>	<b>26.5</b>	<b>82.8</b>
Textiles and Garments	4,423.1	44.0	5,435.1	43.5	1,012.1	22.9	41.3
Rubber Products	786.1	7.8	1,050.4	8.4	264.4	33.6	10.8
Food, Beverages and Tobacco	464.0	4.6	586.9	4.7	122.8	26.5	5.0
Petroleum Products	373.6	3.7	506.4	4.1	132.8	35.6	5.4
Machinery and Mechanical Appliances	337.5	3.4	500.9	4.0	163.4	48.4	6.7
Gems, Diamonds and Jewellery	181.5	1.8	276.7	2.2	95.2	52.5	3.9
Chemical Products	172.7	1.7	223.2	1.8	50.5	29.2	2.1
Base Metals and Articles	110.9	1.1	156.4	1.3	45.5	41.1	1.9
Animal Fodder	102.9	1.0	149.4	1.2	46.5	45.2	1.9
Transport Equipment	71.4	0.7	148.2	1.2	76.8	107.5	3.1
Other Industrial Exports	648.4	6.5	668.5	5.3	20.1	3.1	0.8
<b>Mineral Exports</b>	<b>25.1</b>	<b>0.2</b>	<b>44.5</b>	<b>0.4</b>	<b>19.4</b>	<b>77.3</b>	<b>0.8</b>
<b>Unclassified Exports</b>	<b>14.1</b>	<b>0.1</b>	<b>22.6</b>	<b>0.2</b>	<b>8.5</b>	<b>60.1</b>	<b>0.3</b>
<b>Total Exports (b) (c)</b>	<b>10,047.4</b>	<b>100.0</b>	<b>12,498.6</b>	<b>100.0</b>	<b>2,451.2</b>	<b>24.4</b>	<b>100.0</b>
<b>Annual Average Exchange Rate (d)</b>	<b>185.52</b>		<b>198.88</b>				

(a) Provisional

(b) Excludes re-exports

(c) Adjusted for lags and other factors of recording

(d) Rupee/US dollar exchange rate

Sources: Ceylon Petroleum Corporation and  
Other Exporters of Petroleum  
National Gem and Jewellery Authority  
Sri Lanka Customs  
Central Bank of Sri Lanka



## SECTORAL EXPORT PERFORMANCE 2021/2022

### Tea

The production of tea recorded an overall growth of 7.4 per cent in 2021, driven by a significant expansion during the first half of the year, owing mainly to the lower base induced by the onset of the COVID-19 pandemic in the corresponding period of 2020. Following the significant increase of 24.0 per cent recorded in the first half of the year, a sharp contraction of 7.2 per cent was registered in tea production during the latter half of the year, largely driven by unfavourable weather conditions that prevailed during the months of November and December. Production of high, medium, and low grown tea, which contributes to about 22 per cent, 17 per cent and 61 per cent of the total production, respectively, expanded by 5.0 per cent, 9.1 per cent and 7.8 per cent, respectively, in 2021. In the meantime, the average yield in the smallholder sector increased to 1,880 kilogrammes per hectare, compared to 1,766 kilogrammes per hectare reported in 2020 and remained above the average yield of the large plantation sector. Tea prices at the Colombo Tea Auction (CTA) remained elevated in 2021 compared to pre pandemic levels, but were still lower than those observed in 2020. The average price of tea decreased by 2.3 per cent to Rs. 619.15 per kilogramme during the year from Rs. 633.85 per kilogramme recorded in 2020. Accordingly, average tea prices of medium and low grown tea declined by 1.0 per cent and 3.5 per cent, year-on-year, respectively, while high grown tea reported a marginal increase of 0.6 per cent in 2021. Further, the average price received by smallholders for green leaves declined to Rs. 93.67 per kilogramme during the year from Rs. 94.36 per kilogramme in 2020. Although the average export price (FOB) of tea increased by 6.2 per cent to Rs. 920.76 per kilogramme during the year, the FOB price of tea in US

