

**PERFORMANCE OF THE EXPORT  
SECTOR OF SRI LANKA  
JANUARY- DECEMBER 2016**

**POLICY AND STRATEGIC PLANNING DIVISION  
SRI LANKA EXPORT DEVELOPMENT BOARD  
42, NAWAM MAWATHA  
COLOMBO 2.**

*June 2017*

## CONTENTS

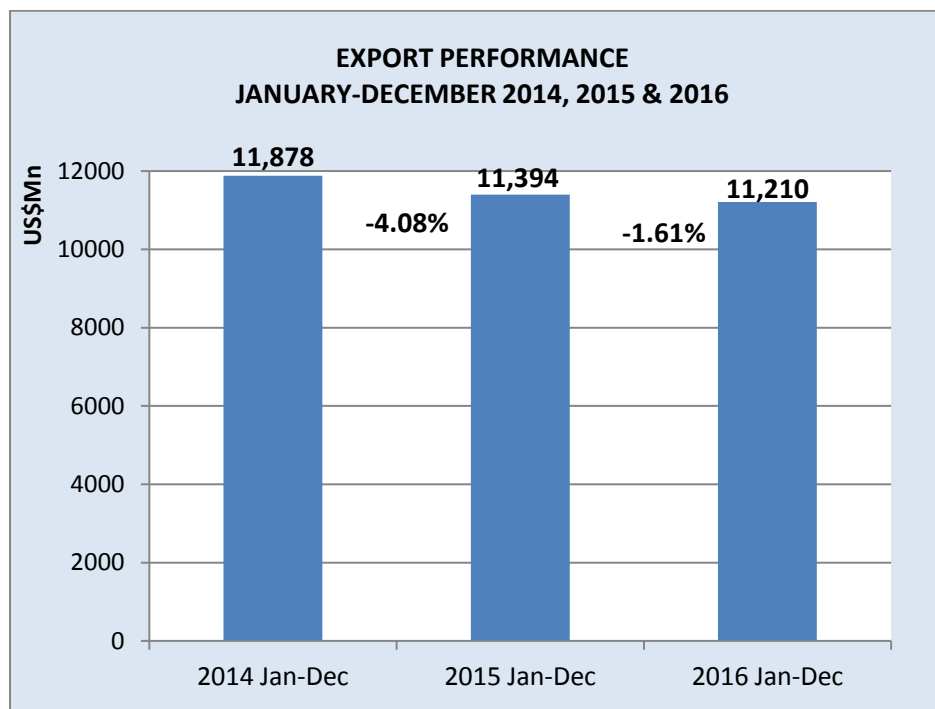
	<u>Page No.</u>
1] INTRODUCTION	1
2] OVERALL PERFORMANCE OF THE EXPORT SECTOR	2
3] EXPORT PERFORMANCE BY MAJOR CATEGORIES	2
4] COMPOSITION OF EXPORTS IN JAN-DEC 2016	3
5] EXPORT PERFORMANCE BY MAJOR PRODUCT SECTORS	4
6] EXPORT PERFORMANCE BY MAJOR MARKETS	9
7] EXPORTS BY REGIONS	9
8] EXPORTS TO EU REGION	10
9] EXPORTS TO USA	11
10] EXPORTS TO INDIA	12
11] EXPORTS TO PAKISTAN	13
12] BALANCE OF TRADE	14
13] CONCLUSION	14

## 1) INTRODUCTION

According to statistical data, Sri Lanka's earnings from merchandise exports for the year 2016, have registered a negative growth of 1.61 % when compared with export earnings registered during the corresponding period in 2015, reflecting a drop in export performance during the period under review.

## 2) OVERALL PERFORMANCE OF THE EXPORT SECTOR

The graph below indicates the performance of the export sector during the period January – December in 2014, 2015 and 2016.



Source: Sri Lanka Customs

It reveals that export earnings decreased by 1.61 % during the period of January to December 2016, compared with the corresponding period of 2015 reflecting decrease in Agricultural sector exports. However Industrial, Fisheries and ICT sector exports increased by 1.83, 0.95 and 6.26% respectively in 2016 compared to the previous year.

Contributions made by the major categories of exports to the overall performance of the export sector is elaborated in the following section.

## 3) EXPORT PERFORMANCE BY MAJOR CATEGORIES

Table 1 below gives the export performance of major categories during the period January – December 2014, 2015 & 2016 in US dollar terms.

