



*Exporters' Association
of
Sri Lanka*

*Annual Report
&
Accounts*

2013 – 2014

OFFICE BEARERS 2013/ 2014

CHAIRMAN	Mr. Rohan P. Daluwatte Tea Tang (Pvt) Ltd
VICE CHAIRMEN	Mr. Sarada De Silva Intercom (Pvt) Ltd
	Mr. Fazal Mushin Link Natural Products (Pvt) Ltd

SECRETARIAT	THE CEYLON CHAMBER OF COMMERCE 50, Nawam Mawatha, Colombo 2 TEL : 5588871 FAX : 2449352 EMAIL : casl@chamber.lk WEBSITE : www.exporterssrilanka.net
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MANAGING COMMITTEE

MEMBER COMPANIES

<u>Company</u>	<u>Representative</u>
Adamexpo	Mr. Imran Zahir
Aitken Spence Exports Ltd	Mr. Waruna Priyankara
Akbar Brothers Ltd	Mr. Danesha Percera
CAL Exports Lanka (Pvt) Ltd	Mr. S. Sridharan
Ceylon Biscuits Ltd	Mr. T. Sambasivam
Edinburgh Products Pvt Ltd	Mr. M Nazvi Hassan
Finlays Colombo PLC	Mr. Jayantha de Mel
Gordon Frazer & Company Limited	Mr. Jude Rubera
Hatton National Bank	Mr. Priyantha Bandara
Hayleys PLC	Mr. M K N Marikkar (Until August 2013)
Hellmann Worldwide Logistics (Pvt) Ltd	Mr. Samantha Weerakoon (Until January 2014)
Interecom (Pvt) Ltd	Mr. Sunil Karunanayake
Mr. Rohan	Mr. Nilam Ussoof Jumal
KIK Lanka (Pvt) Ltd	Mr. Chrisso De Mel
Link Natural Products (Pvt) Ltd	Mr. Nalaka Rathnayake
Mabroc Teas Pvt Ltd	Mr. Lalith Hemnayake
Microcells Ltd	Mr. Premil Rohitha Steinwall
Saboor Chatoor Pvt Ltd	Mr. B. Sarada M. De Silva
Sri Lanka Export Credit Insurance Corporation	Ms. B. Yeshani S. De Silva
Tea Tang (Pvt) Ltd	Mr. Lalith Kahatapitiya
Unitrades (Pvt) Ltd	Ms. Nadie Kahatapitiya
	Mr. Fazal Mushin
	Mr. Chanaka Gunathilake
	Mr. Niran Ranatunga
	Mr. Dilar Wijeyesekera
	Mr. A.L. Wickremaratne
	Mr. Kanishka Samaraweera
	Mr. G. S. Chatoor
	Mr. D.Lruk Ranasinghe
	Mr. S M T Silva
	Mr. Rohan P. Daluwatte
	Mr. Yohan Benedict
	Mr. Isuru Samarasinghe
	Mr. H Harley

PAST CHAIRPERSONS

Mrs. Dawn Austin (Immediate Past Chairperson)	Nidro Supply (Pvt) Ltd
Mrs. Nirmali Samaratunga	Mackwoods Ltd
Mr. Decpa! Chandrasekera	Imperial Teas (Pvt) Ltd
Mr. Mohan Mendis	Mabroc Teas (Pvt) Ltd
Mr. A. S. M. Muzzamil	Ceylon Foods (Pvt) Ltd
Mr. G. S. Chatoor	Saboor Chatoor (Pvt) Ltd

THE EXPORTERS' ASSOCIATION OF SRI LANKA

MANAGING COMMITTEE 2013-2014



Standing from Left to right

Mr. Amrit Dayananda (Tea Tang Ltd), Mr. M K N Marikkar (Edinburgh Products Pvt Ltd), Mohan Silva (Sri Lanka Export Credit Insurance Corporation), Mr. Nilam Juman (Hatton National Bank), Mr. Nalaka Ratnayaka (Hayleys PLC), Mr. Priyanka Bandara (Ceylon Biscuits Ltd), Mr. Aziz Rummy (Sri Lanka Apparel Exporters' Association), Mr. M. Nazvi Hassan (CAL Exports Lanka (Pvt) Ltd), Mr. Kanishka Samarawera (Microcells Ltd), Mr. Lalith Kahalantiriya (KITK Lanka (Pvt) Ltd), Mr. Isum Samarasinghe (Unitrade (Pvt) Ltd), Mr. Niran Ramalunga (Mabroc Teas Pvt Ltd), Mr. Dilan Wijeyesekera (Mabroc Teas Pvt Ltd), Mr. Samantha Weerakoon (Finlays Colombo PLC), Mr. S. Sridharan (Aitken Spence Exports Ltd), Mr. Vernon Abeyratne (Spices & Allied Products Producers Association)

Seated from Left to Right

Ms. Manjula Maldeniya (Management Executive, CCC/EASL Secretariat), Mr. Justin Seneviratne (Sri Lanka Association of Manufacturers & Exporters of Rubber Products), Mrs. Ramya Weerakoon (Floriculture Produce Exporters Association), Mr. A S M Muzammil (Past Chairman EASL), Mrs. Indira Malwatte (Sri Lanka Fruit & Vegetable Producers, Processors & Exporters' Association), Mr. Gulam Chatoor (Past Chairman EASL), Mr. Sarada De Silva (1st Vice Chairman EASL), Mr. Rohan P. Daluwatte (Chairman EASL), Mr. Fazal Mushin (2nd Vice Chairman EASL), Mrs. Dawn Austin (Immediate Past Chairperson EASL), Mr. Mohan Mendis (Past Chairman), Mrs. Nirmali Samarasingha (Mackwoods Ltd), Mr. T. Sambasivam (Akbar Brothers Ltd), Ms. Manori Dissanayaka (Manager (Association), CCC/EASL Secretariat)

Highlights of 2013/2014 AGM



Welcoming the Chief Guest Mr. Mohan Pandithage, Chairman & Chief Executive of Hayleys PLC



Head Table: from left to right: Ms. Manori Dissanayaka (Manager CCC/EASL Secretariat), Mr. Sarada De Silva (1st Vice Chairman EASL), Mr. Rohan P. Daluwatte (Chairman, EASL), Mr. Mohan Pandithage, (Chief Guest & Chairman and CEO of Hayleys Group), Mr. Bandula Egodage (Chairman & SLFDB), Mrs Dawn S. Austin (Immediate Chairperson, EASL), Mr. Fazal Mushin (2nd Vice Chairman, EASL).

LIST OF MEMBER COMPANIES AS AT 31ST MARCH 2014

A

A Baur & Co. Ltd
Adamexpo
Adamjee Lukmanjee & Sons Ltd
Aiken Spence Exports Ltd
Akbar Brothers Ltd
Alliance Finance Co Ltd
Ansell Lanka (Pvt) Ltd
Aristons (Pvt) Ltd

B

Bank Of Ceylon, Central Office
Bata Shoe Company Of Ceylon Ltd
Beira Brush Ltd
Bogala Graphite Lanka Ltd

C

Ceylon Biscuits Ltd
Ceylon Tea Marketing Ltd
Chas P. Hayley & Co. (Pvt) Ltd

Chemanex PLC
Chemical Industries (Colombo) PLC
Consolidated Business Systems (Pvt) Ltd

D

Dankotuwa Porcelain Ltd
Delmege Forsyth & Co. Ltd
Dipped Products PLC

E

Eastern Merchants PLC
Eiswaran Brothers Exports (Pvt) Ltd
E.B. Creasy & Co. Ltd
Euro-Scan Exports (Pvt) Ltd
Edinburgh Products (Pvt) Ltd

F

Finlays Colombo PLC
Freelanka Trading Co. Ltd

G

George Stewart & Co. Ltd
Gordon Frazer & Co Ltd

H

Hameed Brothers (Colombo) Ltd
Hands International (Pvt) Ltd
Harrisons (Colombo) Ltd
Hatton National Bank PLC
Hayleys PLC
Hela Clothing (Pvt) Ltd
Hemachandras (Kandy) Ltd
Hellman Worldwide Logistics (Pvt) Ltd
Hirdaramani International Exports (Pvt) Ltd

I

Imperial Teas (Pvt) Ltd
Industrial Clothing Ltd
Intercom (Pvt) Ltd
Ishana Spice Exports

J

Jafferjee Brothers
Jiffy Products SL (Pvt) Ltd
John Keels Logistics Lanka (Pvt) Ltd
Jones (Exporters) Ceylon Ltd A F

K

K. I. K. Lanka (Pvt) Ltd

L

Lanka Brush Exports (Pvt) Ltd
Lanka Diamonds Polishing Ltd.
Lanka Walltiles PLC
Lankem Ceylon PLC
Link Natural Products (Private) Ltd
Lion Brewery Ceylon PLC

M

Mabroc Teas (Pvt) Ltd
Mackwoods Ltd
Mascons (Pvt) Ltd
Meezan & Co (Pvt) Ltd
Miami Exports (Pvt) Ltd
Microcells (Pvt) Ltd
Mona Plastics (Pvt) Ltd
Morison Son & Jones (Ceylon) Ltd J L

N

Nidro Supply (Pvt) Ltd

P

Para Xpo Products (Pvt) Ltd
Patukamrus (Pvt) Ltd

R

Ranfer Teas (Pvt) Ltd
Renuka Holdings PLC
Richard Peiris Natural Foams Ltd

S

Saboor Chatoor (Pvt) Ltd
Shums & Co. Ltd
Smithkline Beecham (Pvt) Ltd
Sri Lanka Export Credit Insurance Corporation
Stassen Exports Ltd

T

Tea Tang (Pvt) Ltd
The Swadeshi Industrial Works PLC
Trelleborg Lanka (Pvt) Ltd

U

Union Commodities (Pvt) Ltd
Unitrades (Pvt) Ltd

V

Van Rees Ceylon Ltd

LIST OF MEMBER PRODUCT ASSOCIATIONS AS AT 31ST MARCH 2014

1. Sri Lanka Fruit & Vegetable Producers, Processors & Exporters Association
2. Sri Lanka Apparel Exporters Association
3. Colombo Rubber Traders' Association
4. Spices & Allied Products Producers Association
5. Colombo Tea Traders' Association
6. Sri Lanka Association of Manufacturers & Exporters of Rubber Products
7. Sri Lanka Gem & Jewellery Association
8. Seafood Exporters Association of Sri Lanka
9. Floriculture Produce Exporters Association
10. Sri Lanka Diamond Manufacturers Association

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

August, 1997

The Export Section of CCC & 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 a Chairman of Federation of Exporters' of Sri Lanka. Mr Lyn Fernando was elected as the chairman for EASL at this meeting.

1997-2000	-	Mr Lyn Fernando
200-2003	-	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

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 (FEDEX), which was an umbrella organization of major export product specific associations.

In 1997 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.

Thus the Exporters Association of Sri Lanka (EASL), was inaugurated on 22nd of August, 1997 with the merger of the Export Section of the Ceylon Chamber of Commerce and the Federation of Exporters Associations of Sri Lanka.

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

EXPORT SECTOR PERFORMANCE IN 2013/2014 AND FUTURE EXPORT CHALLENGES

OVERVIEW OF THE ECONOMY

Economic Growth

The economy rebounded to a high growth trajectory expanding by 7.3 per cent in 2013 compared to the 6.3 per cent growth recorded in 2012. Sri Lanka achieved this high growth in 2013 amidst a challenging domestic and external economic environment. Stabilisation policy measures introduced by the Central Bank from early 2012 were gradually eased from December 2012, creating a more conducive environment for economic growth, although the lag in the transmission of monetary policy delayed the economy experiencing the full impact of the easing of monetary conditions during 2013. Meanwhile, the stable macroeconomic conditions that prevailed in the country, with relatively low inflation and interest rates together with the stable exchange rate, impacted positively on growth. Further, favourable weather conditions also supported growth particularly with the significant expansion in high value added hydropower generation. Moreover, the continued infrastructure development programme of the government also contributed to achieve the expansion in economic activity. Externally, the sluggish economic growth in advanced economies impacted negatively during the first half of the year. However, there was a turnaround in external demand during the second half of the year with the gradual improvement in advanced economies including the United States and the European Union, which are Sri Lanka's major export destinations, supporting the high growth in the second half of 2013.

According to estimates from the production approach the Services sector made the largest contribution to growth in 2013. Within the Services sector, the transport and communication sub sector recorded the highest contribution to growth in 2013 reflecting increased demand for transport services with the expansion of economic activities. Wholesale and retail trade activities also improved with higher value added growth in both external and domestic trade activities during 2013. The increase in external demand particularly during the second half of the year, and higher domestic output supported the growth in trade activities. The expansion in the Services sector was further supported by the growth in financial services as well, albeit at a lower rate than during 2012. Meanwhile, the Industry sector continued to maintain a high growth momentum recording the highest sectoral growth in 2013. Within the Industry sector, the construction sub sector continued to expand at a relatively high rate in 2013, although the growth rate moderated compared to the significantly high expansion in the previous year. The manufacturing sub sector also recorded a healthy growth in 2013 supported by strong external demand, from the second half of the year. The higher value added from utilisation of hydropower for electricity generation also contributed to the significant expansion in the Industry sector. Growth in the Agriculture sector also remained positive in 2013 due to the expansion in output of paddy, other food crops and fishing sub sectors despite the decline in coconut and rubber production.

According to estimates from the expenditure approach, the growth in Gross domestic product (GDP) was supported by the expansion in both consumption and investment in real terms during 2013. However, consumption growth slowed during 2013 due to the deceleration in private consumption expenditure while public sector consumption expenditure grew at a higher rate than in the previous year. Meanwhile, expenditure on investment activities recorded a significant growth reflecting increased investor confidence. External sector demand improved with relatively high growth in exports of goods and services while imports of goods and services contracted marginally in real terms leading to an improvement in net external demand.

Gross National Product (GNP) derived from adjusting GDP for net factor income from abroad (NFIA) grew by 6.5 per cent during 2013 compared to 5.3 per cent in 2012. The lower growth in GNP reflects the increase in outflows in the income account of the balance of payments. The increased outflow was

mainly due to higher interest payments on Treasury bonds and long term loans of the government together with the interest payments by the Central Bank and other financial institutions. Inflows in the form of Central Bank earnings, from interest on foreign reserves and fixed income securities also remained largely unchanged due to low interest rates prevailed in the international market. Meanwhile, a considerable portion of dividends by non-residents were reinvested in the country, lessening the impact of dividend related outflows in the income account.

GDP per capita was estimated at Rs. 423,467 for 2013 compared to the value of Rs. 372,814 recorded during 2012. The growth of 13.6 per cent in per capita income indicates that real income levels have increased in 2013 as the GDP implicit price deflator recorded a growth of only 6.7 per cent during the year. Meanwhile, per capita GDP in US dollar terms increased as well to US dollars 3,280 in 2013, keeping on track to reach the per capita income target of US dollars 4,000 by 2016.

GDP at market prices, which reflects the value of the total output in the economy at current prices, recorded a lower growth of 14.5 per cent in 2013 compared to the 15.8 per cent expansion recorded in the previous year. As real GDP grew at a higher rate in 2013 the slowdown in GDP at market prices was due to the deceleration in the rise of price levels across the economy as reflected by the GDP implicit price deflator. Further, the total value of the domestic economy was estimated at Rs. 8,674 billion during 2013, which is equivalent to US dollars 67 billion.

Domestic savings improved further to 20.0 per cent of GDP continuing the positive momentum observed during 2012. This was mainly reflected by the continued improvement in the trade balance with the lower growth in imports as in the previous year. The development in domestic savings emanated from the private sector together with the decline in government dis-savings. Measures adopted to rationalise the recurrent expenditure of the government sector resulted in the narrowing of the current account deficit of the government. National savings also improved in 2013 due to the continued growth in workers' remittances, albeit at a lower rate than in 2012. However, the deterioration of NFA with increased outflows dampened the growth in national savings. Meanwhile, the resource gap, which reflects the level of external sector dependence, narrowed further in 2013.

Looking ahead, the Sri Lankan economy is expected to continue its growth momentum in the medium term underpinned by increased investment, improved macroeconomic stability and improving global economic conditions. Sri Lanka's economic progress in the medium term is not without challenges, and structural adjustments are necessary for a continued growth momentum at a sustainable pace. Given the vast improvements in physical infrastructure and the resultant enhancement in productive capacity, the country's potential output has improved substantially in the post conflict period, and greater involvement of the private sector in economic activity is required to realise this potential. Improving total factor productivity, enhancing the human capital base of the country with emphasis on emerging sectors, and creating an enabling environment for productive activity to prosper are essential ingredients for sustained economic growth. Such improvements are likely to facilitate the necessary diversification of economic activity, and products and services offered while expanding the country's external market base. Government policies that are in place to diversify economic activity further along the lines of the 511 hub strategy, are expected to facilitate a smooth transition of the economy through the 'middle income trap' in the medium term. As a result of these policies as well as the projected recovery in trading partner economies, the external sector is expected to improve further, led by increasing merchandise and services exports. Exports of merchandise goods, which rebounded strongly during the second half of 2013, are expected to maintain an upward momentum, especially with the projected recovery of the US and the euro area, the major trading partners of Sri Lanka. Further, policy measures such as the establishment of 'free ports' and 'bonded areas' and tax incentives offered to export industries are expected to improve export earnings substantially over the medium term.

With increased capital market openness, it is necessary to strengthen buffers available to face possible challenges arising from external developments. On the fiscal front, the government's commitment to further reductions in the budget deficit and public debt as envisaged in the medium term macro fiscal framework is a welcome development. Public investment is expected to supplement the country's total investment, while the expected improvement in savings as a percentage of GDP is likely to reduce the reliance on external sources to bridge the savings-investment gap. The financial sector is expected to strengthen further with the adoption of international best practices and the planned consolidation programme. With prudent and forward looking monetary policy decisions, supported by improved domestic supply conditions and productivity, inflation is expected to consolidate its mid-single digit levels further in the medium term, thereby supporting continued economic and price stability.

WORLD TRADE

GLOBAL ECONOMIC ENVIRONMENT AND OUTLOOK

The global economy grew at a slower pace in 2013, despite strong signs of increased economic activity towards the latter part of the year. Economic activity in advanced economies picked up firmly particularly during the second half of the year, supported by expanding domestic demand, softer financial market conditions and slowly improving consumer and business confidence. Meanwhile, growth in some emerging market economies slowed due to weaker than expected domestic demand despite improved growth prospects for their exports. In particular, emerging market economies saw tighter financial conditions which constrained domestic demand to a greater extent and renewed market pressure weakened investor sentiment in anticipation of unwinding of unconventional monetary policies in advanced economies. The developing economies continued to maintain positive growth rates despite numerous challenges in the areas of employment generation, infrastructure development and diversification into higher value added production.

Global growth in 2013 was estimated at 3 per cent, marginally lower than the growth of 3.1 per cent recorded in 2012, although the underlying momentum appears strong. Advanced economies registered a growth of 1.3 per cent in 2013, marginally lower than the growth of 1.4 per cent recorded in 2012. The US grew by 1.9 per cent in 2013 compared to 2.8 per cent in 2012, supported by strong contributions from consumption, investment, and inventory accumulation. Meanwhile, the euro area ended the prolonged recession reducing its negative growth in 2013 to 0.4 per cent, from 0.7 per cent in 2012.

Table 1.4

Global Economic Developments
and Outlook (a)

Item	2011	2012	2013 (Est.)	2014 (Proj.)
World Output	3.9	3.1	3.0	3.7
Advanced Economies	1.7	1.4	1.3	2.2
United States	1.8	2.8	1.9	2.8
Euro Area	1.5	-0.7	-0.4	1.0
United Kingdom	1.1	0.3	1.7	2.4
Japan	-0.6	1.4	1.7	1.7
Emerging and Developing Economies	6.2	4.9	4.7	5.1
Developing Asia	7.8	6.4	6.5	6.7
China	9.3	7.7	7.7	7.5
India	6.3	3.2	4.4	5.4
World Trade Volume (Goods and Services)	6.1	2.7	2.7	4.5
Imports				
Advanced Economies	4.7	1.0	1.4	3.4
Emerging and Developing Economies	8.8	5.7	5.3	5.9
Exports				
Advanced Economies	5.7	2.0	2.7	4.7
Emerging and Developing Economies	6.8	4.2	3.5	5.8
Price Movements				
Consumer Prices				
Advanced Economies	2.7	2.0	1.4	1.7
Emerging and Developing Economies	7.1	6.0	6.1	5.6
Commodity Prices (US\$)				
Oil	31.6	1.0	-0.9	-0.3
Non-Fuel	17.9	-10.0	-1.5	-6.1
Six-month London Interbank Offered Rate (LIBOR) on US\$ Deposits (per cent)	0.5	0.7	0.4	0.4

(a) Annual percentage change
unless otherwise indicatedSource: World Economic Outlook
(Oct 2013 & Jan 2014), IMF

Export growth and growing domestic demand particularly in Germany helped the recovery in the euro area. The United Kingdom (UK) expanded by 1.7 per cent in 2013 from 0.3 per cent in 2012 buoyed by easy credit conditions and improved confidence. In Japan, the set of bold stimulus policies adopted since late 2012 boosted economic growth to 1.7 per cent in 2013, from 1.4 per cent in 2012. However, further measures targeting at structural reforms, including the planned increase in the consumption tax rate beginning April 2014 over the next two years may curb domestic demand in Japan. Meanwhile, growth in emerging market and developing economies slowed to 4.7 per cent in 2013 from 4.9 per cent in 2012. In China, growth stood at 7.7 per cent in 2013, as in the previous year, supported by firm domestic demand particularly during the second half of the year. Activity in India also picked up with the economy growing by 4.4 per cent in 2013, from 3.2 per cent in 2012, as a result of a favourable monsoon season and higher export growth. However, activity in other key emerging economies such as Russia, South Africa and Mexico, among others, weakened substantially in 2013. The growth in Latin America and Caribbean regions as well as the Middle East and North Africa regions slowed to 2.6 per cent and 2.4 per cent in 2013, from 3.0 per cent and 4.1 per cent in 2012, respectively.