dollar terms declined by 0.9 per cent during 2021. The dampening of average tea prices during the year can be partly attributed to the improvement in tea production as well as the increase in the quantity supplied to the auction during the year. Further, sharp increases in freight costs and other input costs, such as packing materials, adversely impacted prices during the year. Several measures were undertaken by the Government to strengthen the tea industry in 2021. The Five Year Strategic and Action Plan for the Tea Sector in Sri Lanka (2021-2025) was finalised and actions were executed as planned during the year. The transition to an e-Auction system, which was a major stepping stone for the tea trade when initiated during the COVID-19 pandemic in 2020, continued to operate successfully and was upgraded as 'SmartAuction' with strengthened trading and data features in 2021. Under the replanting, new planting, and infilling subsidy programme to increase the productivity of tea lands, the Sri Lanka Tea Board (SLTB) disbursed Rs. 79.8 million for 263 hectares across tea growing regions. The SLTB continued the Model Tea Garden project for middle scale tea estates, while providing Rs. 2.3 million for 17 lands and expects to establish 138 tea nurseries, of which 113 nurseries had been established as at the end of the year. The Cabinet of Ministers granted approval to utilise Rs. 1 billion from the Tea Promotion and Marketing Fund of the SLTB to provide a grant for tea exporters who are eligible under the Brand Promotion Scheme for the exporting of Pure Ceylon Tea. A tripartite agreement worth euros 1 million was signed by the SLTB to obtain financial and technical assistance in relation to obtaining a Geographical Indication (GI) certification for Ceylon Tea, which is expected to serve to recognise the quality and the unique characteristics of the product, as attributable to

Sri Lanka. The Tea Small Holdings Development Authority (TSHDA) continued its efforts in relation to tea replanting and new planting programmes and crop rehabilitation subsidy programmes. In 2021, around 849 hectares of tea lands were replanted and about 678 hectares of new lands were converted into tea lands, while 3.3 million tea plants were used for infilling vacancies in tea lands. After a hiatus of over five years, the tea replanting subsidy for tea smallholders was increased to Rs. 630,000 per hectare from Rs. 500,000 per hectare, while the new planting subsidy was increased to Rs. 500,000 per hectare from Rs. 400,000 per hectare. The Tea Research Institute (TRI) continued to execute research and development activities and service projects in line with its Strategic Plan (2019-2023), which strives to strengthen the sector in line with the Sustainable Development Goals, Five Year Strategic and Action Plan for Tea and the National Policy Framework of the Government.

## Rubber

Rubber production continued to decrease in 2021 due to incessant rains in plantation areas, during tapping days along with the prevalence of fungal disease. Accordingly, production declined by 1.7 per cent to 76.9 million kilogrammes in 2021 from 78.2 million kilogrammes produced in 2020. Rubber production showed a rising trend during the first half of 2021, but declined notably thereafter. This was due to higher number of rainy days which dampened production in the last quarter of the year, which is generally considered as the peak yielding period of rubber plantations. The production of sheet rubber, which accounts for about 50 per cent of total rubber production, declined by 1.7 per cent, while crepe rubber production recorded a growth of 7.4 per cent during the period under review. The production of other categories of rubber, which accounts for

around 32 per cent of total rubber production, declined by 6.2 per cent in comparison to the production of the previous year. In 2021, domestic consumption of rubber by local industries increased by 19.4 per cent to 133.9 million kilogrammes with the gradual recovery of the industry sector. Meanwhile, exports of raw rubber recorded a marginal decline of 1.7 per cent to 15.5 million kilogrammes in 2021, owing to low production. Reflecting the escalation of natural rubber prices in global markets, rubber prices in the domestic market also displayed an increasing trend during 2021. At the Colombo Rubber Auction, the average price of Ribbed Smoked Sheet No.1 (RSS1) rubber increased by 31.1 per cent to Rs. 460.78 per kilogramme, while prices of latex crepe witnessed a significant increase of 74.4 per cent to Rs. 626.32 per kilogramme in 2021 over the prices recorded in 2020. Meanwhile, average auction prices of RSS1 and latex crepe rubber

stood at Rs. 475.00 per kilogramme and Rs. 696.58 per kilogramme, respectively, as at end December 2021. Average FOB price of rubber also increased from US dollars 1.91 per kilogramme in 2020 to US dollars 2.72 per kilogramme in 2021. The surge in international prices during the latter part of the year was driven by supply shortages in global markets due to unseasonal and heavy rains that disrupted tapping operations in rubber producers amidst growing demand from East Asia. The strategies that were implemented by the Rubber Development Department (RDD) and the Rubber Research Institute (RRI) for the development of the rubber sector continued in 2021, aiming at improving sectoral productivity as well as raising the value addition in the rubber industry. In line with the National Agricultural Policy, Rs. 60 million was allocated in Budget 2021 to provide subsidies for local small and medium scale entrepreneurs to engage in natural rubber related production and to transform small rubber lands into profitable commercial units by encouraging diversification of income streams. Under the Productivity Improvement Programme initiated by the RDD in 2020, targeting the small holding sector, activities related to new planting, replanting, preparation of abandoned land for tapping and enhancing

