



INDUSTRY CAPABILITY REPORT



BOAT & SHIP BUILDING INDUSTRY IN SRI LANKA

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1. INTRODUCTION

Sri Lanka – the resplendent island in the center of the Indian Ocean has a long and a proud history of boat building. It has a great advantage to become the hub for boat manufacturing in the Asian region due to its strategic location, highly trainable workforce and the labour cost advantage.

Sri Lanka has one of the best natural harbors in the Asian region and its commercial port in Colombo is rated among the most economical and efficient which offers a complete service to shippers.

With the dawn of peace in Sri Lanka, expanding tourism industry is opening up a new frontier of leisure and pleasure crafts. Also, the increased interest of the local community in boating activities has created additional market opportunities. The country's leisure sector records growth where whale watching and other leisure activities contributed by the surge in the tourism industry have a positive impact on the boat building industry.

Further, considering the high marine diversity in the country and the influx of fairly high spending tourists, the country has a massive potential for marine (natural) tourism which too will create more market opportunities.

Sri Lanka has the capacity to build and operate boats for yacht chartering and nautical activities. Further, foreign yachts can come to Sri Lankan water and anchor and spend few days in the country as we have attractive on shore activities such as Whale/Dolphin watching, scuba diving, leisure fishing, snorkeling, windsurfing kite surfing and many more around the country throughout the year. Therefore, the country should take full advantage of this emerging trend before losing the competitive advantage to other countries in the region.

Sri Lanka organizes its own BOAT SHOW once in every two years with an objective of providing a forum for the boat building industry to display and promote their respective sectors to potential clients.

2. TYPES OF PLAYERS

Large Scale and SME exporters

3. KEY PRODUCTS AND SERVICES

- Ship building
Capable of design and building both aluminum and steel hull vessels.
- Ship repairing
Ship repairs for maximum capacity up to vessels with 125,000 dwt, capable of major repairs, retrofits and conversions- Knowhow, facilities, competencies exist for integrated work, with highly developed network of suppliers and service providers
- Pleasure Boat Sector
Pleasure crafts, yachts, paddle boats and leisure boats.
- Commercial boat sector
Speed cruisers, coast guard vessels, surveillance vessels, patrol crafts, fast attack crafts for army and navy, sea cadet training vessels, rescue crafts, work boats and passenger vessels for inland waterways and sea going.

- Fishing Boat Sector
Fishing vessels, fisheries research vessels,
- Sail Making – The best known sail maker of the world “North Sails” has their factory operating in Sri Lanka.
- Boat houses, floating restaurants and pontoons.
- Boat building accessories (Fishing gear, propellers, Life Jackets & Safety equipments)
- Pre and post production services
The related but specialized services will include preproduction services such as boat design, lofting, plug making, mould making, supplying of engine, navigation and communication equipment, refrigeration systems, sail makers, fire and safety equipment and also post production services such as boat storage and transport device, diving and fishing equipment, boat and engine maintenance and repairs etc.

4. SEASONAL VARIATION IF ANY

There is no significant seasonal variation

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

Production yards are located along side the coastal belt of the country.

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

Due to high divers nature in this sector, it is hard to determine the size of production

7. KEY PLAYERS IN THE SECTOR

| Name of the company | Web site |
|---------------------------------------|--|
| Colombo Dockyard Plc | www.cdl.lk |
| Neil Fernando And Co Pvt Ltd | www.neilmarine.com |
| North Sails Lanka (Pvt) Ltd. | www.northsails.com |
| BAFF Polymech (Pvt) Ltd | www.bbafk.org |
| Jostein Viksund Design & Mod.Cen P.Lt | www.viksundasia.com |
| A J Fishing Industries Pvt Ltd | www.ajfishing.com |
| North West Marine Lanka Pvt Ltd | www.northwestmarineboat.com |
| Cey-Nor Foundation Ltd. | www.ceynor.com |
| Solas Marine Lanka (Pvt) Ltd. | www.solasmarine.com |
| Dhanusha Marine Lanka (Pvt) Ltd | www.dhanushamarinelanka.com |
| Sri Lanka Navy | www.navy.lk |

8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

There are around 20 to 25 active boat yards around the country producing various types of boats described above providing employment to around 2000 directly and around another 10,000 indirectly.

9. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR

The boat building industry of Sri Lanka with its untapped potential and the abundant water resources of the country can play an important role in achieving this objective.

The EDB has identified the Boat building industry as a priority sector with high export potential. Development of this industry will not only increase the foreign exchange earnings to the country, but open up much needed employment opportunities for boat builders both in Sri Lanka and abroad. EDB with the Ministry of Industry & Commerce provide assistance to product & market development of the Boat Building sector.

The government intends to develop the country as a leading regional aviation, maritime and trading hub in South Asia. Maritime transportation will be developed in order to expand capacity and improve efficiency of existing ports and to build new ports in strategic locations. These projects include;

- i. Colombo International Financial City of the Megapolis Plan (<http://colomboportcity.lk/>)
- ii. Sri Lanka Ports Authority Development Plan
- iii. Ceylon Fishery Harbours Corporation Development Plan

10. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

- Boat Building Technology Institute (GTE) Ltd. (BTI)
- Universities
Colombo International Nautical & Engineering Collage(CINEC) Maritime Campus, University of Moratuwa, Ocean University of Sri Lanka

11. INFRASTRUCTURE/LOGISTICS REQUIRED/ AVAILABLE FOR THE SECTOR

Lack of marina infrastructure in the country to test products and for launching & berthing

12. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR

Boat Building Technology Improvement Institute (BTI) conducting training programmes for Boat Building.