Monetary policy in major central banks in 2013 was largely characterised by the developments that took place in relation to large scale purchases of long term assets and the use of 'forward guidance' as a policy tool. With the intention of gradual winding down of its stimulus efforts, the US Federal

Reserve announced in December 2013 a US dollar 10 billion reduction in its monthly bond purchases of US dollars 85 billion with tapering to commence in January 2014. A further reduction of US dollars 10 billion was made in February 2014, and a similar reduction is to be effected from April 2014. Meanwhile, the Bank of England continued to maintain its quantitative easing stance, with the stock of asset purchases remaining at sterling pounds 375 billion at end January 2014. The European Central Bank (ECB) continued its accommodative monetary policy stance by reducing in November 2013 the interest rate on main refinancing operations to 0.25 per cent, from 0.5 per cent in order to address lower than expected growth in economic activity. The Bank of Japan continued its asset buying programme at an annual pace of about 60-70 trillion yen. On forward guidance, the US Federal Reserve reiterated its commitment to maintaining low policy rates with the overall objective of fostering stable prices and maximum employment. An inflation rate of 2 per cent in the long term and an unemployment rate of 6.5 per cent were set as trigger points for raising federal funds rate. However, with unemployment reaching levels close to the targeted rate, the Federal Reserve updated its forward guidance as economic conditions warranted the continuation of a low interest rate regime. The revised forward guidance stance incorporates a wide range of indicators such as labour market conditions, indicators of inflation pressure and inflation expectations, and developments in the financial market in its assessment of the economy. Similarly, the Bank of England's forward guidance was slightly changed from the original position which specified that the Bank would refrain from raising the bank rate from its 0.5 per cent level at least until the unemployment rate has fallen to a threshold of 7 per cent, to indicate that the Bank would also monitor a wider range of measures in addition to the unemployment rate, amidst a rapid fall in the unemployment rate. Meanwhile, the ECB maintained the position that their current policy setting of low interest rate regime would stay in place for an extended period of time without specifying a numerical target for exiting the accommodative policy stance. The Bank of Japan maintained the position that it would continue easing monetary conditions until the CPI inflation rate reaches the target of 2 per cent. In contrast, central banks in emerging and developing economies showed no apparent common trend in monetary policy setting, as some tightened their monetary policy stance while others eased, in response to the challenges they faced, including spillovers from the changes in quantitative easing of major central banks, such as fluctuations in exchange rates, volatility in capital flows, and movements in inflation, unemployment and growth.

The global financial system is undergoing a series of transitions, as advanced economies endeavour to move towards a safer financial sector, while emerging markets face the risk of transitioning into more volatile external conditions and higher risk premiums. The expectation that major central banks would taper their purchases of long term assets provoked movements in asset prices in emerging markets and led to portfolio reallocation and capital outflows in emerging economies. The spreads between yields on sovereign bonds issued by emerging economies and the benchmark yields on government bonds of major developed countries surged by more than 100 basis points in the two weeks immediately following the US Federal Reserve announcement in May 2013 of the possible reduction of the size of its bond buying programme. During 2013, net capital inflows to emerging market economies are estimated to have declined by about 13 per cent to US dollars 1.1 trillion from US dollars 1.3 trillion in 2012. While the downside risks for capital inflows were partly triggered by the US Federal Reserve tapering announcement, waning growth prospects and macroeconomic imbalances in emerging market economies also played a role in the decline of capital inflows. Meanwhile, net capital outflows from emerging market economies are estimated to have increased by about 1.3 per cent to US dollars 1.3 trillion in 2013, as China significantly increased its outward direct investment supported by more encouraging government policies, and many Latin American economies, such as Brazil, Chile, Colombia, Mexico and Peru increased outward capital flows, mostly in the form of portfolio investments, reflecting the need to diversify their assets internationally.

Foreign exchange markets experienced heightened volatility in some currencies during 2013, a year dominated by expectations of changing monetary policy around the globe. The Japanese yen recorded a dramatic depreciation, particularly during the early part of the year, falling sharply against the US dollar by 18.1 per cent in 2013. The yen's broadly negative performance in 2013 was largely due to the

Bank of Japan's large scale monetary easing programme and the government's aggressive fiscal expansion, aimed at countering persistent deflationary pressures. Meanwhile, the euro registered the biggest gains against the US dollar among major currencies in 2013, appreciating by 4.4 per cent. Similarly, the pound sterling gained 2.0 per cent against the US dollar in 2013, with the noticeable recovery in the economy. However, the Australian dollar lost its value by about 14.2 per cent against the US dollar during 2013. Following the announcement of the Federal Reserve in May 2013 on possible early scaling back of its bond buying programme, a number of emerging and developing countries saw a sharp devaluation of their currencies, particularly during end May through June 2013. Among the emerging economies, a significant depreciation of currencies was recorded in Brazil (13 per cent), India (11.7 per cent), Indonesia (20.9 per cent), South Africa (19 per cent), and Turkey (16.4 per cent). In contrast, the Chinese renminbi continued to appreciate gradually against the US dollar and other major currencies, supported by a number of factors, including larger foreign reserves, higher domestic savings, and more capital inflows in 2013. Meanwhile, a mixed performance was observed in other currencies in South Asia. The Indian rupee depreciated significantly in response to the announcement of the tapering of the US quantitative easing programme, coupled with a widening current account deficit in 2013. The Bangladesh taka appreciated gradually against the US dollar gaining by 3.1 per cent in 2013, as garment exports rose rapidly during the second and third quarters of 2013, despite several industrial accidents, which triggered international concerns over workers' rights. The Pakistan rupee depreciated by 7.9 per cent against the US dollar in 2013.

Inflation remained subdued in advanced economies in 2013 raising concerns of deflationary pressures in some countries, particularly in the euro area, while emerging market and developing economies faced no great challenge with regard to inflation, except for certain countries such as Brazil and India. Consumer price inflation in advanced economies declined to 1.4 per cent in 2013 from 2.0 per cent in 2012, while inflation in emerging market and developing economies remained broadly unchanged at around 6.0 per cent in 2013. The lower than expected inflation reflects excess capacity, high unemployment, fiscal austerity, and continued financial deleveraging in major developed economies. Meanwhile, Japan managed to end its decade long deflation, supported by policies aimed at monetary easing, fiscal expansion, and structural reforms widely known as 'Abenomics', introduced by the Prime Minister of Japan Shinzo Abe in December 2012. Oil prices were on a downward trend in 2013, despite some volatility as a result of geopolitical tensions in oil producing countries in the Middle Eastern region. Oil prices surged in January and February owing to geopolitical tensions with Iran, while another round of increases occurred in July and August as geopolitical tensions escalated in the Syrian Arab Republic. A simple average of the price of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil was US dollars 104.11 a barrel in 2013, compared to US dollars 105.01 a barrel in 2012. Overall, the declining trend in oil prices mainly reflects the weaker demand for oil amidst slower world economic growth, while increasing use of alternative energy sources, such as shale gas, eased pressure on oil prices. Similarly, the price of minerals, ores and metals, as well as food and agricultural commodities generally eased during 2013.

The global economic outlook shows some strong signs of improvement since the second half of 2013. Private consumption, particularly in advanced economies, is expected to expand gradually supported by wealth effects from a recovery in house prices and rising equity prices, in addition to the increase in disposable income generated by the growth in employment. Further, firm commitment by major central banks to keep the policy rates lower for an extended period, despite some unwinding of long term asset buying programmes, is expected to strengthen investor confidence. In emerging market economies, a further mild pickup is projected for 2014 and 2015, mainly driven by a gradual recovery in exports amidst improving conditions in developed countries. In most East Asian economies, private consumption and investment are expected to expand strongly, supported by stable labour market conditions, low inflation, fairly accommodative monetary policies, and less contractionary fiscal policies. Meanwhile, developing economies would also witness some acceleration in growth in the years ahead, while measures need to be in place to counter challenges in the areas of high

unemployment, lack of infrastructure, lack of diversification into higher value added activity and managing spillover effects of global shocks, particularly in the economies with large external current account deficits.

In the backdrop of improving global economic outlook, global growth is projected to increase from 3 per cent in 2013 to 3.7 per cent in 2014 and 3.9 per cent in 2015. In the US, the economy is expected to expand by 2.8 per cent in 2014 and 3.0 per cent in 2015. However, risks to the growth outlook may arise from both monetary policy and fiscal policy fronts. With regard to monetary policy, continuing long term asset purchases for too long could cause asset bubbles, while early unwinding might result in destabilising financial markets. On the other hand, risks associated with fiscal policy may be even more acute, if the political divide continues on the debt ceiling and budget issues. Meanwhile, with the ending of the protracted recession in the euro area, GDP growth for the region as a whole is estimated at 1.0 per cent in 2014 and 1.4 per cent in 2015, while risks remain on the downside due to continued fiscal tightening and a fragmented banking system. In Japan, the set of bold policies adopted since late 2012 boosted economic growth, yet the impending structural reforms along with the planned increase in the consumption tax rate may weigh on economic expansion and hence moderate growth to 1.7 per cent in 2014 and 1.0 per cent in 2015. Meanwhile, emerging market and developing economies are expected to grow by 5.1 per cent in 2014 and 5.4 per cent in 2015, underpinned by increasing consumer demand and steady recovery in exports. In China, growth is projected to moderate from 7.5 per cent in 2014 to 7.3 in 2015, amidst concerns that more progress is required on rebalancing domestic demand from investment to consumption to effectively contain the risks to growth and financial stability. Economic activity in India is estimated to expand by 5.4 per cent and 6.4 per cent in 2014 and 2015, respectively, reflecting a recovery in investment, and stronger export growth supported by improving global conditions and a depreciating currency. Overall, as prospects for global growth improve, it would be critical for advanced economies to avoid a premature withdrawal of monetary policy accommodation, as excess capacity is still large while inflation is low and fiscal consolidation continues. Further, future growth prospects hinge to a large extent on more structural reforms in the global financial system targeted at lifting investment through repairing bank balance sheets and recapitalising weak banks, which would bolster investor confidence and revive demand for credit in the near to medium term.

EXPORT PERFORMANCE

Exports recovered in 2013, with the moderate recovery in the global economy. Earnings from exports recorded a positive growth from June 2013 following 15 months of contraction. Export earnings grew by 6.4 per cent to US dollars 10,394 million in 2013 in contrast to a decline of 7.4 per cent to US dollars 9,774 million in 2012. Exports recorded an impressive growth from the second half of 2013 with the recovery in Sri Lanka's traditional markets, such as USA and the EU. The expansion in domestic economic activities, a favourable investment climate and conducive external trade policies also supported the growth in exports in 2013.

The largest contribution to the growth in export earnings came from industrial exports, which accounts for around three fourths of total export earnings. Earnings from industrial exports increased by 5.1 per cent to US dollars 7,749 million in 2013 mainly due to the better performance in textiles and garments, which contributed 43.4 per cent to total export earnings in 2013. Earnings from textile and garment exports increased by 13 per cent to US dollars 4.5 billion in 2013, surpassing the US dollars 4 billion target set by the apparel industry. Garment exports to the EU and USA, which are major export destinations, recorded a significant growth of 6.8 per cent and 21 per cent, respectively in 2013, benefiting from the recovery in those economies. Market diversification, acquisition of expert knowledge, vertical and backward integration and greater emphasis on activities at the higher end of the value chain contributed to the robust performance in the textiles and garments industry. The increase in value addition has reduced import dependence in the industry as reflected in the decline in

import of textiles and textile articles in 2013. Accordingly, the average import dependency ratio for the entire garments industry declined to 45 per cent in 2013 from 57 per cent in 2012.

Earnings from export of other industrial products recorded varied performance in 2013. Earnings from export of rubber products increased by 3.3 per cent to US dollars 888 million in 2013, making it the second largest contributor to the growth in industrial exports. An increase in export of surgical and other gloves and tyres, as a result of the decline in natural rubber prices and increasing external demand from advanced economies such as USA and EU, mainly contributed to the growth in export of rubber products. Export of leather products increased by 38.7 per cent to US dollars 77 million in 2013, mainly due to a more than two fold increase in footwear exports. The industry was supported by the government through duty free import access to leather machinery in addition to the continuous support provided by the EDB, the Industrial Development Board and the Ministry of Industry and Commerce. Export of machinery and mechanical appliances including transformers, static converters, accumulators, weighing machines and other home appliances increased in 2013. However, export earnings from gems, diamonds and jewellery declined significantly by 20.3 per cent to US dollars 446 million in 2013 mainly due to declining global demand and a sharp fall in gold prices in the international market. Export earnings from petroleum products declined by 7.6 per cent to US dollars 428 million, as a result of rising competition from regional ports and a decline in international bunkering prices. Earnings from food, beverages and tobacco exports declined by 17.3 per cent to US dollars 235 million, mainly due to a reduction in wheat flour exports as a result of restrictions imposed on import of wheat flour by a major trading partner.

Export of transport equipment, declined by 11.3 per cent to US dollars 146 million in 2013 due to a reduction in export of road vehicles such as bicycles and cars, although the export of rowing boats and other floating structures increased significantly during the year.

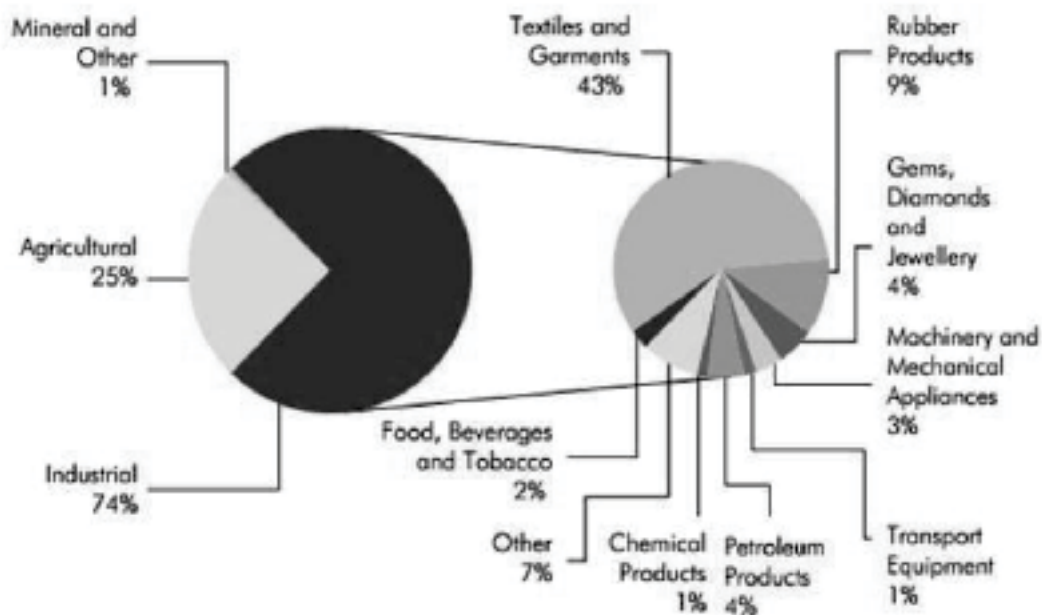
Agricultural exports which account for nearly one fourth of total export earnings contributed around 40 per cent to the overall increase in export earnings in 2013. Earnings from agricultural exports increased by 10.7 per cent, year-on-year to US dollars 2,581 million in 2013. Earnings from tea exports increased by 9.2 per cent to reach the highest-ever annual earnings of US dollars 1,542 million in 2013, mainly due to the high price obtained for Ceylon tea owing to its superior quality and the rise in international demand for orthodox teas. The average export price of tea rose by 9.3 per cent to US dollars 4.82 per kg in 2013 from US dollars 4.41 per kg in 2012.

Export volumes of tea, however, remained at 320 million kilograms in 2013 as in 2012. Earnings from raw rubber exports declined by 43 per cent in 2013, largely due to increased usage of rubber in the domestic market to produce value added rubber products. However, higher production in major natural rubber producing countries exerted downward pressure on rubber prices throughout the year. The average export price of rubber declined by 9.7 per cent to US dollars 3.02 per kg in 2013 from US dollars 3.35 per kg in 2012. Total earnings from coconut exports declined by 2 per cent to US dollars 205 million in 2013, despite earnings from coconut kernel exports increasing by 7.6 per cent to US dollars 86 million as export earnings from non-kernel products such as yarn and coconut shells declined.

Export earnings from other agricultural products such as spices, vegetables, unmanufactured tobacco, minor agricultural products and seafood increased substantially in 2013, contributing to the overall growth in agricultural exports. Earnings from the export of spices increased by 38.8 per cent to US dollars 355 million in 2013. This was mainly on account of an increase in earnings from export of pepper by 82.9 per cent to US dollars 128 million and an increase in earnings from export of cloves by 169.4 per cent to US dollars 50 million. An increase in linting due to favourable prices and incentives given through the 'Gama Neguma' programme as well as improved extension services provided by the Department of Export Agriculture contributed to the significant growth in export of spices during the

year. Meanwhile, earnings from export of unmanufactured tobacco and minor agricultural products increased by 12.9 per cent and 33.3 per cent, respectively in 2013, mainly due to favourable weather conditions. Export earnings from seafood increased by 18.1 per cent during the year to US dollars 234 million, with increased earnings from processed fish, frozen fish as well as molluscs.

Chart 5.3 Exports by Commodities - 2013



DIRECTION OF TRADE

Industrialised countries continued to be the major destination for Sri Lankan exports in 2013, while Asian countries accounted for a major share of imports into the country. USA remained the largest export destination in 2013 followed by the UK and India, while India remained the largest source of imports followed by China and Singapore. India remains the leading trading partner of Sri Lanka with bilateral trade in 2013 exceeding US dollars 3.7 billion.

USA which is the major export market for Sri Lanka accounted for around 24 per cent of total exports, followed by the UK (10.4 per cent) and India (5.2 per cent). Textiles and garments remained the largest export to USA and UK. With the recovery of these economies total exports to USA and UK increased by 17.3 per cent and 1.8 per cent, respectively. The major exports to India were spices, transport equipment, machinery and mechanical appliances and animal fodder. In 2013, apart from UK, the other leading export destinations in Europe were Italy, Germany and Belgium-Luxemburg, representing 4.9 per cent, 1.5 per cent and 1.3 per cent of total exports, respectively. Exports to Italy and Germany comprised mainly garments, accounting for 14 per cent of total garment exports. Almost 42 per cent of Sri Lanka's gems, diamonds and jewellery were exported to Belgium, one of the world's leading trading centres for diamonds. Tea exports to the Middle East and CIS countries accounted for nearly 46.3 per cent and 24.1 per cent, respectively, of total tea exports in 2013, making them the main destinations for Ceylon tea.

India continued to be the largest source of imports in 2013, accounting for nearly 17.6 per cent of Sri Lanka's imports. However, imports from India declined by 12.9 per cent to US dollars 3,171 million in 2013. The main imports from India were petroleum products, textiles and textile articles and building materials. Price competitiveness has enabled India to secure a significant market share for these items, although most of these items do not have duty free access under the ISFTA. China and Singapore followed as the second and third largest import sourcing countries, accounting for 16.4 per cent and 9.3 per cent of total imports, respectively. Imports from China grew by 10.7 per cent to US dollars 2,953 million, while imports from Singapore amounted to US dollars 1,682 million. The main imports from China comprised machinery and equipment, textiles and textile articles and building materials. The major imports from Singapore consisted of petroleum products and machinery and equipment. United Arab Emirates remained the fourth largest import source accounting for a share of 6.6 per cent of total imports. Imports from Oman increased by more than six fold, year-on-year, in 2013, making it the fifth largest import sourcing country, due to a shift of crude oil imports from Iran to Oman.