Table 1 : Export Performance by Major Categories January–December 2014, 2015 & 2016  
[US\$ Mn.]

	<b>Jan-Dec 2014</b>	<b>Jan-Dec 2015</b>	<b>Growth %</b>	<b>Jan-Dec 2016</b>	<b>Growth %</b>
Agriculture Exports	2,698.99	2,463.75	-8.72	2,316.49	-5.98
Industrial Exports	8,025.11	7,534.69	-6.11	7,672.81	1.83
Fisheries Exports	265.23	180.58	-31.92	182.30	0.95
Products unclassified	54.85	88.69	61.70	1.26	-98.58
Total Merchandise Exports	11,130.09	10,546.50	-5.24	10,309.70	-2.25
ICT/ BPM Exports	748.00	847.00	13.24	900.00	6.26
Total Exports	11,878.09	11,393.50	-4.08	11,209.70	-1.61

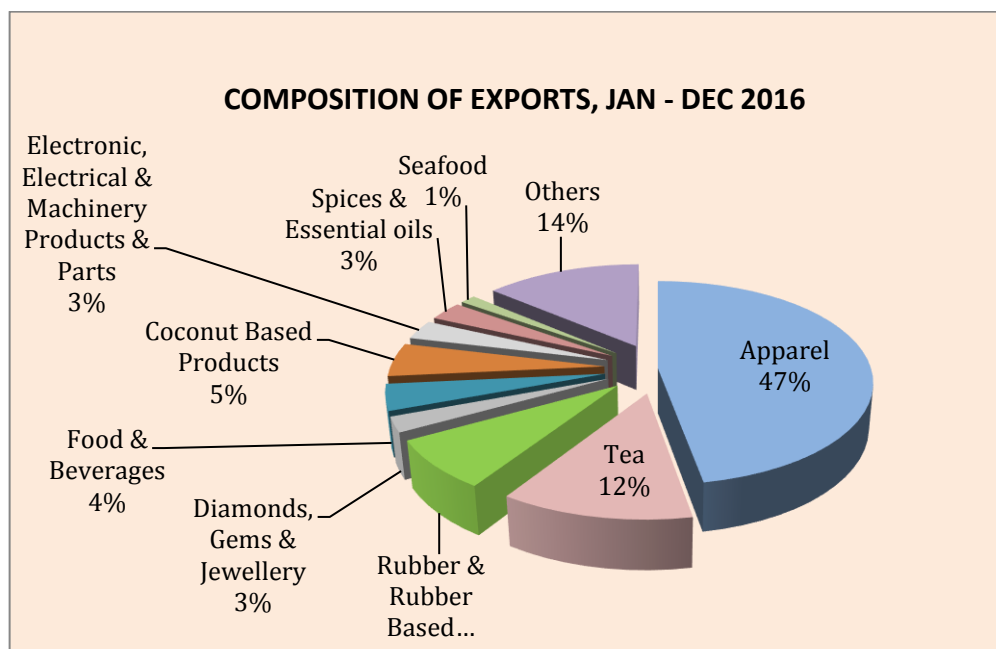
Source: Sri Lanka Customs.

The agricultural exports which accounted for 23% of total export earnings decreased by 5.98 % in January to December 2016 to US\$ 2,316.49 Mn. All major products in the agricultural sector [tea, Coconut shell products, Spices, Vegetables, Fruits, Cut Foliage & other export crops] except natural rubber, Essential Oils, coconut kernel and coconut fibre products recorded substantial decreases during this period. As a result of lifted EU ICC Ban on Sri Lankan fisheries products, Fisheries export sector which accounts for 2% of total export earnings recorded a positive growth of 0.95% in 2016 compared with the previous year. Export of Ornamental fish exports recorded negative growth rate of 27.57% respectively.

#### **4) COMPOSITION OF EXPORTS IN THE PERIOD OF JANUARY TO DECEMBER 2016**

The graph below illustrates the composition of exports at disaggregated level during the period under review. It reveals that nearly 59% of total export earnings of Sri Lanka were derived from two products, namely garments [47%] and tea [12%]. Nearly 86% of the total export turnover came only from 9 products reflecting the lack of diversification of Sri Lanka's export basket.

Considering the adverse effects of high dependency on a few products, it is essential to broaden the export base of Sri Lanka through horizontal diversification i.e. widening the range of exports and vertical diversification of exports at different stages of value addition to capture more value from products that are exported from Sri Lanka.



