



INDUSTRY CAPABILITY REPORT



SRI LANKAN CERAMIC SECTOR

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Export Development Board (EDB), Sri Lanka
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1. INTRODUCTION

Sri Lanka's ceramic industry boasts a history dating back several centuries. The historical ruins in the country bear testimony to the rich diversity of ancient craftsmanship and the skills of the craftsmen themselves. The distinctive designs and exquisite elegance of the ceramic products manufactured to up market segment of the world by the Sri Lankan Ceramic industry today vividly illustrate the influence of this rich heritage and traditional craftsmanship influence.

The Island is endowed with raw materials used in the ceramic industry such as kaolin, ball clay, feldspar, silica quartz and dolomite. The excellent quality and purity of these materials which is available in abundance contribute to the high standards of the products. Domestic value addition has become an essential factor when exporting products utilizing duty advantages offered under trading arrangements. Being over 60% value addition, the ceramic industry ranks high amongst the locally manufactured export products.

Excellent quality and purity are the hallmark of natural resources in Sri Lanka. The Kaolin, Feldspar, Ball clay, Silica, Quartz, Dolomite that is used in manufacture of ceramic products are the best that can be found. International reputation for Sri Lanka ceramic products has been established with the quality and finish from the use of these raw materials along with Pigments and miscellaneous chemicals for preparation of Glazes, decal, Liquid Gold and Silver obtained from well established international sources.

As a result of perfect combination of advanced technology and the traditional indigenous craftsmanship , Sri Lankan products can be found in top department stores such as Macy's, Crate & barrel , Marks & Spencer, Hallmark and Pottery Barn in USA, El Corte Ingles in Spain, Debenhams, Susie Watson Designs, John Lewis, and House of Frazer in UK , Sanrio and Isetan in Japan. Also, Sri Lanka manufactures products for reputed licensors such as Walt Disney, Universal Studios, Lucas Arts and Warner Brothers to name a few. All Sri Lankan tableware products conform to Food

and drug Administration (FDA) norms and ASTM Standards. Main export markets of Tableware & kitchenware are USA, Japan, UAE, Italy and India. Main export markets for tiles are Australia, U.S.A., Canada, Netherlands and Maldives.

This industry has some significant operational strength, including a highly skilled workforce, competitive labor costs, and excellent management at factory levels, state-of-the-art technology, research and development facilities, high ethical standards and confidentiality of design integrity, in contrast to Asian competitors.

Further, Sri Lanka is proud of exporting under their own brands: Dankotuwa, Elan, Royal Fernwood and under the back stamp of Noritake.

2. KEY PRODUCTS AND VARIETIES

Sri Lankan ceramic industry supplies ceramic products to the international market under four major categories.

1. Porcelain Tableware
2. Ornamental ware & utility ware
3. Tiles including wall tiles & floor tiles
4. Sanitary ware & Bath ware

In addition, following products are manufactured by the industry.

- Earthenware & stoneware products
- Cements, glass & refractory
- Red brick, roofing tiles and terra cotta products

According to the export statistics of last ten years, ceramic tableware and ornamental ware are the key segments of ceramic exports of the country.

PORCELAIN TABLEWARE

A range of body shapes and decoration techniques in tableware gives Sri Lanka a great versatility as a country which can deliver high quality elegant contemporary and traditional designs to the world.

Sri Lanka's exquisite porcelain products are being much sought after because of the in-glaze, on-glaze and under-glaze decorations, heavy metal free decorations, ornate and difficult gold decorations, microwave-safe designs in gold or platinum, dish washer safe construct and also our ability to supply high quality Ivory Porcelain (new bone china) and artistic porcelain dinnerware.

Superior characteristics of Sri Lankan porcelain include a very high level of whiteness, high translucency, high scratch resistance and high thermal shock.

All Sri Lankan products conform to Food and Drug Administration (FDA) norms and ASTM Standards.

The tableware and kitchenware exports amount to around 68% of the country's total ceramic exports.

There are three key players in the country and their main export markets are U.S.A., Japan, UAE, Italy and India.

ORNAMENTAL/ UTILITY WARE

Range of products include items such as figurines, household decorations, music boxes, chandelier ceramic accessories, kitchen accessories, bathroom accessories, garden articles and studio pottery.

There are four key players in the country and their main export markets are U.K., U.S.A., Netherlands, Canada and Malaysia.