productivity of lands were underway, while subsidies were provided for re-cultivation of abandoned lands, and to purchase rain guards and weeding equipment. Further, continued efforts were made in relation to new planting activities in non-traditional rubber cultivation areas, including Moneragala and Ampara districts, under the Smallholder Tea and Rubber Revitalisation (STaRR) Project. As a part of its research and development activities, the RRI introduced an environment friendly and economically viable slow release fertiliser technique to improve crop performance across 14 estates under the Pussellawa, Agalawatta, Kelani Valley, and Kegalle plantations and 6 smallholder sites. The RRI also conducted 64 on-farm participatory research trials for compost application, covering a total extent of 131.8 acres in the Kalutara, Kurunegala, Matale, Kegalle, Matara, Galle, Colombo, and Ratnapura districts. Moreover, the Ministry of Plantation established an Inter-institutional Coordinating Committee for Development of Rubber Cultivation and Industries, comprising representatives of relevant ministries and institutions, with the intention of devising holistic policies to develop and strengthen the rubber industry and relevant value chains.

## Coconut

Coconut production reached a historically high level with total nut production of 3,120 million nuts in 2021. Accordingly, coconut production recorded a growth of 11.7 per cent in 2021 compared to the contraction of 9.5 per cent recorded in 2020. The increase was largely driven by conducive weather conditions that resulted in well distributed rainfalls from the latter part of 2020 onwards and throughout 2021, in addition to favourable air temperature in key coconut growing areas. As coconut production recovered from its subdued performance in 2020, the output of major kernel products showed improvements during the

period under review. Accordingly, the production of desiccated coconut increased by 31.8 per cent to 33,289 metric tons, while coconut oil production improved significantly by 117.8 per cent in 2021, compared to 2020. The increase in coconut oil production was a result of the policy initiatives of the Government to promote local coconut oil production, while discouraging the importation and consumption of palm oil and other edible oil imports. Production of coconut cream, coconut milk, and coconut milk powder also increased in 2021. Despite the increase in production of total nuts, copra and fresh nut exports dropped in 2021,



amidst growing industrial demand for processed products. Meanwhile, steps were taken to import frozen coconut kernel for coconut based industries, as local production was insufficient to meet the growing demand of the industry sector. Prices of coconut and coconut based products remained at an elevated level during 2021 amid the high levels of coconut production reflecting the demand emerging from coconut based industries. Accordingly, the average auction price of coconut at the Colombo Coconut Auction increased to Rs. 56.51 per nut in 2021 from Rs. 48.89 per nut in 2020. The average retail price of coconut increased by 13.7 per cent to Rs. 83.90 per nut over 2020. Although the Government imposed MRPs for coconuts, in September 2020 ranging from Rs. 60 to Rs 70, based on circumference, coconuts were sold above the controlled prices in local markets, resulting in the revocation of price controls in June 2021. With the notable drop in edible oil imports and increase in edible oil prices in the global market, the average domestic price of coconut oil increased by 29.2 per cent to Rs. 443.42 per 750 ml bottle in 2021. The average local market price of desiccated coconut also increased further during the year to Rs. 537.25 per kilogramme compared to Rs. 447.56 per kilogramme recorded in the previous year. The Government took a series of measures to improve productivity of coconut lands through initiatives focused on the creation of a sustainable coconut cultivation system. Accordingly, the Coconut Cultivation Board