Chart 5.7 Exports by Destination

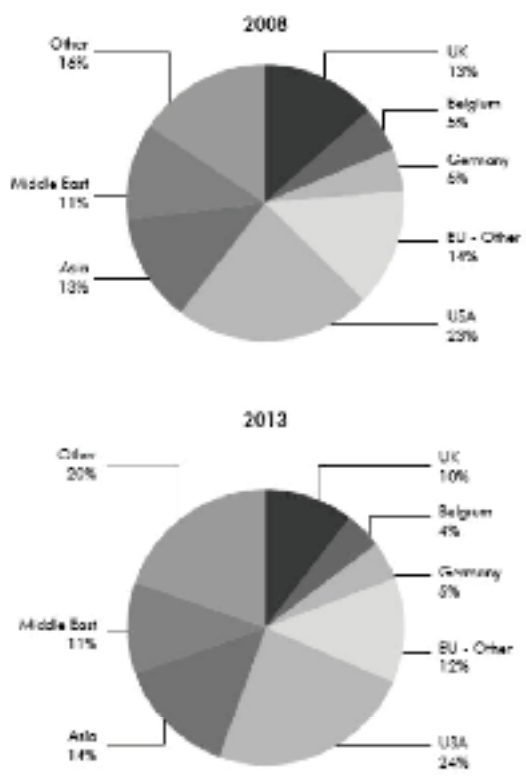
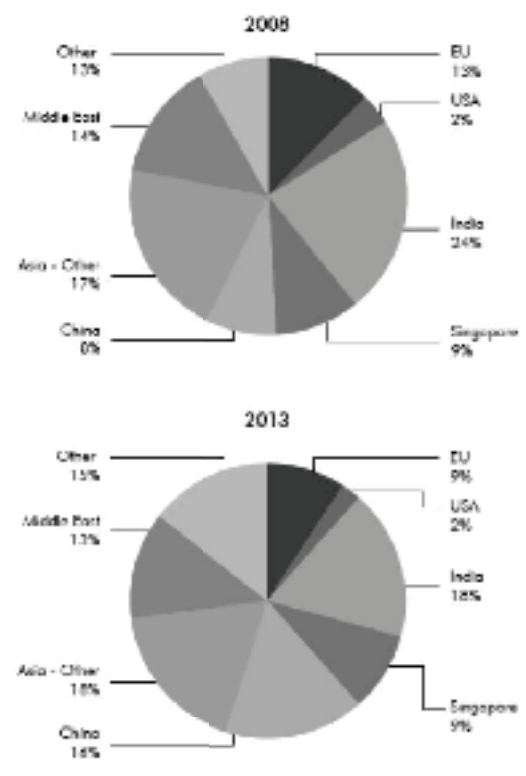


Chart 5.8 Imports by Origin



SECTORAL EXPORT PERFORMANCE IN 2013/2014

TEA

Tea production in 2013 reached an all-time high in 2013 supported by favourable weather conditions in all tea growing elevations, higher prices fetched at the Colombo tea Auction (CTA) and strong export demand. Accordingly, tea production in 2013 grew by 3.6 per cent to 340.2 million kg. However, the high growth in tea production in 2013 is over a low base in 2012, which was a low cropping year due to drought conditions that prevailed. The highest increase was recorded in medium grown elevation (6.8 per cent), followed by low grown (3.1 per cent) and high grown (2.6 per cent). Low grown tea production in 2013 recorded the highest ever production. The contribution of smallholders who are largely based in low grown areas, to total national tea production also increased to 248 million kg in 2013 from 234 million kg in 2012 supported by favourable weather conditions, an increase in fertilizer usage encouraged by higher price paid for green leaves during the year. Meanwhile, tea production in high and medium tea growing areas was somewhat affected by heavy rain particularly during the third quarter of the year.

On average, prices of high, medium and low grown teas at the CTA throughout the year were above the corresponding prices recorded in 2012. Although other global tea varieties such as CTC and green tea supply were in surplus, orthodox black tea production remained relatively stable in 2013. Sri Lanka, being the largest orthodox black tea exporter, benefited from the strong demand for orthodox black tea and this was reflected in higher auction prices. Average prices of high, medium and low grown tea increased by 7 per cent (year on year) to Rs. 406 per kg, 18 per cent to Rs. 416 per kg and 15 per cent to Rs. 471 per kg, respectively. This enabled tea manufacturers to withstand the increase in costs as a result of higher wages and electricity.

AGRICULTURAL POLICIES AND INSTITUTIONAL SUPPORT

Sri Lanka Tea Board (SLTB) and Tea Research Institute (TRI) continued its research and development activities during the year in line with the medium to long run strategy of the sector. SLTB conducted the Inaugural Ministerial Conference of Tea Producing Countries in Colombo in 2013, which targeted to establish an international association for the promotion and development of tea at a global level. To promote marketing, SLTB entered into an agreement with the Sri Lanka Cricket Board to become the official overseas sponsor for the Sri Lanka cricket team for the period 2013-2016. Further, SLTB also implemented a special promotion campaign in the Latin American region to explore new buyers for Ceylon Tea during the year while sponsoring the "CHOGM Business Forum 2013". Meanwhile, promoting good agricultural and manufacturing practices, SLTB continued to carry out their subsidy programmes and tea factory modernisation programme. The revised re-planting subsidy (Rs.350,000 per ha) and new planting subsidy (Rs.250,000 per ha) were implemented in 2013 and in the smallholding sector, a total extent of 1,483 hectares was brought under tea replanting and new planting during the year at a cost of Rs. 398 million. Meanwhile, an effective programme at the cost of Rs. 100 million was successfully implemented jointly by TRI and Tea Small Holder Development Authority (TSHDA) to mechanise tea harvesting in the tea smallholder sector. Further, Introducing Nano-technology to tea cultivation, TRI used "control releasing fertilizers" produced by Nano-Technology Institute of Sri Lanka on an experimental basis at the field level. In order to encourage value added tea exports, cess on bulk tea export was increased to Rs. 10 per kg for packages more than 10 kg and Rs. 4.50 per kg for value added tea packages less than 10 kg. The Budget 2014 proposed to grant a once-a-year-subsidy of Rs. 5,000 per acre, to all tea smallholders to improve the conditions of their lands through water and soil conservation. With regard to plantation companies, a credit scheme with 8-year maturity at 6 per cent interest was proposed in order to encourage the replanting activities.

RUBBER

Rubber production declined by 14.2 per cent to 130,421 metric tons in 2013 compared to 2012. The significant decline in production, particularly during the first nine months, was largely due to the torrential rainfall throughout this period, which reduced the number of tapping days. During the months of May, June and July when the highest decline was reported, tapping days dropped significantly. However, rubber production improved considerably during the last quarter of the year supported by favourable weather conditions in the major growing areas. The decline mainly resulted from a significant drop in production of latex crepe by 58 per cent to 15,373 metric tons in 2013. However, sheet rubber production increased by 6 per cent to 62,800 metric tons mainly due to an increase in production during the latter part of the year. Rubber exports, which mainly consist of latex crepe declined by 37 per cent to 23,580 metric tons in 2013 while the share of domestic usage of rubber increased to 82 per cent in 2013 (107,259 metric tons) from 72 per cent in 2012 (110,038 metric tons) the declining trend in global natural rubber prices also affected rubber prices in Sri Lanka.

In 2013, at the Colombo Rubber Auctions, the average price of Ribbed Smoked Sheet 1 (RSS1) and Latex Crepe 1x declined (year on year) by 10 per cent to Rs. 377 per kg and by 3 per cent to Rs. 397 per kg, respectively. Further, the export price of RSS1 and Latex Crepe 1x also declined (year on year) by 6 per cent to Rs. 422 per kg and by 7 per cent to Rs. 377 per kg, respectively. Increased natural rubber supply from major rubber producing nations along with high stocks of major manufacturers in China and Japan mainly contributed to the decline in prices.

AGRICULTURAL POLICIES AND INSTITUTIONAL SUPPORT

The overall development strategy of the rubber sector mainly targeted the improvement in productivity through the promotion of good agricultural practices in the short run and the expansion of rubber extent through replanting and new planting in the medium to long run. A new programme for the cultivation of 10,000 hectares in the Ampara district commenced in 2013 while replanting activities in 1,782 hectares in traditional areas were promoted. Rubber Research Institute of Sri Lanka (RRISL) contributed to carry out field trials to identify the potential growing lands in these new areas. RRISL continued its group advisory programme, i.e., "Vihidum Sathkara" to support technology adoption by smallholders and "Nipunatha Sawiya" training programme to improve skills of rubber tappers. Rubber Development Department (RDD) continued its extension services by conducting a large number of tapper and bud grafter training programmes as well as training growers to adopt gutter rain guards. Moreover, a number of workshops and training programmes were conducted at the district level through "Thurusaviya Societies". Under this, activities such as standardising machines and equipments and upgrading rubber smokehouses with new technologies were promoted. An amount of Rs. 25.5 million was provided as loans to 275 rubber growers by the Thurusaviya Fund jointly with the Bank of Ceylon.

COCONUT

Coconut and coconut product supply experienced a considerable drawback during the year. Coconut production declined by around 14.5 per cent to 2,513 million nuts in 2013. The decline in coconut production was mainly due to the lagged effect of lower rainfall in major coconut growing areas in 2012. Since around 72 per cent of coconut production was demanded by non industrial users, the decline in coconut output mainly affected industrial users during the year. Coconut oil production declined by around 45 per cent to 45,208 metric tons (equivalent of 349 million nuts) in 2013. The decline in coconut oil production prompted imports of other edible oils. Consequently, the import of palm oil, which is a close substitute for coconut oil increased by 41 per cent to 89,959 metric tons in 2013 despite the upward revision of SCL on refined palm oil to Rs.115 per kg in early 2013.

Meanwhile, Desiccated Coconut (DC) production too declined sharply by 30 per cent to 29,200 metric tons (equivalent of 228 million nuts) in 2013. The shortage of coconut supply together with the increase in farmgate coconut price pushed up the cost of production of the DC industry leading to a major decline in DC exports during the year. The export of DC in 2013 declined by 30 per cent to 28,202 metric tons compared to 2012. However, a growth in coconut milk powder, cream and milk production was recorded in 2013. Maintaining the growth momentum of these coconut kernel based products is necessary in view of their export potential.

Coconut prices increased steadily in 2013 due to lower coconut production and increased competition among the coconut kernel based product manufacturers. The lower production of coconut, caused prices of copra, coconut oil and desiccated coconut to increase in 2013. Coconut prices increased more rapidly during the second half of the year with the further decline in coconut supply. The average auction price of coconut increased to Rs. 32.64 per nut in 2013 from 22.95 per nut in 2012 and the average retail price of coconut also increased to Rs. 43.16 per nut in 2013 from Rs. 34.56 per nut in 2012. The average price of coconut oil increased to Rs. 258 per litre in 2013 from Rs. 224 per litre in 2012 largely due to the considerable increase in copra prices. The average DC price at the Colombo Coconut Auction also increased to Rs. 239.05 per kg from Rs. 173.19 per kg during 2012. Despite the increase in DC prices, the average DC export price declined in 2013 to US dollars 1.55 per kg from US dollars 1.65 per kg during 2012 reflecting a contraction in profit margins of DC producers during 2013.

AGRICULTURAL POLICIES AND INSTITUTIONAL SUPPORT

The National Coconut development plan targets to produce 3.650 million coconuts by 2016. The slow growth in coconut supply is a major hindrance for the expansion of coconut based industries. In order to increase coconut supply, it is necessary to optimise coconut land utilisation and ensure a substantial increase in national average coconut yield, while strengthening replanting activities with high yielding varieties. During the year, Coconut Research Institute of Sri Lanka (CRISL) released two new hybrid varieties, namely CRISL 2012 (Brown Dwarf Tall) and CRISL 2013 (Brown Dwarf San Raman) for growers in 2013 while establishing a seed garden in Kinyama estate for the mass production of Kapruwana hybrid seedlings in 200 acres in collaboration with Chulaw Plantation Ltd to increase the supply of high yielding varieties. Further, Land Suitability Assessment programme implemented by the Coconut Cultivation Board (CCB) to expand coconut cultivation to areas such as Moneragala, Ampara, Batticaloa, Trincomalee, Anuradhapura, Polonnaruwa and Jaffna continued successfully. Further, 2.07 million of coconut seedlings were distributed under the "Divi Neguma" programme. In the meantime, CRISL continued to carry out activities to combat the spread of diseases and improve value addition in

coconut based industries. Coconut caterpillar outbreaks were successfully managed by releasing 809,810 parasitoids and distributed 3,000 pheromone vials to manage red weevils in addition to issuing 135,398 predatory mite sachets to growers to combat the spread of coconut mite. CRISL also concentrated on managing the spread of coconut mite and Weligama Coconut Leaf Wilt Disease (WCLWD) with the assistance of Food and Agriculture Organization (FAO) and several other external experts, and the spread of WCLWD to other areas was completely controlled and affected coconut palms totaling to 66,065 were removed during 2013. Research into improving virgin coconut oil expelling and other value added products such as coconut paste, ice cream, sweet toddy powder, coconut coir composites also continued successfully. In the medium to long run, it is necessary to promote alternative edible oil sources in the country such as palm and soya oil, which would partly fulfill the edible oil consumption in the country. Accordingly, in 2013, a number of Regional Plantation Companies (RPC) were permitted to import palm seeds under tariff concessions with a view to promote the oil palm cultivation in the country. Palm oil production is expected to increase to 100,000 metric tons by 2016, which would help to reduce expenditure on palm oil imports while contributing to reducing price fluctuations of coconut and coconut oil in the local market.

MINOR EXPORT CROPS

The performance of minor export crops rebounded during the year. The production of cinnamon, pepper, cloves, cocoa, arceanut, nutmeg, betel and cashew recorded a growth during the year while production of cardamom declined. Pepper production recorded a 50.5 per cent growth, achieving the highest production of pepper in recent history due to favourable weather conditions in the flowering and fruiting period and the expansion of productive extent with increased newly planted extent. The export demand for pepper remained high benefitting exporters during the year. However, a decline in pepper farmgate prices by around 12 per cent was also observed. Production of cloves also grew significantly by 54.4 per cent to 6,190 metric tons in 2013 over the previous year, helping clove growers to reap the benefits of increased farmgate prices of cloves. Cashew kernel production increased by 3.6 per cent to 2,072 metric tons in 2013 supported by an increase in matured extent of cashew in recent years and higher farmgate prices. The increase in cinnamon production was marginal at 2 per cent during the year, largely a result of an increase in matured extent.

OTHER FIELD CROPS

Total production of other field crops (OFCs) increased by 3.4 per cent to 968,246 metric tons in 2013 over 2012. This is an outcome of a 3.8 per cent increase to 587,477 metric tons in the 2012/13 Maha season and a 3.1 per cent increase to 380,769 metric tons in the 2013 Yala season over the corresponding seasons in the previous year. The extent cultivated of OFC increased in 2013 during major seasons mainly due to the availability of sufficient water supply and remunerative prices together with the effect of increase in the Special Commodity Levy (SCL) on the import of some commodities to promote local substitutes. Accordingly, the SCL on some imports such as potatoes and big onions was increased in May, June and August 2013. During the year, the production of some crops such as black gram, red onion, big onion and ginger (raw) declined. The decline in big onion production was mainly a result of the damages caused during the nursery stage as well as during the harvesting period due to heavy rainfall. However, the producer price of big onions rose during the year encouraging growers. Meanwhile, domestic production of OFCs such as cowpea, kurakkan, maize, green gram, soya bean, gingerly, ground nuts, sweet potatoes, potatoes and chilies increased in 2013. It is estimated that the present domestic supply of commodities such as maize, ground nuts and cowpea has already surpassed consumption demand in the country; and therefore, it is expected that the industries producing animal feed and already established food manufacturers would also benefit from improved domestic supply of inputs, which are otherwise imported.

FISH & SEAFOOD

Total fish production in 2013 grew by 5.5 per cent to 512,840 metric tons. This was a combined outcome of an increase in marine fish production by 6.9 per cent and a decline in inland fishing by 3 per cent. Of the increase in marine fish production, offshore and coastal fish production grew by 11.4 per cent and 4 per cent, respectively. During the year, marine fish production was affected by extreme weather conditions in May and June. However, marine fish production recovered during the third and fourth quarters with favourable weather conditions prevailing during the Northern and Eastern fishery season. The increasing contribution of all fishing areas to total fish production in the post conflict period was encouraged by the improvement in infrastructure and fishery fleet. The share of deep sea fish production in total marine fish production increased to 40 per cent in 2013 from 38 per cent in 2012. Meanwhile, average daily production of canned fish by four domestic factories also improved significantly. In 2013, inland fish and aquaculture production declined by 3 per cent to 66,910 metric tons mainly as a result of the decline in the Inland fish capture by 6.2 per cent due to the lagged effect of the drought, which resulted in a depletion of resources in reservoirs. However, the sub sector, aquaculture and cultured prawns/coastal aquaculture grew by 15.8 per cent during the year due to the successful control of the spread of disease as a result of the implementation of best practices and the expansion of farms.

Measures were taken to increase deep sea fish production to boost value addition and fish exports. In 2013, eight pelagic vessels each being over 24 meters in length was launched under a BOI joint venture project. It is expected that the Dikowita fishery harbor, which commenced its operations in 2013 would provide the necessary harbour facilities for these large vessels. The Budget 2014 also proposed to develop the existing harbour facilities and anchorages at Wennappuwa, Chilaw, Kapparithota, Dodandoowa, Hikkaduwa and Negombo lagoon. The Diyawara Diriya loan scheme was continued for the second consecutive year to provide credit facilities at a concessional rate to the fishery sector mainly targeting an increase in the deep sea fishery fleet and modernising the existing fishing boats with latest technology. The total amount of loans disbursed under this scheme during the period from 2012 to 2013 was Rs. 2,489 million and the interest subsidy borne by the government on these loans stood as Rs. 53 million. Further, the fuel subsidy scheme for fishermen also continued and Rs.1,524 million was disbursed in 2013 compared to Rs. 2,970 million in 2012. The Budget 2014 proposed to maintain high tariff on imports of dried fish and sprats, Maldives fish, canned fish and fish food. The inland and aquaculture fishery infrastructure was expanded with a view to encouraging non-traditional aquaculture systems with high potential. The blackish water cluster shrimp model farm in Vakarezi was opened in January 2013. In the first year, the project earned Rs. 40 million by harvesting 55.6 metric tons of fresh water fish. A project to build a centre for aquaculture development at Iranamadu in the Northern Province at a cost of Rs. 400 million commenced in 2013. This project is expected to boost the production of high value added aquaculture fish for exports.

APPAREL

The wearing apparel sub-sector, which is the second largest sub-sector in the index, played a major role in enhancing factory industry output during the year. Accordingly, the output of the wearing apparel sub-sector recorded a significant growth of 6.7 per cent in 2013 compared to 4.2 per cent in 2012. Greater backward integration, acquisition of expertise knowledge, production of items in the higher end of the value chain, University-Industry-Government (U-I-G) linkages and Sri Lanka's reputation as a reliable supplier of quality garments at competitive prices in international markets enabled the textile and wearing apparel industry to maintain a high growth momentum in traditional markets, while measures taken to diversify export destinations to other non-traditional markets further increased wearing apparel exports. Further, the unstable situation seen in Bangladesh's apparel industry resulted in an increase in new orders to the Sri Lankan wearing apparel sub-sector. Despite the unfavourable conditions that prevailed in global markets the apparel sub-sector remained resilient methods and waste management methods adopted helped garment exporters to build their market image in the international market. Meanwhile, the textile products sub-sector recorded a 12.8 per cent growth in 2013 with a significant increase in demand for locally manufactured textile inputs from the wearing apparel sector and increased demand for local fabrics from tourists.

RUBBER AND PLASTIC PRODUCTS

The rubber and plastic products sub-sector expanded despite various challenges faced by the industry in 2013. The output of rubber products recorded a moderate growth of 4.6 per cent, supported by an increase in international demand for rubber tyres, tubes and other rubber based products towards the latter part of 2013. Exports of solid tyres and air tyres, which largely contribute to the output of rubber products, increased due to favourable global developments with a pickup in factory industry output in the USA and EU regions buttressed by a sharp growth in the automobile industry. Moreover, the external demand for rubber gloves also remained satisfactory during 2013, underpinning the growth in the manufacture of industrial, surgical and household gloves to the export market. These favourable developments took place despite a temporary shortage of raw rubber in the local market due to adverse weather conditions, a factory closure due to environmental pollution concerns and an increase in energy costs. The high cost of raw materials and the increase in energy costs, however, had an adverse

impact on industry margins during the year. Meanwhile, production of plastic products as reflected in the FIPI, which is primarily a domestic market oriented industry, grew sluggishly in 2013 dampening the overall growth in the rubber and plastic products sub-sector.

ELECTRICAL EQUIPMENT

Production in the electrical equipment sub-sector increased significantly recording a growth of 9.4 per cent during 2013. Developments in the construction sector, together with an increase in local and international demand for high quality products facilitated the higher production of electrical cables and other electrical products during the year. This sector, which is at an incipient stage of development, has ample room for expansion supported by tax incentives and by establishing a brand image in international markets.

INDUSTRIAL EXPORTS

The industry sector expanded by 9.9 per cent in 2013, compared to 10.3 per cent growth registered in 2012, while accounting for a share of 31.1 per cent of the GDP in 2013. Bolstered by improved demand for Sri Lankan exports and favourable domestic demand, factory industry which is the largest sub sector within the Industry sector expanded by 7.9 per cent in 2013 compared to 5.2 per cent recorded in 2012. Electricity, gas and water sub sector grew at a higher rate and made a significant contribution to the value added with the increase in hydropower generation. Construction and mining and quarrying sub sectors continued to expand at a healthy rate during 2013 over the high growth recorded during 2012. The slowdown in the construction and mining and quarrying sub sectors compared to 2012 resulted in the marginal slowdown in value added of the Industry sector during 2013.

INDUSTRIAL POLICIES AND INSTITUTIONAL SUPPORT

The current industrial policy of the government is focused on the creation of a globally competitive and knowledge based manufacturing industry sector, with the maximisation of value addition in exports. In this regard, the Ministry of Industry and Commerce has reformulated its strategy to sustain Sri Lanka's industrial competitiveness in a dynamic local and global environment. Much effort has been taken to transform the current 'resource based-labour intensive' manufacturing industry to a 'knowledge based-technology intensive industry' by developing the technology base of the industry sector and encouraging the production of internationally competitive high value added branded products. Further, increased focus was placed on developing Small and Medium Enterprises (SMEs) through technology infusion, women entrepreneurship development and greater financial inclusion.