TILES

Floor tiles are available in a wide range of shades, designs, and finishes-rough or smooth surfaces-and sizes to suit any floor area in residential and commercial buildings. These include floor tiles especially suited for verandahs, sitting rooms, dining rooms, bed rooms, pantry, as well as for flooring outdoor space such as

terraces, path-ways, ponds etc. They range from simple glazed tiles to multiple prints and manual hand painted to machine embroidered types. A variety of different textures to suit customer preferences: matt, rough, gloss, stone, marble, and terracotta finishes in a range of self-colours or shades are available.

Wall Tiles are offered in a variety of colours, textures, and in different sizes including special trim tiles, decorated tiles, handmade and hand painted tiles conforming to British, European, Singapore, Hong Kong and Japanese Standards.

Main export markets for Tiles are Australia, USA , Canada, Netherlands and Maldives.

SANITARY WARE & BATH WARE

Sri Lanka manufactures Bath ware & sanitary ware for both domestic and international markets.

Use of imported clays and glaze raw materials with advanced production techniques enhances the product quality conforming to British standard specification BS EN 3402-1962, thereby ensuring that the products will be on par with that of any leading European manufacturer in terms of both design and quality. All the moulds are made from epoxy resin case moulds, which will ensure superior surface qualities and dimensional stability.

Production facility of the main manufacturing company in Sri Lanka has been recognized internationally by leading sanitary ware industry specialists as one of Asia's most modern in terms of technology and production capability.

Main export markets are Maldives and New Zealand.

GLASS PRODUCTS

The only company in Sri Lanka manufacturing glass products offers the entire moulded range of glass bottles for the food and beverages, pharmaceuticals, cosmetics and perfume industries. Main markets are India and Australia.

3. TYPES OF PLAYERS

Large scale exporters, SME exporters, Cottage base manufacturers and craft villages.

4. SEASONAL VARIATION

Seasonal variation applies only for few items.

Ceramic Tableware and souvenirs are highly demanded during the Christmas and New Year season.

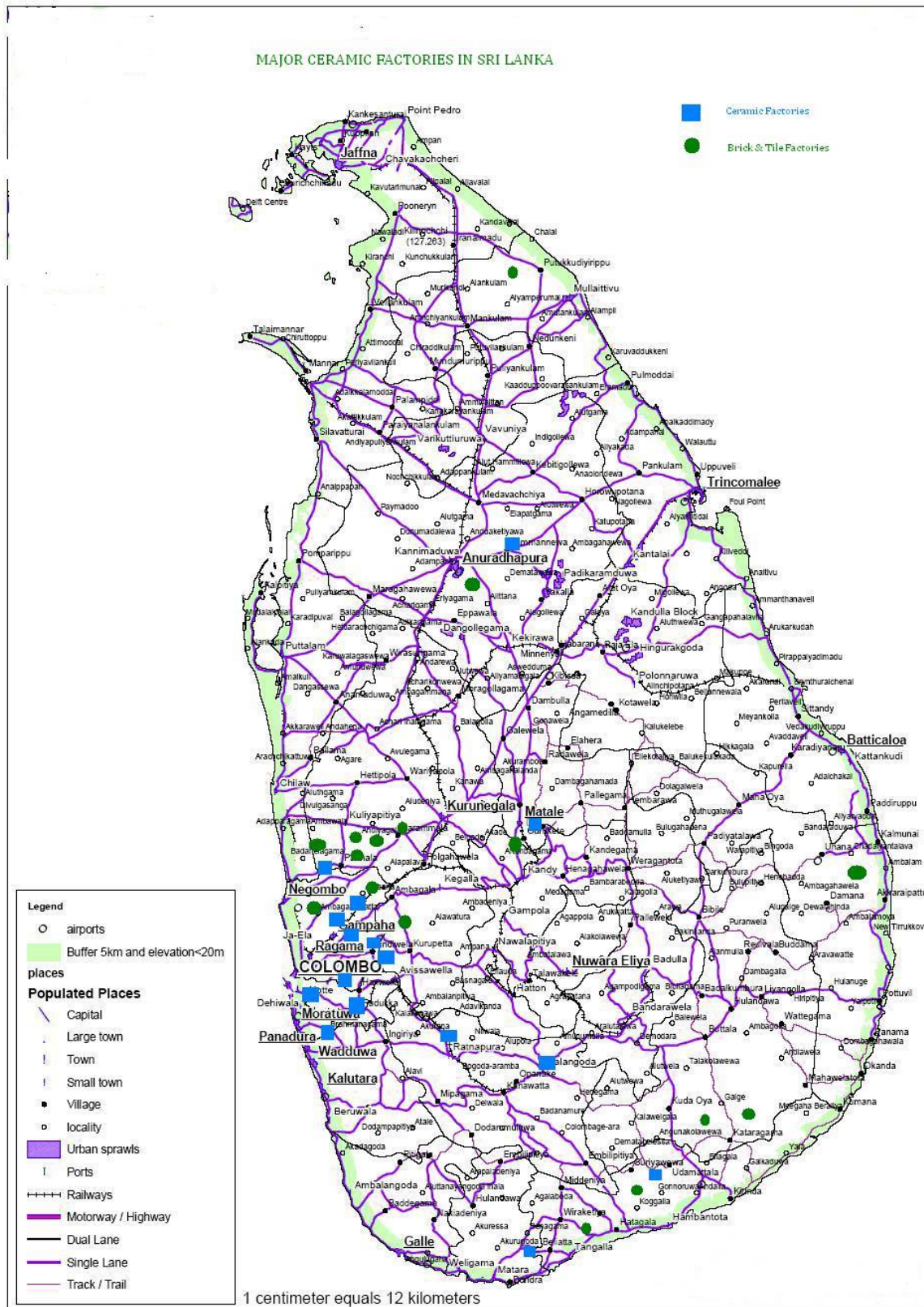
Dinnerware and Tableware for USA market is highly demanded during New year season until the month of April.