(CCB) introduced a special subsidy scheme in 2021 to rehabilitate existing coconut lands using organic manure, soil mulching, and moisture conservation techniques. Also, the scheme for provision of coconut seedlings at a subsidised rate for systematic cultivation continued during the year. Steps were taken to establish efficient irrigation systems in coconut lands through a new subsidy system that supports the construction of micro irrigation systems, hose irrigation systems, and water sources in coconut lands. This is expected to help mitigate the effects of adverse weather on coconut cultivation. During the year, the Coconut Research Institute (CRI) also engaged in several activities relating to the production of genetically superior hybrid coconut seed nuts and the establishment of a new coconut seed garden to produce the high yielding Kapsuwaya hybrid coconut cultivar. The CRI also engaged in initiatives pertaining to the estimation of organic fertiliser requirements for coconut cultivation and the standardisation of solid and liquid organic fertiliser. The Coconut Development Authority (CDA) continued to offer support to coconut based industries by facilitating financial support to coconut product manufacturers and entrepreneurs, while ensuring continuous improvement in diversification and manufacture of value added coconut products.

## Minor Export Crops

The growth momentum of minor export crops continued in 2021, despite COVID-19 related global supply chain interruptions. According to the provisional estimates of the Department of Export Agriculture (DEA), the production of minor export crops increased by 28.6 per cent in 2021 over 2020. Restrictions imposed by the Government on the importation of spices encouraged farmers to actively engage in cultivation, resulting in improved performance of the sector. The production of cinnamon, pepper, clove, cardamom, coffee, cocoa, and nutmeg registered growths in 2021, while the production of betel declined marginally in 2021. Further, prices for pepper increased significantly following the rise in global demand for the crop, thereby providing financial relief to cultivators who had been suffering from low prices since 2016. With the initiation of the Accelerated Turmeric Cultivation Development Programme by the Government, turmeric cultivation expanded significantly during 2021 in line with the Government's goals of achieving self-sufficiency in the crop. Reflecting improved production, the export agriculture crop sector recorded its highest performance in 2021 with total export volume of the sector registering an increase of 20.4 per cent, while export earnings increased by 41.0 per cent, in rupee terms,

during the year. Several measures targeted at generating foreign earnings by enhancing the quality and productivity of export agricultural crops were adopted to uplift the performance of the export agriculture sector. Research and development activities relating to the expansion of cultivation of pepper, arecanut, ginger, turmeric, and betel in non-traditional areas such as Anuradhapura, Polonnaruwa, Ampara, Vavuniya and Jaffna continued in 2021. The DEA continued to implement initiatives to enhance the quality of production, including the introduction and popularisation of organic cultivation, Good Agricultural Practices (GAP), and Good Manufacturing Practices (GMP). Further, a number of development programmes, such as productivity improvement programmes, crop specific development programmes, and organic cultivation promotion programmes, were conducted in 2021 to assist in the establishment of economically productive cultivations. Technology related guidance and support were provided to farmers with the aim of enhancing post-harvest practices and to induct them into value adding activities using appropriate technologies. Cultivators were also provided with assistance to obtain quality certifications, and organic certifications through the organic cultivation promotion programme.

## Vegetables

The supply of vegetables declined in 2021 owing to the combined impact of inclement weather, the fertiliser shortage, and increased machinery and transportation costs. The total production of vegetables decreased by 1.4 per cent to 1,669,515 metric tons in 2021, in comparison to 1,693,095 metric tons recorded in 2020. This decline was mainly due to the lower production of vegetables during the 2020/2021 Maha season during which a contraction of 2.5 per cent to 871,729 metric tons was observed over the previous Maha season. Meanwhile, the

2021 Yala production also marginally declined by 0.2 per cent to 797,786 metric tons, compared to the corresponding season of 2020. The low production and disruptions in the supply chain resulted in the volatility of vegetable prices throughout the year. Accordingly, vegetable prices remained elevated during the year except for slight declines seen in the months of March and September due to the seasonal harvest. Towards the end of the year, vegetable prices increased sharply, surpassing the seasonal price patterns, owing to the crop damages and supply

chain disruptions caused by heavy rains, fertiliser shortage, and spread of pests and diseases due to the shortage of agro chemicals. Meanwhile, 21,540 metric tons of vegetables worth US dollars 28.5 million were exported, while 697,144 metric tons of vegetables worth US dollars 384.3 million were imported during 2021. Moreover, several government authorities continued to undertake measures to promote and strengthen domestic vegetable production during the year. The National Institute of Post-Harvest Management functioning under the MoA carried out several research and development projects, training and awareness

programmes, and consultancy services to improve the adoption of technology, while assessing the impact of such technology-centric techniques on post-harvest management and their spillover effects on strengthening agribusiness development and improving food security. In early 2022, the Government initiated a national level programme for home gardening with the support of eight government agencies in order to increase vegetable and fruit production, and ensure food security.