The government introduced several measures in the 2014 Budget to promote local value addition and expand domestic industries. Cess rates on selected product imports in the food, beverages, chemical, rubber, basic metal and fabricated metal sectors were increased to encourage local value addition. Likewise, customs duty on importation of selected machinery such as tea machinery, tractors and wheel barrows was increased to encourage domestic value addition in the heavy industry sector, while encouraging backward integration in the agricultural sector. Similarly, customs duty on imported boats was increased to promote the local boat building industry. Further, customs duty on inputs to selected industries such as the manufacture of confectionary and branded items was also revised downwards. Solar control films was exempted from customs duty to encourage energy saving and green manufacturing methods. The Special Commodity Levy (SCL) on butter, yoghurt, dried fish, sprats, canned fish and Maldivé fish was increased to enhance demand for local substitutes and uplift SMEs engaged in these sectors. A negative list of items for BOI projects was established with the objective of promoting local industry engaged in the production of construction related raw material and accessories.

The government took measures in line with its science and technology policy to create a technopreneurial culture aimed at increasing high tech industrial exports of the country. Accordingly, a Coordinating Office for Science, Technology and Innovation (COSIT) was established to facilitate the coordination and monitoring of science, technology and innovation activities in the country with a view to promoting value addition and commercialisation in line with the National Science, Technology and Innovation Strategy of Sri Lanka. The National Regulatory Framework for Nanotechnology innovations and applications designed by the National Science Foundation (NSF) with financial support from the International Development Research Centre (IDRC- Canada) was completed in May 2013. A fully fledged Nanotechnology Centre of Excellence (NCE) with a Nanoscience Park was declared open in October 2013 in Homagama facilitating strategically focused research and development initiatives. Research and development undertaken by the Nanoscience Park to date covers the focus areas of apparel, agriculture, nutraceutical, water purification and mineral resources. The Nanoscience Park has acquired a number of international and local patents and commenced pilot production of one product by end 2013. The Joint Apparel Association Forum (JAAF) has been instrumental in formulating strategies for the development of the apparel sector. The apparel industry, which is faced with constant challenges from low cost manufacturing countries, is expected to benefit from the commencement of free port activities, the proposed Free Trade Agreement (FTA) between China and Sri Lanka and cost cutting and energy saving measures implemented by industrialists. The free ports facility in Colombo is expected to facilitate entrepot trading, which will attract new businesses to Sri Lanka from neighbouring countries. Improved trade relations with countries such as China and Japan are expected to open up new markets for Sri Lankan apparel exports.

The legal framework to develop Sri Lanka as a Commercial Hub was enacted in 2013. Accordingly, the Finance Act-Commercial Hub Regulation No.1 of 2013 was gazetted subsequent to the enactment of the Finance Act No. 12 of 2013. This regulation has declared Colombo and Hambantota Harbours as free ports, while the Katunayake Export Processing Zone (EPZ), Koggala EPZ, Mirijjawila EPZ and Mattala Rajapakse International Airport (MRIA) have been declared as bonded areas. Mirijjawila EPZ and Mattala Rajapakse International Airport declared as specified bonded areas in this regard are dedicated specifically for carrying out entrepot trade. Katunayake and Koggala EPZs have been declared as designated bonded areas and will engage in all activities related to free ports and bonded areas. The free ports and bonded areas have been established to facilitate entrepot trade, logistics services and multi country consolidation, off-shore business, front end services to clients abroad and the operation of headquarters for management of billing operations and finance supply chain. Any new enterprise established or incorporated in Sri Lanka for these activities with at least sixty five per cent of its total investments from foreign sources and total turnover from the export of goods and services are eligible for exemptions from customs duties, VAT, NBT, SCT, PAT and excise taxes, exchange control and trade regulations.

The Export Development Board (EDB) continued its activities to promote exports during 2013. The EDB participated at trade fairs and exhibitions during the year and engaged in various market diversification strategies. Accordingly, the EDB in collaboration with the Boat Building Technology Institute, focused on attracting new markets for the boat building industry in the wake of declining demand from the European market. Further, the IPC2 Technology Meet was organised for electronic exporters in Colombo to increase awareness on Global Best Practices in the electronics industry with a view to enhancing the export capability of the electronic sector.

The National Gem and Jewellery Authority (NGJA) has taken numerous measures to develop the gem and jewellery industry in 2013. Amidst various challenges faced by industrialists in this sector, the NGJA took steps to promote local products in trade fairs and exhibitions held in countries such as USA, China, India and Singapore and are currently discussing opportunities for expanding export of Sri Lankan gems to China with the signing of the Sri Lanka-China Bilateral Trade Agreement. Meanwhile, NGJA took preliminary steps to upgrade gemmological laboratories with the installation of modern and efficient lab equipment of an international standard. Steps to promote environmentally

friendly gem mining taken in 2012 through the preparation and enforcement of rules and regulations and the provision of approvals and technical consultancy services with regard to mechanised mining were continued during 2013. Further, the NGJA took steps to rehabilitate damaged and destructed areas by conducting tree planting campaigns. Likewise, NGJA has identified the Wayamba Jewellery Craftsmen Association to donate modern machinery, tools and equipment to distribute among their membership consisting of SME scale jewellery manufacturers in order to increase output in this sector.

EXTERNAL TRADE POLICIES AND INSTITUTIONAL SUPPORT

External trade policy in 2013 continued to focus on improving Sri Lanka's integration into the world economy through trade negotiations and expanding economic activity through increased openness. Increased integration is expected to help strengthen overseas market access for Sri Lankan products, attract foreign direct investment to Sri Lanka and rationalise import expenditure. Institutional support was extended to improve international competitiveness in the industrial sector through technological innovation, promoting public private partnerships and improving infrastructure facilities and other related services, while ensuring a stable macroeconomic environment is maintained.

The four band custom duty structure, the main trade policy instrument was further simplified to facilitate domestic production and trade. The prevailing tariff bands of 0, 5, 15 and 30 per cent were revised to 0, 7.5, 15 and 25 per cent with effect from November 2013. The 5 per cent custom duty band of the previous tariff structure, which was mostly applied on imported raw materials and machinery was abolished and most of those items were placed at the zero tariff band, while few items were placed at the 7.5 per cent tariff band. Accordingly, 3,379 tariff lines out of 6,577 tariff lines were placed at the zero duty band. In line with the policy to further simplify the tax structure and lower the tax rate, the 30 per cent customs duty which is applicable on end use products was revised down to 25 per cent.

Several important policy measures were adopted in 2013 to strengthen export oriented industries. The enactment of Finance Act No.12 of 2013 amending the previous Finance Act further facilitated the establishment of 'Free Ports' and 'Bonded Areas'. Accordingly, the Colombo and Hambantota ports were declared as free ports, while export processing zones in Katunayake, Koggala and Mattala were declared as bonded areas. Industries operating within these bonded areas have been exempted from domestic taxes. Further, exporters who engage in entrepot trade, which involves minor processing of imported items for re-export and logistic services, or the assembling of parts produced in multiple countries, enjoy various benefits by locating in these free zones. Further, through the amendments to the Finance Act, with a view to preventing monopoly pricing in the international shipping trade, the levy on terminal handling and other charges in addition to freight and specified international charges for container cargo were eliminated and made an all-inclusive freight rate. With regard to the apparel sector, the government is seeking to position Sri Lanka's apparel industry among the top ten high quality apparel manufacturers in the world by 2020. In order to achieve this objective, a 300 per cent tax allowance has been proposed for research and development activities carried out within the industry. With the aim of promoting the acquisition of internationally recognised intellectual properties, such as brand names for local products, tax deductions have been provided for expenses incurred in the acquisition of such rights as well as for any income earned in foreign currency on account of these royalties. To reduce the cost of production of textiles and garments, the Cess on the importation of unbleached cotton woven fabrics and other fabrics was reduced to Rs. 75 per kg and Rs. 100 per kg, respectively. Further, to promote the supply of raw materials and other services required for the production of textiles and garments, a concessionary tax rate of 12 per cent that was applied on profits and income derived from the supply of certain services to garment exporters was further extended. High value tea and rubber product exports will be encouraged by maintaining a high level of Cess on primary commodity exports. Further, in the budget for 2014, in order to promote value addition in the tea industry, permission was granted to import specialty teas without restriction for the purpose of blending, to create a well-balanced flavor as there is a growing demand for as there is a growing demand for blended teas in non-traditional markets.

Sri Lanka continued to engage in bilateral, regional and multilateral negotiations with a view to enhancing market access through preferential and free trade agreements. During the year there was no significant progress in the Doha Round, which was the latest round of trade negotiations within the World Trade Organisation (WTO) aimed at achieving major reforms within the international trading system through the introduction of lower trade barriers and revised trade rules. Hence, to continue the dialogue on selected issues from the broader Doha Round negotiations, the WTO's Bali Ministerial Conference, was held in December 2013. It was concluded with agreements being signed on a range of issues designed to streamline trade, such as allowing developing countries more options for providing food security and boosting trade in least developed countries (LDCs). Trade facilitation is expected to provide better market access because it would reduce restrictions and cumbersome procedures at export destinations, thereby lowering trade transaction costs, and transaction time while improving the clarity, efficiency and transparency of transactions. Under the trade liberalisation programme of the South Asian Free Trade Area (SAFTA) scheduled for completion by 2016, customs duties on products from the region are expected to be progressively reduced.

Sri Lanka has agreed to reduce its customs duties to between 0-5 per cent in six equal installments by 2014 for products from other member states. Although Sri Lanka is categorised as a 'non-least developed state', given the size and vulnerability of the economy, it has been able to obtain more concessions and an extended enforcement time period for the graduation of tariffs in all its SAFTA negotiations. In the continuing negotiations on the Asia-Pacific Trade Agreement (APTA), member states have decided to conclude the fourth round of negotiations under APTA in mid 2014 in Thailand. Discussions will focus on areas such as tariff concessions, relaxation of rules of origin and framework agreements on trade facilitation and investment in trade in services. As negotiations between Mongolia and other participating states of APTA have successfully concluded, Mongolia was officially admitted as a member of APTA in 2013. During the year, initiatives were taken to further deepen bilateral trade through the India-Sri Lanka Free Trade Agreement (ISFTA) and the Pakistan-Sri Lanka Free Trade Agreement (PSFTA), which are the trade agreements that have been most utilised by Sri Lanka. Sri Lanka and India set up the India-Sri Lanka Joint Task Force (JTF) to explore avenues for further promotion of bilateral trade and investment between the two countries and the first meeting of the JTF was held in June 2013. Under ISFTA, India has removed the condition relating to the sourcing of fabric on the remaining five million pieces of garments out of a total eight million pieces under the garments export quota, making the total quota under the agreement duty free, with no conditions. The fifth technical level meeting on the PSFTA was held to discuss several outstanding matters. Accordingly, Sri Lanka was able to secure market access for five products, namely mosquito repellent coils, bottle cooling machines, crude coconut oil, betel leaves and herbal cosmetic products. Sri Lanka is seeking the possibility of entering into a Free Trade Agreement (FTA) with China. Currently a joint feasibility study is being carried out to assess the viability of a FTA between China and Sri Lanka. Sri Lanka could make use of the proposed FTA by supplying high quality products like branded textiles and garments, tea, gems and jewellery, to a niche market segment thereby boosting Sri Lanka's exports to China, and helping to reduce the negative trade balance with China. An increase in the overall utilisation of trade agreements has been observed in 2013 compared to the previous year.

FUTURE EXPORT CHALLENGES

As the country moves to upper middle income status there is a need for more emphasis on innovation and research and development to diversify the manufacturing base to higher value added products. With rising wages, economies lose their comparative advantage in labour intensive industries, thus requiring a move away from the current resource based-labour intensive factory industries to knowledge based-technology intensive industries. This entails promoting high technological products such as nanotechnology enabled products, biotech-products, electrical products and electronic products, which diversify the industrial base into high value added products that will generate substantially more foreign exchange for the country. The government has given various incentives to

promote research and development in recent years with the objective of encouraging innovation. These incentives are in the form of reduced income tax rates, tax deductions for expenditure incurred on research and development, removal of customs duty on instruments and apparatus used for scientific research, research allowances and funding for research projects. The establishment of a Nanotechnology and Science Park has also opened an excellent opportunity to develop industries along these lines. Further, various state institutions are seeking to develop technology business incubators (TBIs) and technology transfer centres with the support of various international agencies to develop innovation based enterprises. For example, the National Enterprise Development Authority (NEDA) has recently sought to establish TBIs in collaboration with two state sector universities and the Electrical and Electronic Technology Business Incubator at Moratuwa. While these TBIs and technology transfer centres have so far played a limited role in providing technological and business support, exploring these collaborations would lead to further diversification of the industry sector.

The experience of other countries highlights the importance of innovation and development for product diversification and penetration of export markets. In this regard, initiatives to cultivate a technopreneurial culture and boost innovation led industrial and export growth should be promoted. Moving manufacturing up the value chain would also require a labour force that is trained in the requisite skills. While education in engineering and technology related subjects needs to be promoted, the value of learning by doing cannot be ignored and firms should be incentivised to create a learning environment that encourages the acquisition of skills that will enable the industry sector to move to the next level.

Pursuing a strategy for setting up industrial clusters will offer significant opportunities to boost the country's production as well as export earnings, thereby supporting the expansion of the economy to US dollars 100 billion by 2016. In Sri Lanka, several industrial clusters have already been developed in areas such as wearing apparel, rubber, ceramics and tea. Further, an electric/electronic cluster is being developed in joint collaboration between Japan International Cooperation Agency (JICA), the University of Moratuwa and the Ministry of Industries. With the establishment of industrial clusters, infant industries get the opportunity to collaborate with major global players in the industry. Further, working with clusters provides an opportunity for innovation and the development of particular skills, while addressing issues relating to efficiency and productivity in the industrial sector. Strong domestic industrial clusters can also help attract foreign direct investment to the country. Since the mid-1990s, countries have successfully adopted industrial cluster policies to increase business competence and develop strong regional economies. Silicon Valley in the US, the Toyota Cluster in Japan, Baden-Wuerttemberg cluster in Germany, Hsinchu Science and Industrial Park in China and Cambridge Technopole in the UK are some of the examples of large scale clusters set up by advanced countries to strengthen industrial competitiveness. Sri Lanka too can boost its technology based industries by setting up industrial clusters thereby moving to high value added products and diversifying its industrial and export base.

The challenge to developing Sri Lanka into an internationally competitive commercial hub will be the enormous pressure it would exert on existing public utilities and infrastructure facilities. The Services sector has become one of the fastest growing sectors in the global economy accounting for around 6 per cent of global output and 19 per cent of global exports. In Sri Lanka the contribution of the Services sector to GDP is around 60 per cent while services exports account for around 30 per cent of total exports of goods and services. The growth in the export of services over the past decade highlights the scope for service exports to be a key driver of growth going forward. Capitalising on the country's strategic location and competitive advantage, the government's strategy to develop five hubs plus tourism has thrust the Services sector as the main engine of growth in the medium term. In the light of the rapid developments taking place to position Sri Lanka as a commercial hub in the region, it is necessary to ensure that the capacity of the major public utilities and infrastructure facilities such as water, electricity, sewerage and storm water drainage, fire protection services and transportation infrastructure are developed to meet the growing demand arising from the emerging economic activities.

Diversification of export products and markets is vital to reduce the country's vulnerability to external shocks. Sri Lanka's export structure has shifted from a predominantly agriculture base in the 1960s to more light manufacturing base with exports of textiles and garments and rubber products. However, earnings from exports have continued to depend on a few commodities. In the 1960s, primary commodities such as tea accounted for around 60 per cent of total export earnings, while in 2013, both tea and textiles and garments accounted for around 58 per cent of total export earnings. Greater product diversification in the export sector would help reduce the vulnerability of export earnings to adverse external shocks such as a sharp decline in world commodity prices or a global recession as well as domestic shocks, such as a severe drought. Incentives to promote value addition and backward integration as well as institutional support for innovation are some of the policies that have been adopted to expand the product base. The five hubs strategy is a laudable initiative of the government to diversify economic activity and expand export earnings over the medium term. Providing incentives to local companies to develop global brands would be an important strategy to increasing access to non-traditional markets, particularly in emerging economies. While there has been greater penetration of the garment industry into non-traditional markets, the EU and the US still account for around 89 per cent of the market for textiles and garment exports from Sri Lanka. Meanwhile, in the case of tea, the Middle East and CIS countries account for around 70 per cent of total tea exports. Increasing geographic diversification of export destinations is another area that has received more attention recently. Improving the utilisation of bilateral and multilateral trade agreements and conducting awareness programmes to educate exporters regarding the rules of origin criteria, tariff and non-tariff barriers and new market access opportunities resulting from trade agreements is expected to significantly improve access to new markets. Further, continuously engaging in existing and new free and preferential trade agreements would also help maximise the benefits from these agreements. The rapid growth taking place in emerging markets and a rising middle class in these economies have caused a significant shift in trade flows towards emerging market economies. In line with these developments there has been a gradual shift in Sri Lanka's product composition and export destinations with more trade taking place with emerging and developing economies. This is expected to help increase the country's export potential, while reducing the country's vulnerability to a narrow product and market base.

As the global economy continues to recover, there will be a gradual unwinding of the accommodative monetary policy measures which will create challenges for macroeconomic management in emerging and developing economies. World trade is expected to pick up with favourable developments envisaged in advanced economies and greater trade in the region, benefiting countries like Sri Lanka. However, monetary and fiscal policy measures adopted by major economies and in particular the size and timing of the unwinding of the quantitative easing measures by the US Federal Reserve are expected to heighten the risks for recovery in the world economy and create greater uncertainty in financial markets. In this light, there is a greater urgency for more cooperation among central banks to ensure that the nascent recovery in the global economy is not stilled by the unwinding measures. Emerging and developing economies would need to carefully manage the risks arising from tightening external financing conditions and possible reversal of capital flows, as well as the expected rise in long term lending rates and risk premia by building the necessary buffers and policy space to enhance the resilience of their economies to external shocks.

The policies adopted by the Central Bank by maintaining a healthy level of reserves and flexibility in the exchange rate as well as setting limits on foreign investment in government securities helped cushion the impact of tapering on the economy and strengthened the country's resilience to external shocks. Going forward, proactive policy measures by the Central Bank and the government to strengthen contingency buffers and improve the overall productivity of the economy would help minimise risks arising from global developments.

