



INDUSTRY CAPABILITY REPORT



SRI LANKAN CRAFT SECTOR

Prepared by:
Export Development Board (EDB), Sri Lanka
March, 2012

CONTENTS

1. INTRODUCTION	3
2. TYPES OF PLAYERS	3
3. KEY PRODUCTS AND VARIETIES	3
4. SEASONAL VARIATION	4
5. SPECIALTIES ASSOCIATED WITH PRODUCTS	4
6. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY	4
7. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)	5
8. TOTAL GROWTH IN THE SECTOR IN LAST 5 YEARS	5
9. KEY PLAYERS IN THE SECTOR	5
10. EXCLUSIVE OUTLETS.....	6
11. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR.....	6
12. TOTAL INVESTMENT IN THE SECTOR IN LAST FIVE YEARS	6
13. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR.....	6
14. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE.....	7
15. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR.....	7
16. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES OF THE SECTOR	7
17. EXPORTS (VALUE IN US\$'000)	7
18. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES	8
19. POTENTIAL FOR EXPANSION IN THE SECTOR	8
20. STRENGTHS AND WEAKNESSES OF THE SECTOR.....	8

1. INTRODUCTION

Sri Lanka's inherited craftsmanship combined with a good understanding of modern design and quality, offers much potential for a fast growing giftware and home decoration export sector. The range of products includes soft & wooden Toys, arts & crafts, household accessories, furnishing, terra – cotta pots & vases, porcelain fingerings, wellness & spa products etc.

Export capacity is currently strongest in ceramic and porcelain tableware and statuettes, articles for Christmas festivities, embroidery, paper crafts, artificial flowers, basket and wickerwork and candles. The United States, Japan and Europe are important export destinations.

The talented artisans turn out innovative products to their own designs and are ready to make products according to the designs given by buyers at internationally competitive prices. Giftware products from Sri Lanka are a combination of the traditional and modern. Modern trends are taken into account in producing items of beauty with utility.

2. TYPES OF PLAYERS

Large scale exporters are very few. Most of companies are SMEs and scattered.

3. KEY PRODUCTS AND VARIETIES

Sri Lanka's inherited craftsmanship and rich natural resources provides the base for a wide range of giftware products that satisfy the quality conscious and discerning buyers. The range of products includes **soft & wooden Toys, arts & crafts, household accessories, furnishing, terra – cotta pots & vases, porcelain fingerings, wellness spa products** etc. The diversified raw material base for the products is stone, clay, textile, wood, rush& reed, palmyra, recycled paper, metal etc. Especially Elephant Dung & Water Hyacinth, banana fiber, tea refuse, paddy husk, wild grass are perfect and Eco – friendly raw materials used for manufacturing Recycled papers.

Soft and wooden toys are subject to stringent quality checks and make certain that they have great educational value to combine learning with play.

The sector strives to achieve products for export conforming to international Safety and Quality Standards such as EN 71 safety standards; ASTM and CE mark and follow strict ethic benchmarks. Sri Lanka is a signatory to all UN and ILO convention and pays particular regard to the non-use of child or forced labour. Sri Lankan products are made responsibly and can be sourced responsibly.

4. SEASONAL VARIATION

Craft made of	Geared up for peak supply
Textile	New Year & Religious seasons
Wooden	No variation
Ceramic	Christmas ornaments
Clay	Christmas ornaments
Paper	Handmade paper greeting cards – festive occasions e.g. christmas, valentines, mothers day, thanksgiving etc.
Metal	No Variation

5. SPECIALTIES ASSOCIATED WITH PRODUCTS

Giftware products from Sri Lanka are a combination of the traditional and modern. Modern trends are taken into account in producing items of beauty with utility. This sector is instrumental in obtaining the rural talents to the country's economy.

The talented artisans turn out innovative products to their own designs and are ready to make products according to the designs given by buyers at internationally competitive prices.

6. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY

Basically craft industry is distributed in the rural area. There are identified clusters in specific craft products.

Craft made of	Sub Category	Geographical distribution
Textile	Handloom Industry	Marathamune in Batticalo District
		Thalagune in Kandy District
	Beeralu Lace	Magalle in Galle District.
	Batik	Island wide.
Wooden	Masks	Ambalangoda in Galle District.
	Elephant Carvings	Central & Southern Provinces
	Coconut shell based	Island wide
	Lacquer ware	Hapuvinda in Kandy District.
Rattan base craft Industry		Wewaldeniya in Gampaha District
Rush & Reed, Hemp		Manikhinna in Kandy District. Pollonnaruwa District Batticaloa District
Clay & Ceramic		Kowulara in Monaragala District
	Terra-cotta pots & vases	Mawanella in Kegalle District.

Paper	Re-cycled paper	} Island wide.
	Elephant dung	
	Water Hyacinth	
	Banana Fibre	
	Tea refuse	
	Paddy husk	
Metal	Brass ware craft industry	Pilimathalawa in Kandy District
Palmyrah based products		Batticaloa, Jaffna District
Aromatic, Natural	Spa	Few large companies.

7. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)

Due to the highly diverse nature in this sector it is hard to determine the size of production.