Source: Sri Lanka Customs.

## 5) **EXPORT PERFORMANCE BY MAJOR PRODUCT SECTORS**

### **Tea**

Export of all Tea products decreased both in terms of value by 5.46 % and by volume **5.93 %** in January to December 2015 to **US\$ 1,252.24 Mn** and **286,767,271 Kg**.

Export of Tea Packets which accounted for 48 % of total export earnings from the Tea sector increased both in terms of quantity by **0.40%** to **111,094,668 Kg** and in terms of value by **0.17 %** to **US\$ 594.86 Mn**. Export of Bulk Tea which accounted for 51% of the total earnings from this sector decreased both in terms of quantity by **9.94%** to **169,852,660 Kg** and in terms of value by **10.23 %** to **US\$ 1,252.25 Mn**. Earnings from export of Bulk Tea and Tea Packets accounted for 98% of total earnings from the Tea sector.

Export of Tea Packets to Russian Federation (-23.69%), Turkey (-49.41 %) and Jordan (-14.77 %) decreased, while exports to Iraq (17.73%), Libya(40.74%), Iran (131.11%), United Arab Emirates (13.77%) and Australia (2.57%) increased in terms of value.

Export of Bulk Tea to Russian Federation (-1.16%), United Arab Emirates (-39.43%), Iraq (-15.11%), Azerbaijan (-1.80%), and Japan (-10.41%) decreased, while exports to Iran (9.91%), Turkey (5.51%) and Syria (15.44%) increased in terms of value.

### **Natural Rubber**

Export earnings from all other categories of natural rubber i.e. Sheet rubber [71.57%], crepe rubber [14.10%] and technically specified rubber [71.57%] increased during this period

contributing to overall positive performance of natural rubber exports [24.64%] in the period under review.

Export of natural rubber [in value terms] to almost all markets, Pakistan [92.80%], Germany [15.56%], Malaysia [501.67%], Italy [47.01%] increased, while export of natural rubber to Japan [-11.47%], Vietnam [-44.29%] decreased during the period of January to December 2016.

### **Coconut Kernel Products**

Except for earnings from Coconut oil [-22.45%], earnings from export of Desiccated Coconut, Copra, fresh coconut nuts and Coconut milk powder grew by 20.66% , 131.08%, 35.84% and 9.90% respectively during the period under review.

As a result of decreased exports of coconut oil USA [-27.71%], earnings from export of coconut oil decreased significantly by 22.45% during the period under review. Except Iran [-40.64%] and Saudi Arabia [-11.11%], Earnings from export of DC to major markets, USA [0.30%], Pakistan [69.53%] and Germany [10.66%] increased during this period. Earnings from export of copra increased by 131.08% due to increased imports from Pakistan [144.29%].

### **Coconut Fibre & shell based Products**

Earnings from coconut fibre based products increased substantially by 11.60 % during the period of January to November 2016, due to increased exports of bristle fibre [12.11%] and coco peat & fibre pith [24.43%]. Earnings from coconut shell based products decreased by 1.48% during the period under review, due to decrease exports of Activated Carbon [1.21%] and coconut shell charcoal [-46.06%].

### **Spices**

Export of spices decreased substantially by 22.18% [in value terms] during the period under review due to decreased export of pepper [-49.90%], cloves [-71.89%] and nutmeg & mace [-9.89%]. However earnings from export of cinnamon [21.26%] increased during the period under review.

Export of pepper which accounted for 38% of total export value of spices decreased by 49.90 % due to decreased exports to India [-44.34%] during the period under review. Export earnings from cloves also decreased by 71.89% due to decreased exports to India [-75.68%] during the period under review.

Export of cinnamon increased by 21.26% to US\$ 159.07 Mn during the period under review due to increased exports to Mexico [20.35%] and United States [44.84%].

### **Essential Oils**

Earnings from export of essential oils increased by 40.25 % due to increased exports to USA [26.68%] and India [217.07%] during the period under review.

### **Fruits & Vegetables**

Earnings from export of fruits decreased by 8.76 % during the period under review. Export of fruits to United Arab Emirates [-13.42%] decreased during this period. Also earnings from export of vegetables decreased by 6.24% in this period. Earnings from export of vegetables to U.K. [-52.54%] declined significantly during this period.