(Source: Central Bank Annual Report 2013)

Table: 08

Export Performance of Major Product Sectors 2004 - 2013

Code	Product Description	Value in Millions of US Dollars												% Contribution to Total Exports in 2013	2012-2013 % Growth	2014-2013 Avg Growth %
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013					
1	Agricultural Exports	1116.61	1156.56	1344.77	1573.62	1920.22	1788.21	2215.18	2453.09	2249.39	2473.84	22.33	10.20	8.45		
1.1	Tan	740.10	810.77	901.73	1025.11	1271.05	1185.42	1435.15	1476.18	1387.91	1525.72	13.75	9.22	8.42		
1.2	Natural Rubber	61.66	47.03	82.12	102.35	325.35	98.65	173.75	297.90	133.06	71.61	0.64	-42.75	3.13		
1.3	Cereals	168.21	167.03	188.73	220.65	282.60	268.75	277.64	422.91	390.51	385.15	3.24	-0.11	13.37		
1.4	Cocoa & Kernel Products	43.84	75.94	84.23	101.47	131.26	134.26	136.38	191.40	127.54	127.54	1.76	0.21	5.53		
1.5	Cocoa & Bean Products	62.61	69.63	76.92	90.87	99.82	111.30	123.58	155.62	150.14	157.23	1.32	-2.24	10.50		
1.6	Wool & Sheep Products & Hides	19.46	21.48	23.28	25.07	36.56	45.14	53.76	75.89	32.02	50.10	0.76	4.02	14.14		
1.7	Other Export Crops	153.17	171.83	184.13	219.30	269.22	223.19	326.24	346.91	364.88	321.43	4.76	42.98	12.41		
1.8	Spices	76.05	95.85	102.87	121.03	151.45	115.11	191.19	213.61	235.53	228.42	2.97	30.87	14.73		
1.9	Vegetables	8.65	5.57	6.57	11.27	14.20	12.20	16.32	10.55	15.06	16.70	0.15	30.81	7.27		
1.10	Fruits	9.04	5.95	11.28	12.04	14.18	14.45	13.48	14.76	16.41	14.17	0.12	36.17	3.54		
1.11	Silk, Flax, & Cotton	3.75	3.85	4.28	4.60	7.81	4.53	14.92	10.16	17.42	23.28	0.21	35.47	20.58		
1.12	Others of Other Export Crops	48.05	41.58	45.12	50.22	67.82	57.49	74.13	64.44	67.77	94.07	0.85	35.81	7.21		
2	Mineral Products	93.53	101.51	138.48	170.68	173.07	178.11	202.45	195.31	205.17	244.43	2.26	11.14	9.31		
2.1	Crude Petroleum	7.98	7.53	8.65	9.20	8.91	8.52	10.08	10.05	7.67	10.70	0.10	61.33	2.48		
2.2	Crude Petroleum Products	31.40	28.76	28.57	30.28	14.71	16.02	30.63	33.15	28.21	44.12	0.42	61.04	8.31		
2.3	Crude Petroleum Products	54.75	70.30	107.26	132.24	144.81	115.27	161.10	149.07	185.30	180.61	1.71	12.00	19.01		
3	Industrial Exports	4489.13	4923.61	5818.34	5827.24	3277.23	5015.73	3771.64	7676.92	7162.67	7667.13	68.41	4.81	5.31		
3.1	Diamonds, Gems & Jewellery	373.48	388.42	446.53	474.91	584.91	319.39	408.77	531.57	358.50	437.50	3.94	-21.22	2.37		
3.2	Textiles & Apparel	2783.91	2872.13	3057.80	3260.80	3483.72	3210.30	3241.76	4173.15	3984.65	4492.20	40.45	11.21	4.09		
3.3	Manufactures	1225.74	1628.11	1628.11	1628.11	1628.11	1628.11	1628.11	1628.11	1628.11	1628.11	26.16	-1.58	5.86		
3.3.1	Food, Feed, Beverages & Tobacco	71.67	216.02	240.57	558.67	254.57	213.44	287.12	407.65	316.94	278.55	2.57	-22.70	10.45		
3.3.2	Leather Products	24.63	20.54	20.54	18.78	15.84	13.92	15.73	18.58	21.61	0.15	13.50	-3.85	7.19		
3.3.3	Wood & Wood Products	81.80	37.37	40.12	58.12	53.40	35.39	53.59	65.22	60.66	64.08	0.58	-1.48	7.19		
3.3.4	Paper & Paper Products	55.63	37.06	32.27	41.31	43.02	40.11	55.65	71.53	48.56	72.67	0.68	-10.22	12.73		
3.3.5	Rubber, Plastics, & Chemicals	203.77	304.82	449.46	422.61	533.21	326.32	558.81	264.15	856.68	637.42	7.98	3.58	11.61		
3.3.6	Chemical Products	33.58	49.36	39.11	34.74	37.13	78.09	37.47	42.43	36.33	33.81	0.31	-3.09	-1.10		
3.3.7	Plastic Products	64.43	62.50	64.43	61.05	61.43	44.80	51.42	65.27	50.88	60.10	0.54	5.70	-0.65		
3.3.8	Non-Metallic Mineral Products	73.24	81.54	67.39	62.89	65.24	71.33	83.21	110.17	118.92	118.92	1.07	2.25	4.28		
3.3.9	Base Metals	183.08	240.21	166.17	80.82	57.63	35.11	83.24	56.75	56.13	69.88	0.53	2.28	-16.33		
3.3.10	Electronic, Electrical, Machinery Products & Instruments	187.77	170.57	218.26	371.15	322.42	147.51	250.00	312.51	266.65	312.33	2.81	5.31	4.81		
3.3.11	Transport Equipment & Parts	17.81	34.19	51.19	64.39	77.10	62.10	74.01	86.59	59.09	80.13	0.45	-43.41	11.06		
3.3.12	Iron & Steel	2.19	8.96	7.06	31.34	37.81	37.81	53.53	145.23	50.28	42.00	0.74	44.50	26.01		
3.3.13	Iron & Steel Products	12.08	13.39	10.48	24.11	21.88	17.22	19.73	16.71	12.26	29.27	0.26	159.13	3.22		
3.3.14	Iron & Steel Products	232.44	148.89	134.82	176.97	147.16	110.66	161.92	166.57	155.48	169.22	1.52	8.40	-1.75		
3.4	Petroleum Products	102.00	131.90	137.00	160.00	253.00	130.00	283.00	553.00	483.00	498.00	3.85	-7.56	16.98		
4	Products Unspecified	93.72	114.22	178.23	67.45	21.33	80.92	495.74	231.67	58.10	65.03	0.59	11.36	1.62		
4.1	Total Merchandise Exports	5755.89	6344.34	6930.02	7639.99	8111.86	7033.97	6625.71	10558.63	9739.87	10388.65	83.53	6.37	6.45		
5	Communication, Computer & Information Technology	115.00	158.00	166.00	244.00	311.00	325.00	348.00	440.00	673.00	719.00	6.47	6.34	30.73		
5.1	Communication, Computer & Information Technology	5471.99	6470.34	7140.02	7603.89	8432.03	7435.97	8873.71	10259.80	12446.67	11105.95	160.60	6.31	6.37		

Source: Sri Lanka Customs & Central Bank

(Value in U.S. \$ Mn.)

Table - 9 (Continued)
Disaggregated Export Performance 2004 - 2013

Code	Product Description	2004 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Contribution to Total Exports in 2013	2012-2013 % Growth	2004-2013 Av. Growth %
8.01	Tea													
8.001	Tea Products	122.75	226.77	221.03	254.48	340.36	507.45	545.52	718.17	886.14	7-5.84	3.44	7.30	17.25
8.002	Tea Bags	196.57	115.82	125.44	145.0	174.46	183.78	137.46	9.55	4.3	5.20	0.09	66.63	-57.00
8.003	Tea in Bulk	375.33	398.79	439.54	508.5	615.29	588.03	657.4	607.41	700.42	234.84	2.07	12.07	8.34
8.004	Instant Tea	8.13	6.52	7.24	6.52	11.39	9.78	11.29	0.45	0.66	0.03	0.01	0.00	-21.97
8.005	Green Tea	0.79	0.89	0.81	0.32	1.32	2.56	3.40	4.02	4.06	4.51	0.04	12.71	22.91
8.006	Other Tea nes	4.25	72.18	85.47	108.45	118.19	73.61	62.55	45.47	23.01	14.61	0.12	-52.67	-16.05
	Total	740.16	810.77	681.73	1025.11	1271.05	1185.42	1429.15	1476.16	1397.91	1526.75	13.75	9.22	6.40
8.02	Natural Rubber													
8.02101	Latex Rubber	1.78	1.98	2.34	9.26	10.96	0.76	1.78	0.29	0.06	0.78	0.07	669.67	31.40
8.02102	Sheet, Tubber	21.79	16.87	37.37	36.62	42.94	42.04	66.50	52.27	58.30	13.59	0.12	-64.32	3.91
8.02103	Technically Specified Rubber	1.11	1.24	2.77	0.54	10.34	8.97	8.30	15.40	12.31	9.32	0.05	-51.10	20.42
8.02104	Crude Rubber	22.53	24.07	41.29	46.35	50.36	20.73	72.38	116.20	63.80	47.21	0.45	-29.00	11.73
8.02105	Block Rubber	2.74	1.84	3.25	1.91	1.90	1.92	0.78	0.17	0.57	1.05	0.07	94.24	-9.73
8.02106	C.I. Lat Natural Rubber nes	1.23	1.55	1.73	3.00	3.32	15.09	21.31	11.29	10.36	3.15	0.03	-63.65	23.30
	Total	51.05	47.03	82.10	106.35	125.35	98.85	173.79	207.00	125.09	71.61	0.64	-42.75	9.15
8.03	Cocconut													
8.0301	Cocconut Kernel products													
8.03010	Cocconut Oil	1.86	1.88	1.37	1.75	3.83	4.42	5.20	7.70	9.34	17.14	0.16	12.43	27.33
8.03012	Desiccated Cocconut	48.43	33.52	39.31	34.31	61.80	50.35	49.35	126.46	63.85	58.54	0.52	-3.45	8.46
8.03013	Copra	10.30	13.93	13.31	10.90	13.71	9.72	6.85	2.47	0.88	0.11	0.00	-93.82	-48.58
8.03014	Cocconut Fresh Nuts	8.03	10.11	13.45	11.56	12.64	16.23	11.93	6.40	7.01	3.0	0.00	94.88	-20.14
8.03015	Cocconut Milk Powder	16.80	12.42	12.98	9.54	16.00	15.29	17.73	22.84	20.12	21.82	0.20	9.45	6.42
8.03016	Cocconut Ghee	1.75	2.27	2.67	1.83	3.97	3.11	3.13	6.03	5.18	4.30	0.04	-21.24	11.41
8.03017	Liquid Cocconut Milk	0.00	0.00	0.04	0.25	5.87	5.05	8.73	10.20	8.46	10.45	0.06	20.52	-
8.03018	Pochnan	0.07	0.00	0.27	1.27	1.04	2.44	2.70	1.02	2.14	0.06	0.00	-87.20	-
8.03019	Defatted Cocconut	3.48	2.20	2.41	2.85	4.10	2.33	3.27	7.46	4.36	4.61	0.34	5.73	7.80
	Sub Total	83.84	75.94	84.23	100.40	126.10	104.29	99.39	191.40	127.54	127.21	1.15	-0.26	6.83
8.04	Cocconut Fibre products													
8.0401	Bristle Fibre	0.75	0.62	1.07	17.45	22.04	4.32	2.77	3.26	3.25	3.04	0.30	35.11	10.82
8.0402	Mattress Fibre	0.34	2.48	5.12	12.37	18.45	31.39	31.21	96.66	25.36	29.96	0.21	-7.80	34.89
8.0403	Mixed Coir Fibre	2.66	4.18	15.72	15.92	14.42	25.83	37.15	48.08	57.02	58.43	0.51	1.46	20.10
8.0404	Coir Yarn	0.8	0.26	1.23	1.04	1.25	1.61	2.81	0.61	1.22	1.40	0.31	14.73	4.76
8.0405	Cocconut Peal & Fibre Pith	22.90	30.45	32.56	14.48	1.17	15.21	20.77	26.50	27.40	28.56	0.28	4.23	2.38
8.0406	Brooms & Brushes	9.17	8.83	6.76	10.07	11.52	5.93	10.10	13.25	11.38	11.82	0.11	4.4	3.52
8.0407	Carpets, Mats, Floor Coverings	0.05	7.40	8.52	7.15	5.66	3.62	3.78	5.35	5.27	5.1	0.05	2.65	6.57
8.0408	Cocconut Husk Chips	0.77	0.94	2.32	4.00	5.27	6.57	5.88	6.10	6.22	6.43	0.05	-20.38	23.07
8.0409	Coir Pads	1.10	1.53	1.88	2.07	2.23	2.24	2.16	2.23	2.27	2.04	0.02	-10.13	5.68
8.0410	Coir Twine & Ropes	2.93	2.83	2.75	3.24	4.36	5.45	4.34	7.86	6.15	5.56	0.05	-31.28	1.20
8.0411	Geo Textiles	1.38	1.20	1.71	3.01	3.00	1.50	2.77	1.00	3.00	3.73	0.03	24.63	11.10
	Sub Total	61.91	60.63	75.22	90.80	99.92	114.32	123.88	155.62	150.14	146.79	1.32	-2.24	-10.56

(Value in U.S. \$ Mn)

Table - 9 (Continued)

Code	Product Description	2004 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Contribution to Total Exports in 2013	2012-2013 % Growth	2004-2013 Av. Growth %
5.1000	Coconut Shell products & Others	17.00	18.24	21.32	27.50	34.31	42.78	51.07	71.85	78.82	81.12	0.73	5.54	9.39
5.10001	Activated Carbon	0.13	0.10	0.09	0.13	0.09	0.07	0.08	0.09	0.21	0.08	0.00	-6.50	-0.89
5.10002	Coconut Shell Pieces	7.24	6.76	6.22	6.28	6.23	6.15	6.20	6.13	6.06	6.10	0.00	66.67	-13.64
5.10003	Coconut Shell Powder	1.34	0.87	0.37	0.00	0.08	1.13	1.81	2.52	3.70	3.94	0.03	-6.75	14.87
5.10004	Coconut Shell Charcoal	0.75	0.67	0.73	0.91	0.97	1.00	1.10	1.57	1.64	1.46	0.01	-24.74	9.31
5.10005	Coconut Shells	19.45	21.46	23.20	28.50	36.53	45.14	53.78	75.89	82.83	86.16	0.78	4.02	18.84
	Sub Total	166.21	167.03	185.73	228.60	262.96	260.75	277.04	422.81	380.54	360.15	3.24	-4.70	10.37
5.14	Total - Coconut Sector													
5.14	Other Export Crops													
5.1401	Spices													
5.14011	Pepper	9.31	12.31	17.43	31.35	26.39	30.58	44.65	30.73	67.65	128.07	1.14	86.47	50.20
5.14012	Cinnamon	46.72	16.26	66.19	75.50	82.70	74.18	91.91	121.18	129.55	182.89	1.19	2.21	11.19
5.14013	Cores	15.86	7.54	12.57	9.24	33.12	42.09	37.89	35.57	18.73	48.44	0.45	172.70	12.13
5.14014	Nutmeg & Mace	4.31	7.33	6.31	7.61	5.98	8.09	16.52	23.81	19.62	26.76	0.19	5.45	17.23
5.14015	Cardamoms	0.05	0.18	0.16	0.13	0.27	0.24	0.34	0.33	0.28	0.17	0.00	-32.00	-4.20
	Sub Total	75.05	99.35	102.60	124.43	151.45	115.11	191.18	213.61	235.83	328.43	2.97	39.87	14.73
5.1402	Vegetables													
5.14021	Onions	0.31	0.01	0.22	0.15	0.07	0.02	0.06	0.24	0.06	0.14	0.00	153.33	27.15
5.14022	Tomato	0.20	0.02	0.30	0.31	0.02	0.01	0.00	0.00	0.10	0.03	0.00	-70.00	-
5.14023	Garlic	0.05	0.12	0.29	0.21	0.01	0.03	0.03	0.04	0.01	0.03	0.00	200.00	-12.77
5.14024	Cabbage	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-
5.14025	Carrots	0.20	0.00	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.03	0.00	0.00	-
5.14026	Peas	0.20	0.03	0.11	0.01	0.01	0.00	0.01	0.01	0.07	0.00	0.00	-100.00	-
5.14027	Sweet Potatoes	0.30	0.00	0.00	0.20	0.00	0.00	0.01	0.01	0.01	0.00	0.00	-100.00	-
5.14028	Other Veg	2.18	3.32	0.85	0.53	0.30	0.55	0.52	0.40	0.49	0.50	0.01	83.87	-16.82
5.14029	Mushroom	0.01	0.01	0.01	0.03	0.19	0.58	0.78	0.33	0.94	2.51	0.02	167.00	67.09
5.14030	Mango	0.67	0.42	0.57	1.00	1.30	2.05	1.29	2.85	1.38	1.63	0.81	19.19	12.91
5.14031	Ki Fruits	0.56	0.39	0.45	0.41	0.44	0.53	0.58	0.57	0.43	0.37	0.00	-13.95	-1.40
5.14032	Chilies	0.00	0.20	0.00	0.70	0.41	0.42	0.68	0.87	0.93	0.97	0.01	1.16	-
5.14033	Turmeric	0.04	0.11	0.14	0.12	0.37	0.12	0.11	0.28	0.19	0.31	0.00	63.16	14.75
5.14034	Other	0.05	0.29	0.32	0.23	0.39	0.34	0.42	1.26	0.95	0.22	0.00	-76.84	17.81
5.14035	Other Vegetables net	6.34	6.53	7.27	8.41	9.83	7.08	12.00	11.25	9.53	12.63	3.11	32.11	7.45
	Sub Total	9.62	11.92	10.16	11.52	13.75	12.04	16.32	18.55	15.06	19.70	0.18	30.81	7.27
5.1404	Fruits													
5.14041	Pineapples	2.34	2.09	2.42	2.76	3.30	1.63	1.83	1.80	1.72	2.93	0.03	84.74	-2.22
5.14042	Tamrind	0.90	0.04	0.87	0.25	0.28	0.11	0.20	0.20	0.20	0.13	0.00	82.46	-6.16
5.14043	Guavas (Guatemala)	0.74	0.20	1.23	0.92	1.58	1.44	1.90	1.96	2.55	7.47	3.67	190.98	26.07
5.14044	Bananas	0.05	0.14	0.11	0.46	0.61	1.11	0.95	4.06	6.39	8.45	0.03	32.45	57.56
5.14045	Lemons	0.45	0.63	0.60	0.74	1.20	1.27	1.34	0.97	0.35	0.36	0.00	2.86	1.19
5.14046	Papayas & Papayas	0.04	0.14	0.24	0.33	0.53	0.47	0.62	0.74	0.40	1.18	0.01	45.00	29.91
5.14047	Other Fruits net	2.13	3.33	4.09	5.81	5.48	6.19	8.94	7.60	6.32	20.38	0.8	212.27	17.78
	Sub Total	6.65	6.67	9.57	11.27	14.20	12.23	16.20	17.37	18.69	40.81	0.37	118.33	16.71
5.1405	Cut Flowers & Lilies	9.04	8.86	11.26	12.04	14.18	11.43	13.49	14.76	10.41	14.17	0.13	36.12	9.54

Table 9 (Continued)

(Value in U. S. \$ Mln.)

Code	Product Description	2004 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Contributor to Total Expenditure 2013	2012-2013 % Growth	2004-2013 Av. Growth %
8.0416	Essential Oils	3.75	3.98	5.33	8.88	7.81	4.03	14.92	13.13	17.42	21.29	0.21	33.47	20.56
8.0418	Others of Other Export Crops	20.86	25.28	35.31	49.13	39.59	39.55	32.23	38.41	42.10	47.82	0.45	13.11	1.52
8.0420	Units Manufactured Tobacco	2.56	2.55	2.61	4.08	6.85	5.89	6.45	6.86	5.05	10.90	0.10	108.80	13.51
8.0422	Essential Oils	1.70	1.28	1.23	1.05	1.43	1.17	2.25	2.94	1.71	1.42	0.01	-16.96	4.30
8.0423	Cashew Nuts	1.82	0.72	1.34	3.54	3.37	1.83	3.72	3.53	2.51	13.43	0.02	315.54	18.40
8.0424	Oil Seed	0.16	0.11	0.17	0.14	0.24	0.12	0.13	0.08	0.08	0.12	0.00	100.00	-8.25
8.0425	Coffee	0.38	0.42	1.38	0.94	3.19	1.38	2.30	2.49	3.29	3.02	0.08	82.58	25.28
8.0426	Area Nuts	0.00	0.00	0.05	0.02	0.03	0.03	0.03	0.04	0.00	0.02	0.00	-	-
8.0427	Pileus Gram	0.00	0.00	0.00	0.00	0.01	0.00	0.03	0.01	0.00	0.28	0.02	-	-
8.0428	Coconut	0.01	0.03	0.03	0.03	0.03	0.04	0.32	0.20	0.03	0.02	0.00	65.67	21.93
8.0429	Green Gram	0.12	0.02	0.25	0.12	12.41	16.88	15.52	7.77	7.45	7.81	0.07	4.83	72.42
8.0430	Lentils	2.92	2.80	2.33	3.12	3.88	3.74	3.72	5.41	5.97	9.92	0.08	54.40	11.60
8.0431	Other Export Crops nes	49.05	43.56	45.12	80.22	67.82	67.48	74.13	64.44	67.77	84.07	0.85	38.81	7.21
	Sub Total	153.17	171.83	184.13	218.26	259.22	223.18	326.24	348.31	364.88	521.43	4.70	42.90	12.41
8.05	Total - Other Export Crops													
8.06	Fisheries products													
8.0601	Edible Fish	31.51	47.46	64.87	83.32	84.23	80.47	93.95	80.58	89.78	120.31	1.11	78.88	8.85
8.0602	Frozen Fish	12.72	19.57	31.88	38.29	51.18	57.75	61.23	72.19	78.67	42.34	0.30	-45.82	18.38
8.0603	Fish Fresh or Chilled	23.87	17.66	20.50	22.30	10.55	14.14	14.24	16.29	13.12	19.45	0.19	48.30	3.83
8.0604	Preparations	2.40	2.66	4.11	5.20	3.72	5.26	7.82	5.33	5.80	8.31	0.03	207.50	9.46
8.0605	Lebanese	5.38	5.36	4.38	4.88	5.59	5.05	6.92	14.51	13.29	16.29	0.14	20.77	15.09
8.0606	Crabs	13.52	7.24	4.71	5.83	6.37	16.09	16.41	16.33	16.33	28.36	0.22	29.57	12.33
8.0607	Other Edible Fish nes	88.15	96.66	129.93	162.48	164.62	170.58	192.18	185.25	197.60	233.73	6.10	18.28	9.81
	Sub Total	7.38	7.53	8.53	8.70	8.98	8.52	10.08	10.08	7.57	10.70	0.10	41.35	2.88
8.0608	Ornamental Fish	93.53	103.53	138.48	170.08	173.80	179.11	202.24	195.31	205.17	244.43	2.20	19.14	9.51
8.0609	Total - Fisheries products	946.54	293.46	911.52	946.50	420.58	316.52	321.52	414.33	416.73	293.40	2.84	-28.58	3.44
8.0610	Diamonds, Gems & Jewellery	108.51	123.24	119.47	106.80	101.03	68.82	70.25	56.24	117.83	122.60	1.10	9.08	1.10
8.0611	Gems	19.43	15.70	15.50	18.61	17.52	13.50	17.00	22.00	24.24	21.20	0.18	-11.30	3.61
8.0612	Jewellery	373.48	388.42	446.53	474.91	538.91	389.28	408.77	531.67	588.99	437.50	3.94	-21.72	2.37
8.0613	Total	75.27	62.40	71.11	70.30	74.57	68.31	86.13	80.16	104.01	115.55	1.04	11.10	5.81
8.0614	Textiles & Apparel	2624.38	2747.78	2917.06	3144.51	3282.44	3119.99	3170.21	3585.78	3776.33	4264.89	38.40	-2.84	4.67
8.0615	Woven Fabrics	88.28	37.89	38.10	50.70	49.08	36.71	47.26	47.82	41.94	47.10	0.42	12.80	1.62
8.0616	Apparel	23.87	24.24	30.45	34.05	32.83	23.28	30.18	40.37	42.57	64.68	0.58	51.88	6.23
8.0617	Wool-Is Textile Articles	2789.91	2872.10	3057.80	3306.80	3438.72	3245.80	3341.78	4172.15	3964.65	4492.20	40.48	13.37	4.89
8.0618	Other Textile Articles nes													
8.0619	Total													
8.07	Manufactures													
8.0701	Food, Feed, Beverages & Tobacco	5.66	5.50	6.55	4.15	3.49	3.20	5.90	6.02	6.99	13.13	0.12	46.05	7.01
8.0702	Processed Vegetables, Fruits & Juices	4.72	5.25	7.58	9.15	14.25	17.10	34.64	44.68	38.71	33.18	0.30	-14.23	27.04
8.0703	Confectionery & Bakery Products	26.33	150.09	137.84	205.75	84.55	47.23	67.14	84.64	73.44	67.04	0.00	-6.71	-1.46
8.0704	Processed Feed	4.24	22.12	41.71	51.24	86.50	45.28	80.09	156.03	104.45	47.93	0.43	-54.62	24.94
8.0705	Rice & Cereals	2.50	2.88	2.87	3.66	4.39	2.90	6.42	5.86	5.51	9.23	0.08	66.51	13.10
8.0706	Beverages	16.19	20.09	16.97	23.42	27.63	24.27	26.52	40.50	47.12	49.09	0.44	4.78	12.43
8.0707	Manufactured Tobacco	15.05	2.00	27.11	37.52	58.57	62.98	67.92	68.47	81.51	50.15	0.53	-27.32	18.08
8.0708	Animal Feed	74.52	219.82	240.67	335.67	293.37	203.14	287.13	407.56	389.94	278.28	2.51	-22.76	10.45
8.0709	Sub Total													

(Value in U.S. \$ Mn.)