Craft made of	Seasonal Variation
Ceramic Tableware	Highly demanded in New Year & during Religious festivals (January-April) and Christmas season
Ceramic Ornamental ware	Christmas ornaments highly demanded in Christmas season in USA & Europe (November – end December)

5. KEY PLAYERS IN THE SECTOR

No	Name of the Company	Website
1	Noritake Lanka Porcelain Pvt Ltd	www.noritake.lk
2	Dankotuwa Porcelain Ltd.	www.dankotuwa.com
3	Royal Fernwood Porcelain Ltd	www.fernwoodporcelain.com
4	Lanka Tiles PLC	www.lankatiles.com
5	Ceramic World Pvt Ltd.	(under construction)
6	Midaya Ceramic Company Ltd.	www.midaya.com
7	Art Decoration International Pvt Ltd.	www.artdecorint.com
8	Royal Ceramic Lanka Ltd	www.rocell.com
9	Piramal Glass Ceylon PLC	www.piramalglassceylon.com

6. GEOGRAPHICAL DISTRIBUTION OF MANUFACTURING UNITS ACROSS THE COUNTRY



Source : "Mineral Resources of Sri Lanka" National Science Foundation-Sri Lanka

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. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR

The total workforce of the sector is over 20,000.

The tableware and ornamental ware sector employed 16,000 to 18,000.

The tile sector accounted 2,000-4,000 workforce.

9. GOVERNMENT POLICY AND SUPPORT AVAILABLE FOR THE SECTOR

Related organizations to support the ceramic sector:

Government Institutions:

- 1. Sri Lanka Export Development Board (EDB) undertake programme for the development and promotion of the sector in the following areas.**
 - Product Design & Technology Development Programmes
 - Market Development programme such as organising buyer -seller meetings (inward/outward), Trade fair participation, Solo country exhibitions, Participation at trade summits and trade forums.
 - Lobby on Tariff concessions etc.
 - Provide Trade facilitation services.
 - Image Building programmes such as advertise in foreign magazines , inviting foreign Journalists to Sri Lanka etc.
- 2. Board of Investment (BOI)**
 - Facilitate to attract Foreign Direct Investment (FDI)
 - Investor friendly facilities for BOI projects
- 3. Department of Commerce(DOC)**
 - Implementing bilateral agreements /trade agreement.
 - Assistance in organizing of international trade events.
- 4. (GSMB)**
 - Surveying of raw materials
 - Testing of raw materials samples
 - Excavation of raw materials from the deposits
 - Implementing the regulatory formalities.
- 5. Industrial Technology Institute (ITI)**
 - a. Testing of raw materials
 - b. Research on raw materials

10. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE

The related institutes for R& D and product development are as follows;

- Industrial Technology Institute (ITI)
- Geological Survey & Mines Bureau (GSMB)
- Centre of Technology Excellence(CENTEC)
- University of Moratuwa –Department of Material Engineering
- University of Peradeniya – Department of Geology

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

EXPORTS (VALUE IN US\$' Mn)