Training Courses

- Introduction to Boat Building
- Fiberglass Technology & Repair
- FRP Technology for Boat Building
- Advanced Composite Technology
- Naval Drafting
- Auto CAD for Designing Boats
- Introduction to Lofting & Plug Making
- Introduction to Mould Making
- Introduction to basic Welding Techniques
- Advanced Welding Techniques
- Inboard Marine Engine Operation, Maintenance & Repairing
- Inboard Marine Engine Installation
- Fish Preservation & System Designing

- General Electrical & Marine Electrical

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

(Value in US\$ - US Dollars Mn)

| Code | Description | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------|---|-----------|-----------|-----------|------------|-----------|
| H.8901 | Cruise ships, excursion boats | 54 | 80 | 83 | 56 | 51 |
| H.8903 | Yachts and other vessels for pleasure or sports | 2 | 1 | ... | 5 | 10 |
| H.8904 | Tugs and pusher craft | | | | | ... |
| H.8905 | Light-vessels, fire-floats, dredgers, floating cranes | | ... | | 119 | |
| H.8902 | Fishing vessels | ... | ... | 2 | 1 | 2 |
| H.8906 | Other vessels | ... | ... | ... | 1 | 1 |
| | Total | 57 | 82 | 86 | 182 | 65 |

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

(Value in US\$ - US Dollars Mn)

| Code | Description | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|--|--------------|--------------|--------------|--------------|--------------|
| H.8901 | Cruise ships, excursion boats, ferry-boats, cargo ships | 54.04 | 80.38 | 83.36 | 56.09 | 50.98 |
| | Singapore | 26.79 | 27.29 | 53.64 | | 25.3 |
| | India | 26.27 | 52.9 | 29.42 | 54.8 | 25.22 |
| | Maldives | ... | | 0.01 | 0.06 | 0.34 |
| | Netherlands | 0.32 | 0.17 | 0.26 | | 0.11 |
| | Kuwait | | | | 0.94 | |
| | Others | 0.66 | 0.02 | 0.03 | 0.29 | |
| H.8903 | Yachts and other vessels for pleasure or sports | 2.06 | 0.88 | 0.23 | 4.77 | 10.46 |
| | India | 0.06 | 0.01 | | 2.96 | 8.87 |
| | United Arab Emirates | | | ... | 1.2 | 1.12 |
| | China | | | | | 0.19 |
| | Netherlands | 0.64 | 0.2 | | 0.43 | 0.15 |
| | Maldives | 0.02 | ... | ... | 0.03 | 0.06 |
| | Others | 1.34 | 0.66 | 0.23 | 0.15 | 0.07 |
| H.8902 | Fishing vessels | 0.33 | 0.36 | 2.26 | 1.26 | 1.82 |
| | Seychelles | 0.02 | 0.26 | 0.78 | 1.24 | 1.08 |
| | Comoros | | | 1.31 | | 0.72 |
| | Maldives | ... | | ... | 0.03 | 0.01 |
| | Mauritius | | | 0.16 | | |
| | United Arab Emirates | | | 0.01 | | |
| | Others | 0.31 | 0.09 | 0.01 | | |
| H.8906 | Other vessels | 0.16 | 0.39 | 0.41 | 0.87 | 1.47 |
| | Nigeria | | | | | 1.17 |
| | Netherlands | 0.16 | 0.39 | 0.41 | 0.86 | 0.29 |
| | Malta | | | | 0.01 | |
| | France | | | | ... | |

| | | | | | | |
|---------------|--|--------------|-----------|--------------|---------------|--------------|
| H.8907 | Other floating structures (for example, rafts, tanks, coffer-dams, landing-stages, buoys and beacons) | ... | ... | ... | 0.02 | 0.02 |
| | Comoros | | | | | 0.02 |
| | India | ... | | | | ... |
| | Maldives | | ... | | ... | ... |
| | Seychelles | | | ... | 0.02 | |
| | Singapore | ... | | | | |
| H.8904 | Tugs and pusher craft : | | | | | 0.01 |
| | Maldives | | | | | 0.01 |
| H.8905 | Light-vessels, fire-floats, dredgers, floating cranes, and other vessels | | ... | | 118.6 | |
| | China | | | | 118.6 | |
| | | 56.59 | 82 | 86.26 | 181.61 | 64.76 |

15. POTENTIAL FOR EXPANSION IN THE SECTOR

With the increasing demand in fisheries, tourism, defense and oil industry in the global market, the Boat building sector in Sri Lanka, as a high quality product manufacturer has a potential for further expansion. Considering the high marine diversity and the influx of fairly high spending tourists, the country also has a massive potential for nautical tourism. Also Yacht building, Chartering and Yacht Operation in the region and beyond has now become an attractive industry in Sri Lanka.

16. STRENGTHS AND WEAKNESSES OF THE SECTOR

| Strengths | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> ▪ The Strategic location of the country ▪ Island surrounded by the sea ▪ Rapid expansion of the tourism industry ▪ Potential for nautical tourism ▪ Potential to host international yachting and nautical tourism events ▪ Proven expertise in manufacturing quality products ▪ State of the art training center ▪ Growing interest in boating activities in Sri Lanka ▪ Rapid development in port related constructions • Modernization and development of the fisheries industry | <ul style="list-style-type: none"> ▪ Slow technological transfers ▪ Lack of marina infrastructure in the country to test products and for launching & berthing ▪ Absence of permanent skilled work force as they are seeking better salary jobs in overseas. ▪ Cumbersome and inappropriate registration procedure(yachts locally registered or foreign owned, should have a freedom to move freely everywhere in the country) |

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