Table - 9 (Continued)

Code	Product Description	2004 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Considered to Total Exports in 2013	2012 - 2013 % Growth	2004 - 2013 Avg. Growth %
8.00001	Leather products													
8.00002	Rose Hides & Skins	1.14	1.09	0.90	1.07	0.59	0.34	0.85	0.43	0.47	0.31	0.00	-54.04	14.41
8.00003	Travel Goods, Bags etc.	20.55	19.29	12.93	7.27	4.84	5.28	2.93	2.25	2.85	2.37	0.02	-10.84	-27.12
8.00004	Industrial Gloves, Belts etc. of Leather	7.62	9.39	9.83	8.44	11.11	9.52	12.41	17.04	15.64	10.89	0.17	21.04	10.48
	Sub Total	29.31	29.77	20.54	16.78	16.54	13.54	15.92	19.73	18.96	11.81	0.19	13.98	-3.05
8.00005	Wood & Wooden products													
8.00006	Furniture & Seals	5.74	7.48	9.96	13.37	12.75	10.78	15.25	17.32	15.12	17.97	0.10	16.85	11.01
8.00007	Jewellery Boxes, Chain Hangers and Handicraft	4.41	4.41	4.38	6.18	7.90	7.48	9.80	11.31	10.80	9.15	0.06	-11.17	10.59
8.00008	Binams & Unash Handles	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-100.00	-
8.00009	Fuel Wood & Charcoal	0.15	0.62	0.62	0.62	0.18	0.75	0.36	0.41	0.65	0.49	0.00	-53.65	2.49
8.00010	MDF Boards	15.29	18.98	17.88	28.21	25.29	9.00	20.89	27.34	30.50	30.58	0.28	0.22	0.85
8.00011	Plywood, Denial/Particle Boards	0.83	1.19	1.34	0.46	0.48	0.48	0.83	1.05	2.26	0.56	0.01	-75.22	0.82
8.00012	Buildings Joinery, Floor's Panel	1.81	0.37	0.48	0.38	0.32	0.13	0.33	0.07	0.05	0.08	0.00	20.00	-93.09
8.00013	Other Wooden Products etc.	3.47	4.02	5.27	6.71	7.50	5.63	6.31	7.51	6.10	6.34	0.05	-12.48	4.00
	Sub Total	31.80	37.37	40.12	50.13	55.40	35.30	53.58	65.22	65.03	64.09	0.58	-1.48	7.18
8.00014	Paper & Paper products													
8.00015	Waste & Scrap of Paper/Paper Boards	10.12	19.74	12.71	15.93	19.07	13.12	19.38	29.41	24.79	26.37	0.24	6.37	11.51
8.00016	Stationary products													
8.00017	Envelopes, Letter Cards, Post Cards	0.73	0.70	0.97	0.93	0.71	0.71	0.69	1.17	1.18	1.54	0.01	28.41	0.76
8.00018	Registers, Account Books, Diaries	4.09	5.00	3.00	3.58	3.25	3.47	2.88	2.44	2.53	2.78	0.03	9.88	-6.49
8.00019	Labels Printed on Mat	4.45	4.62	5.15	7.40	8.85	7.55	10.17	10.70	8.51	11.87	0.10	32.43	10.37
	Sub - Sub Total	9.21	10.66	8.80	11.94	12.61	11.73	13.55	14.31	12.33	13.89	0.14	27.47	5.18
8.00020	Other Paper products													
8.00021	Books & Printed Matter	2.41	2.72	2.84	3.65	7.11	6.92	11.98	11.20	12.53	7.40	0.07	-77.25	21.90
8.00022	Cans, Boxes & Bags	2.90	4.50	4.51	1.16	2.88	0.07	0.47	11.31	14.63	12.18	0.15	17.43	17.89
8.00023	Other Paper Products etc.	3.04	3.94	3.01	1.90	2.90	2.27	3.80	5.35	5.78	6.13	0.06	6.06	10.74
	Sub - Sub Total	7.35	10.99	10.46	13.97	17.34	15.26	23.85	27.86	32.34	30.71	0.28	-41.80	18.38
	Sub total - Paper & Paper products	26.68	32.09	32.07	41.21	49.02	40.11	56.50	71.38	69.36	72.67	0.65	-19.22	12.73
8.00024	Rubber Finished products													
8.00025	Rubber Floor, etc. etc. of Non-slip, Industrial rubber	9.55	9.19	11.00	10.91	10.14	12.21	17.21	30.25	59.55	54.30	0.49	-8.08	22.85
8.00026	Pneumatic & Reelable Rubber Tyres & Tubes	181.39	259.31	264.67	310.35	337.97	214.27	387.78	571.40	541.22	534.92	0.88	2.47	11.74
8.00027	Industrial & Surgical Gloves of Rubber	82.41	92.84	104.86	110.55	117.22	113.87	136.82	180.98	178.34	195.40	1.76	10.81	9.47
8.00028	Gaskets, Washers, Seals etc. of Hard Rubber	30.07	31.93	35.61	49.40	71.89	41.47	62.84	89.53	76.71	79.87	0.72	4.12	11.90
8.00029	Other Rubber Products etc.	1.34	2.11	2.44	2.72	2.89	2.90	2.06	2.59	2.79	2.72	0.02	1.45	5.07
	Sub Total	283.77	304.82	449.46	482.91	539.91	384.52	556.81	804.15	830.88	857.42	7.88	3.59	11.61
8.00030	Chemicals & Plastic products													
8.00031	Inorganic Chemicals													
8.00032	Organic Chemicals	6.70	8.20	6.50	12.28	11.88	9.39	11.11	13.81	12.40	9.74	0.09	-21.45	5.86
8.00033	Washers, Seals, etc. of Non-slip, Industrial rubber	15.14	25.39	26.26	1.23	0.77	0.74	1.25	1.58	0.88	0.33	0.00	-81.83	-40.16
8.00034	Fertilizer	0.25	0.23	0.28	0.27	0.54	0.35	0.85	0.46	0.65	0.80	0.01	-7.69	11.85
8.00035	Paints, Varnishes and Dyeing Extracts	3.89	3.82	3.49	3.23	3.00	3.14	3.83	2.28	4.05	4.00	0.04	76.80	-1.71
8.00036	Pharmaceuticals, Shampoos & Makeup Preparations	4.45	4.92	3.77	5.30	5.04	6.32	9.66	9.82	7.15	5.79	0.05	-19.02	7.10
8.00037	Soaps, Washing Preparations, Gases, Ceramics etc.	1.44	2.47	5.79	3.93	3.65	3.95	5.18	4.81	3.59	4.22	0.04	17.55	7.47
8.00038	Other Chemical Products etc.	1.77	4.16	5.04	6.30	3.79	3.32	4.84	6.88	6.28	8.84	0.03	6.24	9.25
	Sub - Sub Total	23.58	49.36	38.11	34.74	32.13	26.09	37.47	47.43	35.33	33.94	0.31	-3.93	-1.40

(Value in U.S. \$ Mn.)

Table - 9 (Continued)

Code	Product Description	2014 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Consolidated Total Exports in 2013	2013 - 2015 % Growth	2004 - 2013 Av. Growth %
8.00002	Plastic products													
8.00001	Stainless, Glass, Enzymes	1.53	3.17	4.56	4.94	4.61	5.10	4.80	4.48	4.49	5.20	0.05	15.81	8.10
8.00002	Gloves, Mitts & Millers	1.10	1.09	0.50	0.01	2.17	6.28	6.76	4.46	4.69	6.43	0.08	37.10	34.94
8.00003	Sacs & Bags of Plastics	25.27	20.48	30.84	32.11	22.28	21.58	25.28	31.42	29.90	30.05	0.27	4.01	-0.18
8.00004	Other Products of Plastics res	26.58	27.03	25.54	24.70	22.38	11.54	14.67	18.92	18.78	18.41	0.17	-1.97	-5.93
	Sub - Sub Total	54.49	62.58	64.43	61.66	61.43	44.89	51.40	59.27	56.86	60.10	0.54	5.70	-8.65
	Sub Total - Chemicals & Plastic products	88.07	111.94	103.56	96.40	93.56	70.69	88.87	101.70	92.19	94.04	0.85	2.01	-8.84
8.0001	Non Metallic Mineral products													
8.00010	Natural Sands													
8.00011	Sites & Quarries	1.96	2.26	1.75	4.41	5.60	3.33	4.99	5.75	9.62	9.83	0.59	11.72	17.99
8.00012	Mica & Moss Waste	0.48	0.60	0.32	1.12	0.87	0.93	0.82	1.27	1.25	0.95	0.01	-24.60	7.32
8.00013	Graphite	1.47	2.31	2.44	1.75	1.88	1.16	1.30	1.37	4.31	4.32	0.04	0.28	5.94
8.00014	Other Natural Sands res	4.12	2.63	4.93	6.08	4.70	3.43	7.13	9.01	0.81	2.09	0.02	115.96	-8.22
	Sub - Sub Total	8.05	7.74	9.45	13.31	13.25	9.48	14.24	17.38	15.13	16.93	0.18	11.90	8.51
8.0002	Articles of Stoneware													
8.00021	Worked Monumental Stones	11.23	7.16	22.74	15.11	6.92	3.80	5.66	16.11	16.74	16.45	0.15	-1.73	2.70
8.00022	Other Articles of Stones res	0.65	0.23	0.74	1.22	1.13	1.26	1.13	4.35	6.50	8.32	0.07	28.00	32.28
	Sub - Sub Total	11.88	7.39	23.48	17.33	8.05	4.86	6.79	22.46	23.24	24.77	0.22	6.68	5.72
8.0003	Ceramics & porcelain products													
8.00031	Wall Tiles	11.70	9.19	10.67	11.27	11.45	7.67	8.00	5.55	6.28	7.96	0.07	25.75	-6.55
8.00032	Tiles, wall & kitchenware	27.49	31.19	31.74	30.31	30.20	24.14	28.77	27.53	25.20	28.70	0.26	13.89	-1.44
8.00033	Ornaments	7.54	5.01	4.67	4.91	7.14	4.38	4.91	4.92	8.72	3.42	0.03	-8.05	-5.72
8.00034	Other Ceramic Products res	0.25	0.51	0.31	0.36	0.21	0.18	0.28	0.39	0.45	0.30	0.00	-33.33	-0.44
	Sub - Sub Total	46.98	45.90	47.36	48.85	49.00	36.47	39.94	38.33	35.71	40.44	0.36	13.25	-2.99
8.0004	Other Mineral products													
8.00041	Glass & Glassware	0.07	0.83	2.43	4.16	6.57	13.54	12.21	18.48	14.50	28.66	0.27	102.67	58.12
8.00042	Mineral Sands	7.41	19.52	8.11	10.49	0.12	6.65	9.99	15.48	27.37	7.14	0.06	-74.10	8.03
8.00043	Natural Salt	0.05	0.06	0.06	0.78	0.05	0.16	0.04	0.04	0.06	0.05	0.00	0.00	-6.66
	Sub - Sub Total	8.33	20.51	10.66	15.40	14.74	20.55	22.24	32.00	42.22	36.73	0.33	-12.88	15.36
	Sub Total Non metallic Mineral products	75.24	81.54	91.39	92.89	85.04	71.33	83.21	110.17	116.30	118.92	1.07	2.26	4.76
8.0005	Base Metal products													
8.00051	Structures of Iron & Aluminum	0.66	2.70	2.17	3.87	4.94	4.53	4.48	4.55	1.89	1.94	0.02	2.65	6.72
8.00052	Standard Wire of Aluminum, Copper & Iron	20.06	61.66	74.68	3.88	6.45	7.49	16.24	12.11	10.01	4.93	0.04	-50.45	-18.22
8.00053	Nails, Screws, Bolts & Nuts of Metal	5.84	5.86	4.36	4.69	4.16	0.77	0.98	0.79	0.35	0.30	0.00	-14.29	-37.82
8.00054	Refined Copper & Lead Alloys	110.51	125.90	52.81	42.88	22.01	7.41	16.86	13.22	11.18	18.43	0.17	65.14	-28.61
8.00055	Tools, Impeller parts, Cutlery & Parts	0.26	0.50	0.79	4.13	4.02	3.10	8.98	11.67	13.23	8.31	0.06	-47.77	38.22
8.00056	Scrap of Ferrous, Aluminum, Copper & Other Metals	18.66	11.28	8.42	1.64	2.41	1.11	1.19	1.70	4.19	1.82	0.02	-56.56	-22.80
8.00059	Other Products of Base Metal res	27.06	31.88	21.34	18.22	12.15	11.30	14.60	12.28	15.30	25.32	0.23	63.53	-5.77
	Sub Total	183.09	240.21	166.77	80.80	57.05	36.11	63.24	56.26	66.13	68.38	0.53	5.79	-16.33

Table - 9 (Continued)

Code	Product Description	2004 Value	2005 Value	2006 Value	2007 Value	2008 Value	2009 Value	2010 Value	2011 Value	2012 Value	2013 Value	% Contribution to Total Exports in 2013	2013 - 2012 % Growth	2004 - 2013 Av. Growth %
8.000	Engineering products													
8.000001	Electronics, Electrical Machinery, products & parts	31.01	25.30	32.62	43.80	47.43	31.87	50.20	48.65	32.42	39.34	0.36	21.89	5.47
8.00000101	Electrical Transformers	0.20	5.28	3.42	3.01	23.12	3.38	8.95	4.93	5.55	6.03	0.06	8.65	1.41
8.00000102	Telephone Sets, Audio/Video Equipment & Parts	0.91	5.86	9.74	55.92	20.93	12.10	23.01	28.68	26.49	18.33	0.15	-38.09	25.46
8.00000103	Printed Circuits	0.66	10.84	10.19	14.43	17.02	13.32	15.83	17.92	13.57	28.34	0.28	108.84	30.54
8.00000104	Switches, Lamp Holders, Boards & Panels	26.89	26.28	36.57	80.89	44.89	23.96	40.28	55.65	45.53	34.13	0.31	-23.87	5.55
8.00000105	Switches, Lamps	2.45	3.46	3.04	3.04	1.21	0.90	0.84	0.49	0.99	1.11	0.01	12.12	-16.08
8.00000106	Vacuum Tubes, Transformers, Wires, Cables, Tapes etc	42.00	20.00	30.25	47.75	34.67	35.62	48.97	52.07	58.87	53.82	0.48	5.36	6.47
8.00000107	Insulated Wires and Cables	1.17	3.71	3.77	1.44	1.27	0.39	0.97	1.42	1.32	3.38	0.08	154.55	1.12
8.00000108	Boilers, Piston Engines, Pumps & Vacuum Pumps	0.02	2.96	3.79	3.30	2.02	0.01	0.00	0.00	0.34	0.15	0.00	275.00	-
8.00000109	Air-Conditioning Machines	0.85	0.88	0.66	4.73	17.13	25.82	20.59	26.49	31.30	29.33	0.27	6.34	47.02
8.00000110	Refrigerators & Freezers	0.07	0.07	0.34	4.00	7.43	8.88	10.87	9.63	8.19	15.28	0.14	67.36	32.67
8.00000111	Textile Milling, Spinning, Weaving Machines	85.38	54.53	38.30	24.75	7.39	8.77	0.34	0.23	0.34	1.14	0.01	275.00	68.05
8.00000112	Automotive Data Processing Machines	17.80	14.80	19.84	15.77	89.70	83.40	34.15	70.55	73.00	82.84	0.72	12.86	16.21
8.00000113	Other electrical & Electronic products nes	187.77	175.87	219.22	371.13	322.23	187.51	259.00	372.81	296.85	312.33	2.81	5.21	4.81
8.00000114	Sub - Sub Total													
8.010002	Transport Equipments & parts	8.01	18.51	25.15	28.99	19.80	5.75	9.73	13.20	18.68	18.55	0.14	17.24	-2.93
8.01000201	Motor Vehicles & Parts	7.06	12.06	19.27	21.28	36.50	47.66	54.15	43.19	40.38	34.89	0.22	50.57	18.18
8.01000202	Bicycles Not Motorized	1.34	3.54	6.77	14.12	20.36	8.68	11.13	10.14	45.04	8.68	0.05	-76.46	20.11
8.01000203	Other Transport Equipment nes	17.81	34.13	31.19	64.39	77.14	64.10	74.01	66.59	99.09	50.93	0.45	-40.41	11.09
8.01000204	Sub - Sub Total													
8.020003	Other Engineering products	2.10	8.94	7.64	27.34	21.54	57.81	58.83	140.25	50.59	82.00	0.74	41.90	38.01
8.02000301	Royal Building	126.11	61.66	78.25	40.01	8.95	6.94	11.39	9.19	3.68	14.17	0.19	56.56	-29.36
8.02000302	Advertis & Parts	31.72	35.28	26.54	39.11	42.06	36.02	45.18	49.74	53.80	62.50	0.56	12.81	9.81
8.02000303	Toys, Games & Sport Requisites	4.38	3.12	3.62	3.79	5.41	4.22	5.48	3.38	3.00	2.42	0.03	14.00	-1.12
8.02000304	Wood Furniture & Boxes	163.40	109.98	126.45	129.25	77.88	107.59	120.51	211.58	124.17	160.09	1.46	30.54	2.14
8.02000305	Sub - Sub Total	378.00	318.88	398.88	584.77	477.26	357.26	453.62	880.73	536.11	524.55	4.72	0.86	4.48
8.030004	Footwear	12.89	13.02	19.46	26.11	21.63	17.22	19.73	16.71	12.24	29.27	0.26	138.13	3.25
8.03000401	Other Manufactures	1.61	1.71	4.98	3.83	11.46	5.17	6.01	6.70	5.07	5.41	0.05	10.87	11.57
8.03000402	Dresses & Mattress Supporters	10.28	5.31	5.67	17.20	19.71	16.53	17.46	19.70	17.81	18.89	0.18	9.32	4.80
8.03000403	Books & Branches of Other Fibers	0.88	1.23	1.31	1.37	1.70	1.52	1.55	1.58	1.59	1.68	0.02	5.86	5.89
8.03000404	Bags, Sacks, Fashioning & Similar Products	0.06	0.12	0.03	0.07	1.44	0.21	0.19	0.05	0.05	0.03	0.00	400.00	8.35
8.03000405	Synthetic Rubber	20.40	30.40	44.07	55.99	55.45	44.95	54.51	69.93	82.32	82.51	0.58	0.30	1.54
8.03000406	Other Manufactures nes	41.23	48.85	65.01	84.46	90.81	88.88	79.52	94.39	87.90	89.23	0.80	1.61	7.83
8.03000407	Sub Total	123.74	152.81	152.91	187.53	174.87	129.64	175.89	242.20	227.48	223.43	20.16	-1.58	5.88
8.040005	Total Manufactures	100.00	131.00	167.00	168.00	259.00	130.00	263.00	553.00	483.00	426.00	3.05	-7.58	16.99
8.10	Petroleum Products	63.72	114.72	176.53	67.43	31.93	69.82	435.74	231.57	98.10	65.05	0.58	11.96	1.82
8.100001	Products Unclassified	57.26	63.44	69.02	7635.99	6111.05	7033.97	8625.80	10626.00	8773.87	10386.55	93.53	6.27	6.43
8.11	Communication, Computer & Information Technology	115.00	126.00	166.00	244.30	315.00	348.00	673.00	719.00	673.00	719.00	5.47	6.44	26.73
8.110001	Grand Total	5871.99	6470.64	7146.02	7583.99	8422.05	7445.97	8973.80	10938.80	10446.67	11109.55	100.99	6.31	6.97

Source : Sri Lanka Customs & Central Bank

REVIEW OF ACTIVITIES 2013/2014

ANNUAL GENERAL MEETING

The Exporters' Association of Sri Lanka which is affiliated to the Ceylon Chamber of Commerce held its 16th AGM on the 25th July, 2013. The Chairman & Chief Executive of Hayleys Group Mr. Mohan Pandithage was the Chief Guest and the Key Note speaker at the AGM and the Chairman & Chief Executive of Sri Lanka Export Development Board Mr. Bandula Egothage was the Guest of Honour at the event.

