



## INDUSTRY CAPABILITY REPORT

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## BOAT & SHIP BUILDING INDUSTRY IN SRI LANKA

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Sri Lanka Export Development Board  
December, 2013

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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 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	<a href="http://www.cdl.lk">www.cdl.lk</a>
Neil Fernando And Co Pvt Ltd	<a href="http://www.neilmarine.com">www.neilmarine.com</a>
North Sails Lanka (Pvt) Ltd.	<a href="http://www.northsails.com">www.northsails.com</a>
Baff Polymech (Pvt) Ltd	<a href="http://www.bbafk.org">www.bbafk.org</a>
Jostein Viksund Design & Mod.Cen P.Lt	<a href="http://www.viksundasia.com">www.viksundasia.com</a>
A J Fishing Industries Pvt Ltd	<a href="http://www.ajfishing.com">www.ajfishing.com</a>
North West Marine Lanka Pvt Ltd	<a href="http://www.northwestmarineboat.com">www.northwestmarineboat.com</a>
A J Fishing Industries Pvt Ltd	<a href="http://www.ajfishing.com">www.ajfishing.com</a>
Cey-Nor Foundation Ltd.	<a href="http://www.ceynor.com">www.ceynor.com</a>
Solas Marine Lanka (Pvt) Ltd.	<a href="http://www.solasmarine.com">www.solasmarine.com</a>
Dhanusha Marine Lanka (Pvt) Ltd	<a href="http://www.dhanushamarinelanka.com">www.dhanushamarinelanka.com</a>
Sri Lanka Navy	<a href="http://www.navy.lk">www.navy.lk</a>

#### 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 Government has planned to make Sri Lanka a Naval Hub with the objective of exploiting the true potential of ocean and inland water resources for the development of the country as envisioned in the “Mahinda Chintana” - the Way Forward for Sri Lanka. 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.

## 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

The total value of exports of Boat Building sector was USD 56.58Mn. in the year 2012.

**Value in US\$ - US Dollars Thousands**

Code	product	2008	2009	2010	2011	2012	2013 (Jan To August)	% Avg. Growth
H.8901	--Cruise ships, excursion boats, ferry-boats, cargo ships,	4,604	21,503	20,160	146,363	54,037	53,031	48.48

	barges and similar vessels for the transport of persons or goods.							
H.8903	--Yachts and other vessels for pleasure or sports; rowing boats and canoes.	1,835	864	1,650	1,528	2,058	673	-7.11
H.8906	--Other vessels, including warships and lifeboats other than rowing boats.		31	713	869	162	227	
H.8902	--Fishing vessels; factory ships and other vessels for processing or preserving fishery products.	242	42	727	485	328	93	2.84
H.8907	--Other floating structures (for example, rafts, tanks, coffer-dams, landing-stages, buoys and beacons).	1			2	2		
H.8904	--Tugs and pusher craft :	14,855	35,374	35,276				
		<b>21,536</b>	<b>57,814</b>	<b>58,526</b>	<b>149,247</b>	<b>56,587</b>	<b>54,025</b>	<b>15.63</b>

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

Value in US\$ - US Dollars Thousands								
Code	Description	2008	2009	2010	2011	2012	2013 (January To August)	% Avg. Growth
<b>H.8901</b>	<b>--Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods.</b>	<b>4,604</b>	<b>21,503</b>	<b>20,160</b>	<b>146,363</b>	<b>54,037</b>	<b>53,031</b>	<b>48.48</b>
	India	21	18,435	19,146	19,202	26,265	52,901	115.01
	Netherlands	2,504	1,942	825	692	317	131	58.24
	Singapore	14			126,286	26,790		
	Seychelles	599				481		
	Nigeria					140		
	Others	1,466	1,127	189	183	45		
<b>H.8903</b>	<b>--Yachts and other vessels for pleasure or sports; rowing boats and canoes.</b>	<b>1,835</b>	<b>864</b>	<b>1,650</b>	<b>1,528</b>	<b>2,058</b>	<b>673</b>	<b>-7.11</b>
	France	20	18	146	28	205	550	63.63
	Norway	1,607	803	671	432	239	87	-53.38
	Myanmar						18	
	India			17	135	58	15	
	Korea South(Korea Republic of)				32	3	3	
	Others	209	43	816	901	1,553	2	-38.55
<b>H.8906</b>	<b>--Other vessels, including warships and lifeboats other than rowing boats.</b>		<b>31</b>	<b>713</b>	<b>869</b>	<b>162</b>	<b>227</b>	
	Netherlands			372	866	162	227	
	France				3			
	Qatar			340				
	Mali			...				
	Australia		31					
<b>H.8902</b>	<b>--Fishing vessels; factory ships and other vessels for processing or preserving fishery products.</b>	<b>242</b>	<b>42</b>	<b>727</b>	<b>485</b>	<b>328</b>	<b>93</b>	<b>2.84</b>
	Somalia						93	
	Sierra Leone					308		
	Seychelles			266		19		
	Maldives	1	16	...		1		
	Mauritius				483			
	Others	241	26	460	2			
<b>H.8907</b>	<b>--Other floating structures (for example, rafts, tanks, coffer-dams,</b>	<b>1</b>			<b>2</b>	<b>2</b>		

	<b>landing-stages, buoys and beacons).</b>								
	Singapore							1	
	India	1						1	
	Maldives					1			
	Malaysia					...			
<b>H.8904</b>	<b>--Tugs and pusher craft :</b>	<b>14,855</b>	<b>35,374</b>	<b>35,276</b>					
	Singapore	35	35,374	35,276					
	India	14,819							
	<b>Total :</b>	<b>21,536</b>	<b>57,814</b>	<b>58,526</b>	<b>149,247</b>	<b>56,587</b>	<b>54,025</b>	<b>15.63</b>	

## 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.

## 16. STRENGTHS AND WEAKNESSES OF THE SECTOR

### Strengths

- Sri Lanka is an Island surrounded by the Sea.
- Good Quality Products – especially in the fiber glass boat industry.
- Raw material base for Boat Building is available in the Asian region.
- Boat Building Technology improvement Institute (BTI) is there to improve skills and manpower related to Boat Building Industry.
- Well established 10 Boat Yards which manufacture International Branded products.
- Increasing demand in the domestic market
- Becoming a sought after destination for tourism and potential for development of nautical tourism in the country.

### Weaknesses

- 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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