## **Fruits**

According to the provisional estimates of the Department of Census and Statistics (DCS), the production of fruits was estimated at 3.3 million metric tons in 2021. During the year under review, 43,426 metric tons of fruits, worth US dollars 38.0 million were exported, while 55,725 metric tons of fruits, valued at US dollars 67.6 million were imported. The top three fruit exports comprised bananas, papaws and pineapples, while the top three fruit imports comprised apples, grapes and oranges. Despite the robust demand for local fruits, local producers possess limited capacity to cater to domestic demand. Accordingly, several measures were implemented by the MoA and DoA to enhance productivity, storage and distribution facilities and optimal usage of agricultural inputs, while ensuring the reduction of post-harvest losses. In June 2021, the MoA

implemented a programme for District Secretaries or Government Agents to purchase stocks of vegetables and fruits that could not be conveniently sold, due to the imposition of mobility restrictions. Vegetables and fruits were to be purchased at prices determined by the respective District Price Committee thereby ensuring that farmers receive a fair price for their production. In March 2022, the Government took steps to limit the importation of several fruits, including oranges, mandarins, grapes, and apples as part of its measures to curb high expenditure on non-essential imports.

## **Textiles & Apparel**

The manufacturing of wearing apparel and textiles subsectors made strong headway during 2021 supported by the improvements in global supply chains, the policy decisions of the Government to facilitate the continuation of manufacturing activities amid pandemic related mobility restrictions and the low base reported in 2020. The manufacture of the wearing apparel sub sector, which accounts for around one-fifth of the IIP, registered a significant growth of 17.5 per cent in 2021 in comparison to the sharp contraction of 30.7 per cent in the previous year. The manufacturing of textile products also followed suit, reporting a significant expansion of 25.9 per cent in 2021 followed by a contraction of 5.6 per cent in 2020. The positive

performances of these sub-sectors were driven by the overall rebound in the global economy, especially in key export destinations that enabled a steady recovery of export demand. The abating of disruptions to domestic and global supply chains, which had weighed negatively on the availability of raw materials also facilitated the growth momentum of the sector. Meanwhile, the rapid deployment of vaccines to workers engaged in this sector alongside the Government's decision to allow the continuation of manufacturing activities amidst COVID-19 related mobility restrictions helped minimise disruptions, enabling the sectoral performance of manufacture of wearing apparel and textile products to rebound.

## **Fisheries**

per cent of total production. Several initiatives were also underway to prevent illegal, unreported, and unregulated fishing activities. Construction activities of new harbours, upgrading of existing harbours, and construction of anchorages and landing sites were in progress during the year to enable large scale multiday fishing vessels to dock. Initiatives to improve modern cooling, storage and transportation facilities, which are essential logistics for improved fish production were also underway during 2021. The MoF, in collaboration with the National Aquaculture Development Authority (NAQDA), implemented a number of non-traditional farming initiatives to enhance inland fish and aquaculture production, improve exports and strengthen the rural economy. In this regard, the establishment of community based fish breeding units, the improvement of small scale fish seed production units for post larvae rearing, and the rehabilitation and improvement of aquaculture development centers in order to increase fish fingerling production were in progress during the year. Initiatives to intensify shrimp culture were continued through various

measures such as the installation of a water recirculation system, the improvement of biosecurity in farming areas, and the dredging of the Dutch Canal in Puttalam to access quality water. In addition to shrimp farming, the NAQDA also engaged in the promotion of commercial aquaculture through the development of sea weed, sea bass, crab, sea cucumber, and milk fish farming. Sea weed farming activities in the Jaffna, Kilinochchi, Mannar, and Puttalam sea areas and the construction of a milk fish hatchery in Puttalam were underway during the year. A sea cucumber hatchery in Mannar commenced operations in March 2021 and a sea cucumber village was established in Kilinochchi, while steps were taken to expand sea cucumber farming in Jaffna with a view to increasing sea cucumber exports. Furthermore, the development of new ornamental fish strains, the advancement of aquaculture technology, and the provision of brood fish and fish disease diagnosis activities were also underway in order to support the development of ornamental fish and aquatic plant culture and export sector.