Mr. Rohan P. Daluwatte, Tea Tang Ltd assumed responsibility as Chairman for EASL whilst Mr. Sarada De Silva of Intercom (Pvt) Ltd was elected as 1st Vice Chairman and Mr. Fazal Mushin of Link Natural Products (Pvt) Ltd was elected as the 2nd Vice Chairman respectively. Mrs. Dawn Austin of Nidro Supply (Pvt) Ltd, stepped down as the Chairperson of the EASL after serving in the committee in the said capacity for two years.

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 Association's Annual General Meeting Outgoing Chairperson Mrs. Dawn Austin, urged the Government to make SME development a critical area of focus in its plans to create a balanced economy. Mrs. Austin warned, is aware that unless the SME entrepreneur community is given the focused support and direction they need to enable growth in a sustained manner would lead to an unbalanced economy not too far down the line.

Mrs. Austin added that the aspect of limitations of funding available to SMEs has been a major concern to many export industries, where SMEs play an essential role in supply chain operations and are a key driver of growth within the export sector. In its efforts to bridge the finance gap, the EASL has been instrumental making representations to both the Government and the banking sector on behalf of SME stakeholders in order to work out how both entities can work together to achieve growth.

Speaking on this issue Mrs. Austin said: "As a result of an improvement in awareness of each other's perceptions and the need to address the cost of finance for SMEs has been evidenced but it is not sufficient for us to be able to stand up and say Sri Lanka has a strong and vibrant SMT sector which will augur well in the long term if achieved."

In addition, she also revealed that the request for relief made by the Association, to meet the high costs of energy in the export sector is one example where consideration has not been forthcoming. "It has been explained by the experts that the cost of energy generation will reduce in a few years time; the rationale for which I have not been able to comprehend."

Further, Mrs. Austin also highlighted what was termed “inexplicable and insidious non-tariff barriers” within the FTA with the country’s largest trading partner India, which she opined, were implemented to dissuade Sri Lankan exporters from tapping into and supplying the vast Indian retail market. However she commended the SLSI and the Commerce Ministry for their initiatives in taking the matter up with a high level Indian delegation soon and expressed hope that redress would be in sight.

She also requested local exporters to bring any such discrepancies concerning access to the Indian market to the notice of the authorities. “It is imperative that exporters continue to bring any anomalies they may experience in developing the Indian market to the attention of the EASL, the SLSI and the Ministry of Commerce to ensure that all aspects are covered with an effectively implemented Mutual Recognition Agreement on standards, testing and certification between the two countries which is outside of the terms of reference for CEPA.” Mrs. Austin urged the Government to take maximum advantage of and to not immediately dismiss possible GSP+ eligibility announcements made recently by the EU and the government of Norway, in order to give the export sector the boost requires in order to regain its competitive edge and recover lost ground. The Government announced recently that that the application for the review of GSP+ was not in the pipeline.

“The fact that the news hung in the air for even a short while gave the impressions that it was not a ‘smoke without fire’ situation and the benefits anticipated would have energised the export sector like no other incentive can ever achieve. This would be a dream come true for many sectors and if there is any possibility, I would urge the authorities to consider this facility as a special case which will, without a shadow of a doubt, result in exponential growth.”

Chief Guest Hayleys Group Chairman and Chief Executive Mr. Mohan Pandithage echoed similar sentiments on the importance of adequate measures needed to boost the country’s exports, given the fact that Sri Lanka’s exports as a percentage of GDP have dropped from 33% in the year 2000 to 16.4% in 2012. Pandithage added that in recent months as well, Sri Lanka’s exports have been on a declining trend, contracting by 6.4%, whilst several competing exporters such as Vietnam’s grew 27.4%, Cambodia 29.9% and Philippines 8.2% in the corresponding period.

He warned that the domestic economy alone would not be able to sustain the Government’s growth projections without the support of exports to support the country’s export balances. “Given the fact that Sri Lanka is an island economy of GDP US\$ 60 billion, relying on the domestic economy alone will not be sufficient to generate the Government’s target of sustained GDP growth over 8%. Exports cover around half of Sri Lanka’s US\$ 20 billion import bill, and along with FDI and remittances, are crucial non-debt creating inflows, necessary to support Sri Lanka’s external balances.”

Mr. Pandithage also warned that the country will eventually lose its labour cost arbitrage as the country’s per capita GDP continues to rise and will find it increasingly difficult to compete in exporting labour intensive, low-value products, since exporters such as Bangladesh and Vietnam will continue to be far more competitive.

“Therefore, it becomes necessary to compete in products that are more difficult to produce, requiring greater degrees of mechanisation and technology. At present, high tech exports account for less than 2% of Sri Lanka’s total manufactured exports. To improve this ratio necessarily entails investment in machinery, technology and higher skilled labour.”

Mr. Pandithage also warned that in the global economy’s strategic shift towards Asia, Sri Lanka can’t rely on its strategic location at a central point between the east and west alone, as it could only achieve its objective of becoming a regional transport and logistics hub, if the right investment climate is available.

“Sri Lanka has the opportunity to become a major exporter of transport and logistics services, acting as a hub for these services in the region. However, even in this business, location is a necessary but not a sufficient condition for success. To be a major player in this field it will be necessary to attract investments that provide world class service standards to compete with ports such as Singapore and Jebel Ali in Dubai.”

Mr. Pandithage also stated that the Hambantota Port should be made a free port which would have the potential to attract investment into ship services provision, entrepôt trade, assembly and other value-added industries, catering to the region and taking advantage of Sri Lanka’s free trade agreements in South Asia. He added that from a policy perspective, stable macroeconomic conditions and fiscal adjustment also need to be maintained to support the development of the export sector. “Predictable, low inflation helps us maintain costs within tolerance levels of buyers, and a flexible exchange rate will help exporters adjust to any cost differentials between competitors and Sri Lanka. Fiscal adjustment needs to continue so as to avoid putting pressure on interest rates, which in turn act as a deterrent to investment which is needed to support value-added exports.”

Exporters' Association of Sri Lanka Chairman Mr. Rohan Dakshinawala said the country needed to focus on the SME sector, as the major cooperates were able to finance their activities through international borrowings at lower interest rates. He said, “Although the interest rates on deposits have come down, the prime lending rates remain relatively unchanged, which is hurting the SME sector. The disparity between the Rupee deposit rate and the lending rate has to be immediately addressed to keep the SME sector buoyant.”

He highlighted that the Sri Lanka's expenditure on Research and Development was far below regional countries and said that over the years it had fallen as a percentage of the GDP to the current 0.11 per cent. “The government should take an initiative to encourage Research and Development with public private partnership.” Increased cost of fuel and energy was a major drawback for the country. Sri Lanka is one of the countries with a high electricity tariff which in turn increases the cost of production, and that is further increased by the high wage demand due to labour shortage and per capita income increasing.

He added that despite the country having signed several bilateral and multilateral trade agreements with many regional economies, the FTA were heavily underutilized. Further, many of the regional economies were producers of the same products as Sri Lanka making trading with them a major challenge.

Addressing the AGM as the guest of honour, Mr. Egothage said that according to provisional Customs data, Sri Lanka's export earnings had recorded a commendable increase in June this year and exports to our key markets USA and EU, especially to the USA, had also shown a satisfactory increase in the same month.

“The export sector of Sri Lanka after showing strong growth in 2010 and 2011 experienced a setback in 2012 which continues to prevail even in this year. The setback is mainly due to the aggravated economic conditions in our key markets. The turmoil in these markets has led to a drop in demand not only for our exports but also for exports of other developing and emerging economies. Also there are supply side constraints in the domestic front,” said the EDB chief.

The anticipated economic recovery in EU and USA which absorb nearly 50% of our products had not taken place. According to international agencies such as the IMF it would take some time for growth to pick up in those regions. The unsettled conditions in the Middle East have further aggravated the situation, he added.

“The problems in our key markets suggest that we should focus on diversifying our markets to other regions. The Asian region comprising China and India have registered substantial economic growth. Accordingly, we are concentrating on diversifying our markets to these regions and other member countries in the BRICS group where the potential is high. This will be done while sustaining our market share in our key existing markets.

“We have already carried out promotional programmes in India and China and some more programmes are planned in the future to be carried out in these regions. We have also carried out market studies on Brazil and South Africa to ascertain the opportunities and barriers. The objective is to formulate suitable strategies to penetrate into these markets.

Expressing confidence that the Exporters’ Association could make a very positive contribution to these efforts using their close relationship with relevant stakeholders nationally and internationally, he said that utilizing those strong links the Exporters’ Association could facilitate to create healthy business relationships to enhance Sri Lanka’s exports.

The Exporters’ Association which represents about 80% of exporters in the country is the foremost body for exporters in Sri Lanka. The EDB highly appreciated the contribution of the Association towards the export development effort of the country. The export sector which contributes 17% to the GDP of the country, clearly played an important role in achieving that objective, said the EDB Chairman.

The EDB is the premier state organization entrusted with the task of developing and promoting exports from Sri Lanka. The EDB is geared towards promoting products and services of the country with the objective of making Sri Lanka the most sought after destination for global sourcing in identified product sectors. Mr. Egodage also pointed out that the EDB strongly believed that the private/public partnership was very essential for the growth and the development of the sector. Private public partnership was not only essential for formulating successful export development strategies but also in implementing the same, he noted.

“Our approach is based on the principle that the public sector plays the facilitator role in developing the export sector while the exporters drive the sector,” said Egodage.

The public private partnership is also enshrined in the EDB Act. The enactment has provisions for establishment of Advisory Committees that are oriented towards the development and promotion of specific products as well as functional aspects of export trade.

In July this year the EDB had established 26 new Advisory Committees comprising 100 members. These members represent both the private and public sector. This will enable EDB to work together to identify the problems confronted by the export sector and find suitable solutions to such problems. The EDB has already scheduled the inaugural meetings of these committees and it expects the full participation of all members.

“Sri Lanka has today become an ideal location for international buyers, to source a wide range of highly quality products and services. But our competitive advantage has been deteriorating over the years due to a number of factors,” observed the EDB Chairman adding that the government had maintained inflation rate at a single digit level which was a positive factor.

“The energy cost is a major component in the cost structure. The government has offered tax concessions for industries adopting alternative energy sources. It is very important that we improve our productivity to regain and sustain our competitive advantage. The government has also offered tax incentives for upgrading technology and acquisition of new technology.

Improvement in technology is very essential to produce innovative products and reduce cost of production. This would lead to improved productivity and competitiveness," said Egodage. The EDB is also focusing on branding as a strategy to increase popularity of our products and enhance export earnings.

The strategic plan prepared by the EDB in consultation with the Advisory Committees have been updated to cover the period 2012 – 2016. It contains several programmes aimed at developing and adopting products and services to meet international market requirements, assisting exporters to identify new markets, facilitate supply chain efficiencies and promoting export oriented SMTs, etc.

Pointing out that the EDB intended to implement those programmes for the benefit of the export sector, Egodage said that, "I would request you to have a close rapport with the EDB to discuss any issues or constraints which require our attention."

MANAGEMENT COMMITTEE MEETINGS & SUMMARY OF ITS ACTIVITIES

During the period under review (2013/2014) the Committee met on twelve (12) occasions.

FAST REPRESENTATION ON OTHER BODIES PARTICIPATION AT OTHER FORUMS

Committee of the Ceylon Chamber of Commerce	- Represented by Mrs. Dawn Austin & Chairman, Mr. Rohan P. Daluwatte
Employers Federation of Ceylon	- Represented by Chairman, Mr. Rohan P. Daluwatte Mrs. Dawn Austin
Duty Rebate Committee, Sri Lanka Customs	- Represented by – Past Chairman, Mr. G.S.Chatoor & Committee Member, Mr. Vernon Abeyratne
EDB Advisory Committee on Market Development Exports Forum, Sri Lanka Export Development Board	- Represented by Mrs. Dawn Austin - Representative – Chairman
EDB Advisory Committee on Trade Facilitation	- Representative – Chairman, Mr. Rohan P. Daluwatte
Policy Advisory Committee (PAC) - Sri Lanka Accreditation Board Main Representative	- Mrs. Dawn Austin/Mr. Fazal Mushin
Working Group Meeting set up by Ministry of Finance & Planning to discuss the implementation on the Extraordinary Gazette No 1842/16 on Terminal Handling and Other Charges National Council for Economic Development Export Cluster	- Representative – Chairman, Mr. Rohan P. Daluwatte - Representative, Chairman, Mr. Rohan P. Daluwatte

The Association also maintained a close dialogue with the following Institutions, on export related matters:

Ministry of Industry and Commerce
Ministry of Finance
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 1,000 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 which constrain Export businesses from being able to achieve the targets which each sector has set for itself.

Several key issues were addressed with the Institutions concerned. These included the fluctuation of the exchange rate, issues on the SVAT Scheme and the online system with Customs. Matters relating to Customs statistics being available to the exporters were also raised many times. Matters relating to Quarantine issues were addressed with the different agencies. Ad-hoc approvals being granted by the BOI for companies from Kerala engaged in the export of spices, to set up operations in Sri Lanka, sans a requisite monitoring process was addressed with BOT.

The EASL has also been lobbying for Government intervention to obtain Mutual Recognition Agreements with neighboring countries, particularly India, in order to enable Sri Lankan Exporters to enjoy reciprocal ease of access for Goods of Sri Lankan origin. It has also addressed aspects relating to Non-Tariff Barriers imposed by importing countries e.g. International Compliance Requirements, to make Sri Lankan Exports attractive. The EASL has highlighted that whilst shrinking markets appear to be a contributory factor, internally, production constraints and the increasing need for Compliance requirements have also to be addressed to stop the apparent decline observed in Exports through 2013.

EASL also submitted submission for the 2014 National Budget, which proposed measures to support and grow the Sector. Some of the key issues which needed to be addressed in the Budget had been identified by the EASL's membership (which accounts for over 80% of Exporters), can be largely identified under the headings of Global Competitiveness & Ease of Doing Business.

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

i) EASL Submissions for 2014 National Budget

Submissions of the different Sectors were consolidated and presented by EASL to the Ministry of Finance. Key issues were largely identified under the headings of Global Competitiveness & Ease of Doing Business respectively. This submission was well received and the aspects highlighted as urgent were successfully addressed in the Budget of November 2013.

ii) Department Of Inland Revenue

Representations were made to the Director General of IR in respect of VAT refunds.

iii) Sri Lanka Customs

Meetings with Director General Customs

Export Statistics to be available monthly for the benefit of the exporters to understand the competitiveness in the market

iv) Export Development Board

Ongoing interaction with the EDB and members of the Managing Committee being included on the respective EDB Advisory Committees.

Submission Exporters' Forum

v) Sri Lanka Standards Institute

Issues faced by Exporters when exporting fast moving consumer goods to India

Request for MRA to be established between SLSI and the Exporters and other statutory bodies in order to have reciprocity between Authorising Agencies.

Import Inspection Scheme

EASL suggested that Import and Export Control Department and Sri Lanka Standards Institution shall take into consideration to include products such as Chili powder, Curry Powder under the Import Inspection Scheme of SLSI.

**COMPULSORY PRE- EXPORT INSPECTION SCHEME (CPIS) FOR CINNAMON
GAZETTE NO.1808/6 OF 29 APRIL 2013**

The following points were taken into consideration with regards to the implementation of the Gazette Notification suggesting that:

- i. SLSI to establish and maintain a list of internationally accredited laboratories for testing of cinnamon and provide details to Sri Lanka Customs and Cinnamon Exporters.
- ii. Each Exporter can then obtain a quality certificate from the SLSI approved laboratories for testing and provide to Sri Lanka Customs and Cinnamon Exporters. This will eliminate the need for Exporters to get SLSI certification.
- iii. Each exporter shall submit the particular Quality Certificate to Sri Lanka Customs when exporting consignment
- iv. SLSI to monitor the activities of the testing laboratories depending on the performance
- v. SLSI to draw samples from the consignments on a random basis as a part of monitoring the reliability of test reports
- vi. To provide training/awareness amongst dealers, smaller/bigger producers to get SLSI certification.

vi) Department of Commerce

Addressing Non Tariff Barriers (NTBs) faced by Sri Lankan exporters when exporting to India in the form of standards, testing and inspection requirements.

vii) Board of Investment of Sri Lanka

Request to revisit the approval procedures adopted by the BOI with respect to investments into export of primary products such as apices without any value addition which is detrimental to local exporters.

Request to extend the tax and other incentives given for new foreign investors to the existing local companies who want to add value, expand and upgrade their operations.

Other Export Related matters highlighted during the year under review;

Matters relating to the Gazette Extraordinary No 1842/16 Of 27/12/2013 Regulation

The Extraordinary Gazette No 1842/16 on Terminal Handling and Other Charges by Shipping Agents, Freight Forwarders, Non-Vessel Operating Common Carriers, Container Operators and Consolidators of Cargo was published by His Excellency the President on 27/12/2013, with effect from 6th Jan 2014. The government acted to strengthen the powers of the Director General of Merchant Shipping to deal with anti-competitive practices, unfair charges and to create greater transparency into shipping charges. According to the Gazette, The Director General of Merchant Shipping has been empowered with the necessary legislative powers to eliminate anti-competitive monopolistic behavior and to establish transparency in shipping allowing the free market conditions to prevail in the supply and demand in future transaction between buyers and sellers.

The EAST, subsequently participated meetings of the “Working Group Meeting” set up by Ministry of Finance & Planning to discuss concerns related to the Gazette notification. Few meetings were convened by the Director General of Merchant Shipping to address the concerns raised by the stakeholders.

Consequent to the discussion had at the Working Group meetings, The Director General of Merchant Shipping issued a notice informing the trade of a maximum charge of Rs. 6,000 per delivery order with effect from 30/04/2014.

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, EAST participated in EFC regular meetings, where employee related matters were discussed. The Chairperson, Mrs. Dawn Asutin and 1st Vice Chairperson, Mr. Rohan Daluwatte represented EAST at these meetings of the key issues discussing the proposed Private Sector Pension Scheme and its implications.

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 EAST 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

AN INTERACTIVE FORUM TITLED "WHITHER EXPORTS IN THE NEXT 5 YEARS"

Identifying the worrying trend in exports, which is amply reflected in statistics which reflect Sri Lanka's reduced share of Exports in the global market, the Exporters Association of Sri Lanka in October 2013 facilitated a forum titled 'Whither Exports in the Next 5 Years?'

The forum served as a platform for all stakeholders in the export industry to come together to focus on where they believed their respective sectors and the export industry, could expect to be in the next five years, and what initiatives needed to be addressed to achieve their targets. The response was encouraging as the programme created realistic awareness of the different aspects and areas which would require focused planning to achieve the ultimate goal of responsible and sustainable growth in the Export Sector.

The forum was addressed by eminent persons who are veterans in export sector/business community, economists and policy makers.

Statistical Review of Export Performance

Presentation by Ms. Subhashini Abeysinghe, Senior Economic Analyst, Verité Research Pvt. Ltd



Ms. Subhashini Abeysinghe

Session I : Agriculture & Fisheries

Speakers

Fruits and Vegetables:



*Mrs. Indira Mahipatte
Jagyo (Pvt) Ltd*

Tea



*Mr. Mohan Mendis
Heritage Teas*

Spices



*Mr. Fazal Mushin
Link Natural Products*

Fisheries



*Mr. Roshan Fernando
Tropic Fisheries / Tessa Agro*



*Moderator: Dr. Anura Ekanayake
Past Chairman, The Ceylon Chamber of Commerce*

Session I : Agriculture & Fisheries

Panel Discussion



Panelists: From left to right: Mr. Fazal Mushin, Mrs. Indira Mahwatte, Mr. Sarada De Silva, Chairman-Spice Council, Chairman, SAPPTA, Mr. Annes Junaid, Director Cecil Foods /Chairman LFVPPEA, Mr. Mohan Mendis & Mr. Roshan Fernando

Session II : Manufacturing & Services

Speakers

IT/BPO/Hi



Dr. Arul Sivaganathan
Hayleys Business Solutions

Tech Industries



Mr. Lalith Kahatapitiya
KIK Lanka Pvt Ltd

Rubber products



Mr. Raman Rajagopalan
CE&T-Kelani Holdings

Session II : Manufacturing & Services

Apparel & Textile



*Moderator: Dr. Saman Kelegama,
Executive Director IPS*



*Mr. Yohan Lawrence,
Chairman,
Sri Lanka Apparel Exporters' Association*



Panelists: from left to right, Mr. Raman Rajagopalan, Mr. Fayaz Hudah- Programme Head, ICT Agency of Sri Lanka (ICTA), Dr. Arul Sivagananathan, Dr. Saman Kelegama, Mr. Lalith Kahatapitiya, Mr. Yohan Lawrence, Mr. Deshal De Mel, Senior Economist/Strategic Business Development, Hayleys Plc

Session III :Future Policy Directions

“Strategizing for Exports”



*Presentation by
Mr. Hilmy Cader
CEO, MII Consulting*



*Moderator : Dr. Indrajit Coomaraswamy
Director, Tokyo Cement Company (Lanka),
Former Director, Economic Affairs Division,
Commonwealth Secretariat*



Panelists: Mrs. Malika Samaraweera, Director National Council for Economic Development (NCED), Ministry of Finance & Planning, Mr. R. Semasinghe, DG, Dept of Trade & Investment Policy Section, Min. of Finance & Planning, Ms. Sujatha Weerakoon, Director General Sri Lanka Export Development Board, Mr. W. D. J. Gunaratne, Director General Department of Export Agriculture, Dr. Indrajit Coomaraswamy, Mr. Hilmy Cader, Mr. P.D. Fernando, Former Director General of Commerce, Dr. Saman Kelegama, Dr. Anura Ekanayake, Ms. Subashini Abeysinghe, Verité Research Pvt. Ltd

Given below are the observations made and policy recommendations that came out of the discussion which Exporters believe will assist the accelerating of export growth of the country in the coming five years.