8. TOTAL GROWTH IN THE SECTOR IN LAST 5 YEARS

The government has initiated a number of programmes to kindle growth in the sector.

1. The government, with a view to boost the country's economic development, is going to establish 1,000 handicraft villages by extending infrastructure facilities
2. The Crafts Marketing Village has been set up at the Janakala Kendraya (Folk Art Center) premises in Battaramulla and houses 30 stalls that exhibits and vends various handicraft items produced by craftsmen from almost all the districts of the country including the ones from the north and the east.

9. KEY PLAYERS IN THE SECTOR

- DSL Pvt.Ltd
- Maximus (Pvt) Ltd
- Gospel house(pvt)Ltd
- BacktoEarth
- Goldenpalm International
- Siddalepa Exports
- Sri Toys international pvt ltd
- Lanka Kade Exports

10. EXCLUSIVE OUTLETS

- ODEL (www.odel.lk)
- Gandara
- Paradise Road
- Barefoot
- Lanka Hands
- Laksala (www.laksala.lk)

11. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

Approximately 200,000

12. TOTAL INVESTMENT IN THE SECTOR IN LAST FIVE YEARS

Small

13. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR

1. Sensitizing small business to the importance of improved packaging.
2. Developing a number of new products and getting local craftspeople to incorporate them into their lines, as a means of diversifying the local products available.
3. Offering consultancy services.
4. Advice and exposure to knowledge management for the exportation of crafts.
5. A “National Cultural Policy” will be prepared to improve and maintain the standards of each field of art.
6. A programme will be prepared to encourage the local and traditional art skills in order to reach the international level.
7. Three main institutions namely National Design Center, National Crafts Council and the Laksala, under one Ministry, dedicated to the task of developing the craft sector in Sri Lanka.
8. A life insurance scheme and a health insurance scheme will be established for all artists, together with a contributory pension scheme.
9. Training institutions will be established at provincial level to provide training and knowledge in respect of performing arts.

14. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

National Craft Council (NCC) and National Design Center (NDC) carryout various product & design development programmes. Further, the Export Development Board too undertakes Product/ design development programmes by obtaining the services of foreign experts targeting the export market.

15. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

Sri Lankan crafts are largely hand-made and hence technology does not play much of a role. The sector is very rich in skilled labor.

16. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES OF THE SECTOR

The products within the craft sector are difficult to categorize. A large number of products are in one way or another craft. Therefore, crafts can be broadly grouped into sub sectors as follows;

17. EXPORTS (VALUE IN US\$'000)

Product sub category	2007	2008	2009	2010	2011
Ceramic -Statuettes & ornaments	4,909	7,140	4,330	4,908	4,916
Ceramic – Pots & vases	95	21	22	41	8
Wickerwork	54	60	173	789	980
Candles	274	244	228	457	241
Wooden decorations	16	10	11	25	20
Metal decorations	421	418	297	311	309
Table cutlery	193	136	128	156	77
Copper based articles	4,269	3,662	539	32	47
Artificial flowers	2,032	2,272	1,484	1,423	1,903
Musical instruments & accessories	7	24	2	2	3
Textile floor coverings, lace, tapestries & special woven fabric	120	519	484	821	613
Spa products- Bath articles	699	554	591	1,026	941
Bamboo, rattan & other vegetable based products	70	54	10	20	22
Toys	25,480	30,150	29,593	35,749	35,712

18. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES

4.09% - (USD 20.03Mn in 2010)

China is the main importing country (almost 90%)

19. POTENTIAL FOR EXPANSION IN THE SECTOR

- The availability of creative skills and a wide variety of raw materials, Sri Lankan crafts has a potential to access niche markets with a premium price.
- Availability of trainable skilled workforce helps to meet the needs of the international markets.
- The tourism industry is on a rise reaching record numbers in 2011 and the majority of the tourists are keen on buying local handicraft items. Demand for Sri Lankan handicraft items in the premium quality segment, is set to go up. In turn this will strengthen the sector further.

20. STRENGTHS AND WEAKNESSES OF THE SECTOR

Strength	Weakness
<ul style="list-style-type: none">• Inherited craftsmanship• Traditional crafts villages• Job creation potential• Access to support agencies like National Design Center, National Craft Council.• Ready access to technical assistance and business development services.• Lobbying bodies for sector(National Craft Council)• Availability of FSC certified seasoned rubber wood	<ul style="list-style-type: none">• Lack of infrastructure facilities• Smallness of the enterprises• Lack of proper technology• Low productivity• Disorganized Raw material supply• Competition from too many similar enterprises producing similar products.• High cost in obtaining quality certifications• Lack of strategic focus for the sector• Limited access to credit.• Low participation of younger generation.

Prepared by:

Ms. Thejani de Alwis - Deputy Director, EDB, Sri Lanka

Disclaimer:

The Sri Lanka Export Development Board, (EDB), has taken every care in the preparation of the content of this report, but the EDB cannot be held responsible for any errors, defects, lost profits, or other consequential damages arising from the use of any information obtained either directly or indirectly from this report. The EDB accepts no liability whatsoever.