Code	Description	2008	2009	2010	2011	2012	2013 Sept
	Tableware & Kitchenware	30.2	24.14	26.77	27.53	25.26	20.64
HS 6911	Porcelain & China –Tableware &	28.94	22.86	25.20	26.14	24.63	19.87
HS 6912	Kitchenware	1.69	1.27	1.57	1.38	1.23	0.77
	Ceramic - Tableware & Kitchenware						
	Tiles	11.46	7.87	8.00	5.55	6.29	5.743
HS 6904	Flooring blocks and tiles	0	0	0.04	0	0.11	0.002
HS 6907	Unglazed ceramic tiles	1.9	0.87	0.07	0.24	0.14	0.014
HS 6908	Glazed ceramic tiles	9.56	7.78	7.99	5.520	6.27	5.727
S.08070303	Ornaments	7.14	4.33	4.91	4.92	3.72	2.519
S.08070399	Other Ceramic Products nes	0.21	0.13	0.26	0.33	0.45	0.222
	Total	49	36.47	39.94	38.33	35.71	29.12
HS 70	Glass & Glassware	7.0	13.54	12.21	16.48	14.60	18.0

Source: "Sri Lanka Custom statistics"

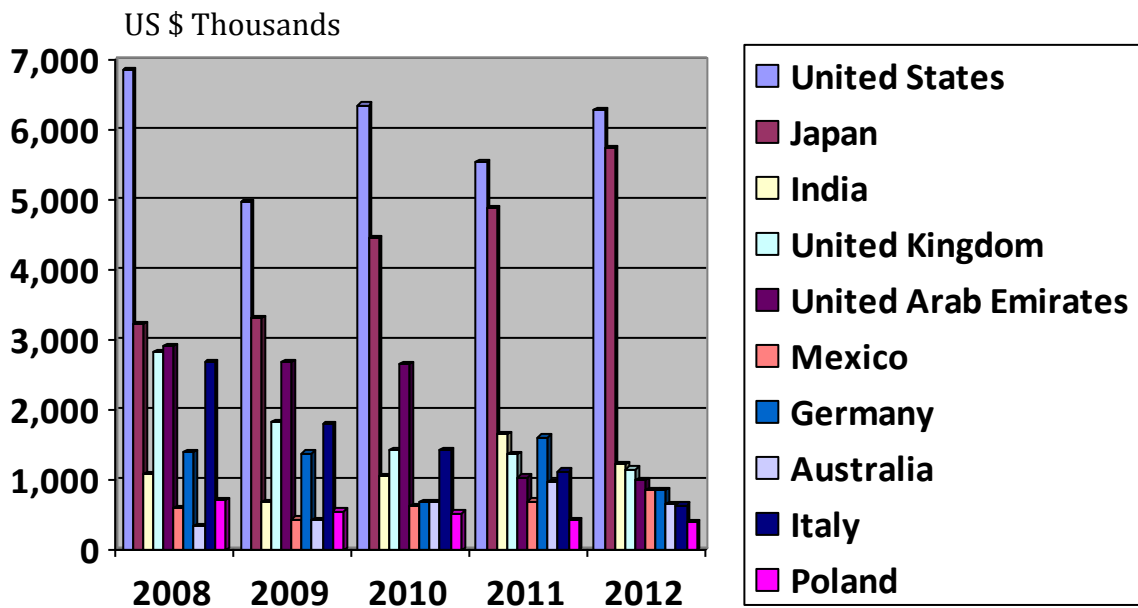
12. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES

Top 10 markets of each sub sector are as follows;

Tableware & Kitchenware	Wall Tiles	Ornaments
United States	Australia	Germany
Japan	Maldives	Denmark
India	Canada	USA
UK	Pakistan	Italy
UAE	Oman	UK
Mexico	USA	Canada
Germany	India	Japan
Australia	Japan	Netherlands
Italy	Singapore	Norway
Poland	Taiwan	Poland

Source: "Sri Lanka Custom statistics"

Growth of Ceramic Tableware & Kitchenware for top ten market for last five years is as follows;



Source: "Sri Lanka Custom statistics"

13. STRENGTHS AND WEAKNESSES OF THE SECTOR

Strength	Weakness
<ul style="list-style-type: none">• Availability of raw materials such as kaolin, ball clay, feldspar, silica, quartz and dolomite locally.• The availability of highly skilled and literate work force at reasonable wages.• Availability of designers, chemists, technologists and engineers due to sound theoretical and technical Education.• Investment friendly environment.• Availability of supporting institutions.• High ethical standards and confidentiality of design integrity.	<ul style="list-style-type: none">• Lack of brand awareness and quality recognition in the international market.• Lack of understanding of consumers.• High cost of energy.• Small sector although the products manufactured are of very high quality.

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