Focus Area	Issues	Recommendations	Implementing agency
<p>1. DEMAND INTERNATIONALLY FOR AGRICULTURAL PRODUCTS UNFULFILLED</p>	<p>Unavailability of suitable large land tracts for commercial farming</p> <p>Lack of Transparency and accountability in allocating scarce land.</p> <p>Insignificant investment as extent available does not make it viable –justify the cost.</p> <p>Outdated practices and underutilization of technology and machinery</p>	<ul style="list-style-type: none"> • Redistribute underutilized and under cultivated land. • Streamline and fast track the release of land for Cultivation. • Ensure effective utilisation of prime agriculture land owned by the Government • Intensifying awareness creation initiatives amongst farming groups. • Further encouraging and supporting protected Agriculture (e.g. exempt ancillary taxes NBT etc) 	<p>Ministry of Plantations Department of Agriculture Department of Export Agriculture Land Reform Commission DIVINAGUM A Programme</p>
<p>2. UPGRADE PRODUCTS TO ENTER NICHE MARKETS</p>	<p>There is a significant lack of sustained high quality plant and seed material.</p> <p>Protracted bureaucratic red tape is a disincentive to importation of suitable material</p> <p>Insufficient availability of appropriate chemical and fertilizer</p> <p>Taxes need to be addressed across the board and not piece meal.</p>	<ul style="list-style-type: none"> • Facilitate importation of Raw Materials by simplifying, streamlining and declaring procedures publicly to facilitate legal and safe trade. • Exemption from import duty is negated by the number of other levies imposed on importation of raw materials and machinery • National program to be implemented on the importance of producing safe food. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ministry of Finance <input type="checkbox"/> Department of Agriculture/S LEDB Intervention or recommendations

<p>3. REGULATIONS TO IMPROVE COMPETITIVENESS</p>	<ul style="list-style-type: none"> • Labour issues • A scare resource and a high cost • Productivity is constrained by outdated labour regulations • A realistic evaluation of cost against productivity and skills has to be addressed. 	<p>Relax regulations where females cannot work at night. Relax restrictions on number of hours for a working week Allowing a five day working week. Detailed proposals have been submitted by sectoral Organizations and studied by the EFC.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Employers' Federation of Ceylon <input type="checkbox"/> Ministry of Labour <input type="checkbox"/> Ceylon Chamber of Commerce <input type="checkbox"/> Sri Lanka Apparel Exporters' Association <input type="checkbox"/> Joint Apparel Association forum <input type="checkbox"/> Sri Lanka Manufacturers & Exporters of Rubber Products <input type="checkbox"/> SIASSCOM
<p>4. POLICY DIRECTION & IMPLEMENTATION</p>	<ul style="list-style-type: none"> • The importance of consultative processes engaging the core stakeholders and including Exporters, from the point of Strategic thinking towards planning, revamping and implementing, which is vital to kick start progress has not been sufficiently recognized. • IT and Apparel are the only post 1990 sectors which have retained reflected significant growth. • As one of the Speakers said, in terms of exports, Sri Lanka seems to be doing the same thing repeatedly expecting 	<ul style="list-style-type: none"> • Transparent Macro Policy and Stability bringing down inflation, interest rates and maintaining a realistic Exchange rate. • Inclusivity and Consultation with stake holders prior to introducing revising and implementing regulations. • Recognize the Private Sector as the drivers of growth. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ministry of Industry & Commerce <input type="checkbox"/> Department of commerce <input type="checkbox"/> SLEDB <input type="checkbox"/> Board of Investment <input type="checkbox"/> Ministry of Finance (Department of Policy Planning)

	<p>different results; thus, we have failed. Therefore, it is timely to think of changing the strategy.</p> <ul style="list-style-type: none"> • The scenario which validated the creation of the BOI and the EDB has changed in the past 30 years. • Has the value of investments kept pace with those prior 2000? 		
<p>5. INVESTMENTS INTO EXPORT SECTOR</p>	<ul style="list-style-type: none"> • Reduced Local investment into the Export Sector continues. • Only a handful of new companies are performing. • Investment facilitation remains poor. • Institutional framework is weak • Regulatory framework is outdated. 	<p>Need to look beyond tax incentives to create an enabling environ.</p> <p>Focus on Skills development which is Technology driven.</p> <p>Monitor and hold accountable to performance all new companies registered as manufacturing for Exports.</p> <p>Revamp BOI to become the 'one stop shop' it was supposed to be.</p> <p>Exporters reported that they found that countries like the UAE and even India make it very easy to establish an operation, whilst the ease of start-up of a business is not a happy experience.</p> <p>The complete package and facilities offered to encourage Manufacturers to consider relocating to Abu Dhabi, against the pillar to post, lack lustre experience with the BOI.</p> <p>It might be prudent not to restrict local sales ex BOI Companies provided the relevant taxes are paid.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Sri Lanka Export Development Board <input type="checkbox"/> Board of Investment <input type="checkbox"/> Ministry of Finance

<p>6. SKILLS DEVELOPMENT</p>	<ul style="list-style-type: none"> • Insufficient attention is paid to skills development • Identify niche products • Identify Niche markets • Example of what was achieved by the EDB in the '80s when they encouraged entrepreneurial activity in Apparel and Diamond Industries. 	<p>Reforms in Education – encourage skills development through extracurricular programmes. To be in line with the needs of the economy. Target the less-academic students to apprenticeship activity in both public and private sector.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Ministry of Education. <input type="checkbox"/> Ministry of Higher Education <input type="checkbox"/> Ministry of Youth Affairs and Skills Development <input type="checkbox"/> Ministry of Industry & Commerce
<p>7. INSTITUTIONS</p>	<ul style="list-style-type: none"> • Efficient professional well-co-ordinated export promotional campaigns can assist increase awareness and improve the need to look for market access. • JAAF's campaign of 'Garments without guilt' has sent a strong message both within and outside the country of the integrity of Sri Lankan Garment manufacture ethos. • Likewise the Ceylon Chamber of Commerce has embarked on a journey with the support of the WTO/ITC to "Improving the safety and quality of Sri Lankan Fruits and Vegetables" • Strategic thinking towards achievable goals through macro planning which has quantifiable mapping 	<p>The plan needs to be integrated. Mapping should be transparent and accessible perhaps on a public portals of the BOI and EDB The institutions must be held accountable Perhaps a target or performance based reward system within an institution to motivate public officials to go "beyond the call of duty"?</p>	

	to record whether the programmes interface within the plan.		
8. PRODUCTION TO BE DEMAND DRIVEN	<ul style="list-style-type: none"> • Sri Lanka has products but these need to hone to suit consumer preferences. • An example of an industry of this nature can be Handicrafts, Pottery, fabric weaving etc • A conscious effort need to be made to attention to detail, quality and finish need to be addressed. 	<p>Value added product development has to be consumer driven</p> <p>Research in this connection can be addressed by the EDB</p> <p>Over the years there has been product development initiatives - review the status of accountability and ongoing program evolving from this exercise.</p>	<input type="checkbox"/> SLEDB to report
9. PLUGGING INTO ASIAN SUPPLY CHAINS	<ul style="list-style-type: none"> • Intermediate product trade is the fastest growing component of trade in Asia. • Security risks as well as poor infrastructure have constrained the country from exploiting its geographical advantage. 	<p>Location an infrastructure may not be sufficient.</p> <p>FTA's will partially address the requirement to plug in. But NTB's at the Border will negate Government to Government efforts which are insidiously implemented - Case in point is India.</p> <p>MRA's need to be signed which then seals the loopholes.</p>	<input type="checkbox"/>
10. PROACTIVE INTERVENTION METHODS	<ul style="list-style-type: none"> • Once an Exporter has identified a niche market, there is a significant amount of regulatory matters to attend to. • The information is often sketchy and takes time to access. • It takes a very determined entrepreneur to unravel the bureaucracy and find his/her way forward. 	<p>The foreign mission enlists under the supervision of the Commercial Attaché, appropriate local personnel to resolve the details and in a time effective and cost effective manner to find the way forward.</p> <p>Examples; Korean Trade Mission, Australian Trade Mission.</p>	

The observations made and policy recommendations that were highlighted at the forum were presented to the relevant agencies and authorities. The expectation is that Stakeholders in the Export Sector would be able to have extended dialogue with the related public and private sector Organizations towards creating an enabling environ for Exporters to achieve their full potential.

As a follow-up activities, a presentation on the way forward for the export sector, consequent to the outcome of the Seminar on 'Whither Exports', was made to the Secretary, Ministry of Industry & Commerce by the Exporters Association of Sri Lanka (EASL) in March 2014.

A positive response received from the Ministry was a decision to convene monthly meetings to be chaired by Mr. Anura Siriwardena, Secretary to the Ministry of Industry & Commerce with representatives of the EASL and the Chamber Steering Committee, irrespective of the existing Exporters Forum, which was an encouraging development.

C) Website

The site has proved to be an extremely useful information tool. [http:// www.exporterssrilanka.net](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. An EASL Brochure was issued for the EXPO 2012.

E) Membership

The Membership as at 31st March 2012 consisted of 81 individual Exporter members and 10 Product Associations. The Annual Membership Fee effective 1 April 2013 is Rs 5000.00

F) Auditors and Annual Accounts

The Auditors of the Exporters Association of Sri Lanka for the period 2012-2013 were Messrs. KPMG Ford Rhodes Thornton & 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.
Manori Dissanayaka
For Secretary

EXPORTERS' ASSOCIATION OF SRI LANKA

***FINANCE STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014***



KPMG
 (Chartered Accountants)
 32A, Sir Mohamed Macan Marikar Mawatha,
 P. O. Box 188,
 Colombo 00300,
 Sri Lanka.

Tel : +94 - 11 542 8426
 Fax : +94 - 11 244 5872
 +94 - 11 244 6058
 +94 - 11 254 1249
 +94 - 11 250 7345
 Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE EXPORTERS' ASSOCIATION OF SRI LANKA

Report on the Financial Statements

We have audited the accompanying financial statements of The Exporters' Association of Sri Lanka, ("the Association") which comprise the statements of financial position as at 31 March 2014, statement of comprehensive income and retained earnings and the statement of cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out in the financial statements.

Executive Committee's Responsibility for the Financial Statements

Managing Committee is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities ("SLFRS for SMEs"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Association maintained proper accounting records for the year ended 31 March 2014 and the financial statements give a true and fair view of the financial position of the Association as at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance Sri Lanka Accounting Standard for Small and Medium Sized Entities.



Report on other Legal and regulatory Requirements

These financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

A handwritten signature of the KPMG firm, written in a cursive style.

CHARTERED ACCOUNTANTS

16 June 2014

Colombo

EXPORTERS' ASSOCIATION OF SRI LANKA
STATEMENT OF FINANCIAL POSITION

As at 31 March,


	Note	2014 <u>Rs.</u>	2013 <u>Rs.</u>
Assets			
Current assets			
Inventory		6,675	8,700
Subscription receivables	2	40,000	15,000
Other receivables and prepayments	3	60,371	21,150
Income tax refund	4	3,907	31,171
Investments	5	1,095,643	304,361
Cash and cash equivalents	6	16,930	402,390
Current account with The Ceylon Chamber of Commerce	7	38,446	151,825
Total current assets		<u>1,261,972</u>	<u>934,597</u>
Total assets		<u>1,261,972</u>	<u>934,597</u>
Funds and liabilities			
Funds			
Accumulated fund		1,184,472	856,033
Liabilities			
Current liabilities			
Subscription received in advance		5,000	-
Accrued expenses	8	72,500	78,564
Total current liabilities		<u>77,500</u>	<u>78,564</u>
Total liabilities		<u>77,500</u>	<u>78,564</u>
Total funds and liabilities		<u>1,261,972</u>	<u>934,597</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements.

The Managing Committee is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Managing Committee of The Exporters' Association of Sri Lanka:

.....
 Rohan P. Daluwatte
 Chairman
 Exporters' Association of Sri Lanka

.....

 Ezzal Mushin
 Second Vice Chairman
 Exporters' Association of Sri Lanka

16 June 2014
 Colombo

EXPORTES' ASSOCIATION OF SRI LANKA**STATEMENT OF COMPERHENSIVE INCOME AND RETAINED EARNINGS***For the year ended 31 March,*

	Note	2014 Rs.	2013 Rs.
Income			
Entrance fees		-	2,000
Membership Subscription		445,000	460,000
Investment income		86,086	85,787
Income received in connection with:			
- Annual General Meeting		498,500	369,000
- Seminar on Whither export		706,000	-
Web advertisement		-	25,000
Total income		<u>1,735,586</u>	<u>941,787</u>
Expenditure			
Printing and stationary		25,556	22,893
Secretarial fees		421,483	391,654
Postage, telephone, tax		5,225	4,133
Expenses incurred in connection with:			
- Annual General Meeting		264,054	251,234
- Seminar on Simplified VAT		4,500	-
- Seminar on Whither export		485,782	-
Audit fee		64,796	58,702
Tax advisory charges		13,226	11,617
Entertainment and refreshment		-	5,560
Write-off membership subscription	9	5,000	7,000
Web site maintenance		43,004	34,667
Communication cost		30,000	18,000
Sundry expenses		9,231	7,374
Total expenditure		<u>1,371,857</u>	<u>812,834</u>
Surplus before income tax expense		363,729	128,953
Income tax expenses	10	(35,290)	(1,043)
Surplus for the year		<u>328,439</u>	<u>127,910</u>
Accumulated fund at beginning of the year		856,033	728,123
Accumulated fund at end of the year		<u>1,184,472</u>	<u>856,033</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements.

EXPORTES' ASSOCIATION OF SRI LANKA
CASH FLOW STATEMENT

<i>For the year ended 31 March,</i>	2014	2013
	<u>Rs.</u>	<u>Rs.</u>
Cash flows from operating activities		
Surplus before income tax expense	358,729	128,953
<i>Adjustment for:</i>		
Investment income	<u>(86,086)</u>	<u>(85,787)</u>
Net cash flows before working capital changes	<u>272,643</u>	<u>43,166</u>
Adjustment for working capital changes		
Decrease/(increase) in inventory	2,025	(2,950)
(Increase)/decrease in subscription receivables	(25,000)	9,500
Decrease/(increase) in other receivable	(34,221)	13,516
(Decrease)/increase in accrued expenses	(6,064)	1,064
Increase in subscription received in advance	5,000	(3,500)
Cash generated from operating activities	<u>214,383</u>	<u>60,796</u>
Income tax paid	-	(3,800)
Withholding tax paid	<u>(8,026)</u>	-
Net cash generated from operating activities	<u>206,357</u>	<u>56,996</u>
Cash flows from investing activities		
Investment in Fixed deposits	(791,282)	148,357
Interest income received	<u>86,086</u>	<u>79,053</u>
Net cash flows (used in)/generated from investing activities	<u>(705,196)</u>	<u>227,410</u>
Net (decrease)/increase in cash and cash equivalents	<u>(498,839)</u>	<u>284,406</u>
Cash and cash equivalents at the beginning of the year	554,215	269,809
Cash and cash equivalents at the end of the year (Note A)	<u>55,376</u>	<u>554,215</u>

Note A

Analysis of cash and cash equivalents at the end of the year

Fixed deposits	-	386,291
Savings account	16,930	16,099
Current account with The Ceylon Chamber of Commerce	<u>38,446</u>	<u>151,825</u>
	<u>55,376</u>	<u>554,215</u>

The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements.

EXPORTERS' ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. Accounting policies

1.1 Reporting entity

Exporters' Association of Sri Lanka ("the Association") is an Association incorporated under the Companies Act No 17 of 1982, and registered under the Companies Act No. 07 of 2007 as Guaranteed Limited Company and domiciled in Sri Lanka. The registered office is located at No.50, Nawam Mawatha, Colombo 02.

The objects of the Association are to promote and protect the common interests of the Members of the Association who export products and services and to engage in any activity as may be necessary or conducive to the interest or benefit of such exporters and to promote high standard of probity.

1.2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs).

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis. No adjustments have been made for inflationary factors in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Association's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standard for Small and Medium Sized Entities (SLFRS for SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only the financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts in the financial statements have been reclassified to conform with the current year's presentation.

(a) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

EXPORTERS' ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

(b) Investments

Investments in fixed deposits are measured at cost plus accrued interest.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Association in the management of its short-term commitments.

Cash flow statement

Cash flow statement has been prepared using the indirect method.

(d) Liabilities and provisions

Liabilities are recognized in the balance sheet when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

A provision is recognized if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured on an accrual basis. Revenue is measured at the fair value of the consideration received or receivable.

Revenue represents entrance fee, membership subscription and event income, which are recorded on accrual basis.

Investment income on fixed deposits is recognized using effective interest rate applicable for the period.

(f) Expenditure

All expenditure incurred in the operations of the business and in maintaining property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the excess for the year.

(g) Taxation

The liability for taxation has been computed in accordance with the Inland Revenue Act No. 10 of 2006 and its amendments thereto.

Taxation for the current and previous periods to the extent unpaid is recognized as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceed the amount due for those periods the excess is recognized as an asset in the financial statements.

(h) Events occurring after the reporting date

All material post balance sheet events have been considered, disclosed and adjusted where applicable.

(i) Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Association's control. Commitments and contingent liabilities are disclosed in Notes to the financial statements.

EXPORTERS' ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,

	2014	2013
	<u>Rs.</u>	<u>Rs.</u>
2 Subscription income receivable		
Adamjee Lukmanjee & Sons Ltd	5,000	-
Freelanka Trading Co. Ltd	5,000	-
Sri Lanka Diamond Manufacturers' Association	5,000	-
BATA Shoes Company of Ceylon Ltd	5,000	-
Hands International (Pvt)Ltd	5,000	-
Richard Peiris Natural Foams Ltd	5,000	-
Union Commodities (Pvt)Ltd	5,000	-
Sri Lanka Association of Manufactures & Exports of Rubber Products	5,000	-
Industrial Clothing Ltd	-	5,000
Adamexpo	-	5,000
Ceylon & Foreign Traders Ltd	-	5,000
	<u>40,000</u>	<u>15,000</u>
3 Other receivables and prepayments		
Expenses for maintaining & hosting web site	10,371	21,150
Seminar on Whither export	25,000	-
Annual General Meeting	25,000	-
	<u>60,371</u>	<u>21,150</u>
4 Income tax Receivable		
Balance at beginning of the year	31,171	21,680
Income Tax paid during the year	-	3,800
Provision for the year	(27,261)	(5,677)
Over/(under) provision for the previous year	-	11,368
Balance at end of the year	<u>3,907</u>	<u>31,171</u>
5 Investments		
Fixed Deposits - National Development Bank	-	304,361
Fixed Deposits - National Development Bank	125,540	-
Fixed Deposits - National Development Bank	206,143	-
Fixed Deposits - National Development Bank	257,526	-
Fixed Deposits - National Development Bank	104,114	-
Fixed Deposits - National Development Bank	151,547	-
Fixed Deposits - National Development Bank	250,773	-
	<u>1,095,643</u>	<u>304,361</u>
6 Cash and cash equivalents		
Fixed Deposits - National Development Bank	-	386,291
Savings Account- National Savings Bank	16,930	16,099
	<u>16,930</u>	<u>402,390</u>
7 Current account with The Ceylon Chamber of Commerce		
All the receipts and payments of the Association are done through the current accounts of The Ceylon Chamber of Commerce. Therefore the balance reflects the Association's cash and cash equivalents.		
8 Accrued expenses		
Tax advisory service	12,500	23,564
Audit fees	60,000	55,000
	<u>72,500</u>	<u>78,564</u>

EXPORTES' ASSOCIATION OF SRI LANKA
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March,

	2014	2013
	<u>Rs.</u>	<u>Rs.</u>
9 Write off membership subscriptions		
Ceylon & Foreign Traders Ltd	5,000	-
Ranliya Garment Industries Ltd	-	3,500
GEM Syndicare	-	3,500
	<u>5,000</u>	<u>7,000</u>
10 Income tax expenses		
Provision for the year	27,264	5,677
(Over) /under provision for the previous year	-	(11,368)
WHT paid	8,026	6,734
	<u>35,290</u>	<u>1,043</u>

11 Employee benefits

11.1 Defined contribution plan

No contribution have been made to Employees' Provident Fund and Employees' Trust Fund since the Association had no employees during the year.

11.2 Defined benefit obligation

No provision for gratuity has been made since the Association had no employees during the year.

12 Number of employees

Number of employees of the Association as at 31 March 2014 is Nil. (2013:Nil)

13 Commitments

There were no Commitments outstanding as at the reporting date.

14 Contingent liabilities

The Association has no significant liabilities as at the reporting date.

15 Litigations and claims

There were no litigations or claims against the Association or as at the reporting date.

16 Events occurring after the reporting date

There were no material events occurring after the balance sheet date which require adjustments to or disclosure in the Financial Statements.

17 Approval of financial statements

Members of the managing Committee are responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standard for Smaller Entities (SLFRS for SME's).