### **Cut flowers & Foliage**

Earnings from this sector decreased by 2.01% mainly due to the decreased exports to Japan [-25.78%] and Saudi Arabia [-8.57%].

However exports to the Netherlands increased by 39.49% in 2016 compared with the previous year.

### **Aquarium Fish**

Export earnings from aquarium fish decreased by 27.57% during period under review due to decreased exports to USA [-12.05%] and UK [-11.11%].

### **Edible Fish Products**

Earnings from this sector increased by 4.02% due to increased export of Fresh or chilled Fish [28.53%] during the period under review.

Also Exports to EU region increased by 20.50% during the period under review.

### **Diamonds, Gems & Jewellery**

Earnings from export of Gems, Diamonds and Jewellery declined by 21.15%, 32.21% & 4.32 respectively.

### **Apparel**

Earnings from export of Apparel which accounted for 45 % of total export earnings of the country during the period under review increased by 1.34%. Except Woven fabrics, Earnings from the other categories of this sector, apparel (1.04%), Made-Up Textile Articles (11.34%) and Other Textile Articles [18.13%] registered positive growths during the period under review.

Earnings from export of Apparel to U.K. [2.15%], Belgium [22.54%], Canada [13.69%] and India [12.45%] increased while earnings from its export to United States [-0.20%], Italy [-1.96%], Germany [-0.36%], Netherlands [-3.53%] and France [-31.76%] diminished during the period.

### **Food & Beverages**

Export earnings from Beverages [25.72%], Processed Food [193.78%] and Processed Vegetables, Fruits & Juices [15.53%] increased while export of Confectionery & Bakery

products [-1.30%], Manufactured Tobacco [-19.64%] and Rice & Cereals [-31.75%] decreased during the period under review.

Earnings from export of beverages to India decreased by 6.29% while export to UAE and Hong Kong increased by 494.46% and 949.81% respectively. Export of processed food to UAE increased by 3162.6%. Export of processed Vegetables, Fruits & Juices to USA increased by 6.34%. Export of confectionary & bakery products to Australia [-4.4%] and the Netherlands [-39.52%] decreased [in terms of value] during this period. However Export of confectionary & bakery products to Ghana [1.38%] increased.

### **Leather & Leather Products**

Except raw hides [1.67%], decreased export earnings from Travel goods [-4.43%] and leather clothing accessories [-7.66%] contributed to the overall negative growth [-7.06%] of the leather based exports during this period.

Exports of raw hides to India decreased by 81.25%. Also Export of leather clothing accessories to Canada [-39.63%] decreased [in value terms] during this period while export to Germany increased by 0.5%.

### **Footwear**

Export earnings from footwear increased by 36.29 % in the period under review due to increased exports to Vietnam [70.66%] and UK [31.27%].

### **Wooden Products**

Increase in export earnings from Furniture and seats [47.82%] and Jewellery boxes, cloth hangers & handicraft [8.87%] contributed to the overall positive export performance of wooden products [8.78%].

Increased exports of wooden products to India [30.00%], USA [4.5%] and UK [1.97%] contributed to registered positive growth of the sector.

### **Paper Products**

Earnings from paper products increased by 11.72% during the period under review due to increased export earnings from cartoons, boxes and bags [39.38%]. Increased exports of paper products to India [19.37%] contributed to registered positive growth of the sector.

### **Rubber Products**

Earnings from exports of Rubber Products have increased by 0.89% during the period under review. Export of Pneumatic & Retreated Rubber Tyres & Tubes [1.89%] and Industrial & surgical gloves of rubber [6.87%] increased while earnings from all other categories of this sector i.e. Gaskets, washers, seals, etc. of hard rubber [-2.71%], rubber plates, sheets rods of unhardened rubber [-33.53%] and other rubber products [-2.64%] decreased during this period.



Earnings from export of Pneumatic & Retreated Rubber Tyres & Tubes, which accounted for 64% of total earnings from the rubber product sector to all major markets except USA [-0.37%], Germany [10.09%], Belgium [20.37%] and United Kingdom [4.64%] increased during this period. Except USA [-0.68%], Earnings from Industrial & surgical gloves of rubber to Germany [17.95%], Belgium [13.29%], Brazil [16.96%] and the Netherlands [32.44%] have also increased during the period under review.

### **Chemical & Plastic Products**

Earnings from export of chemical & plastic products increased by 2.40% during this period due to increased exports of plastic products [6.85%].

### **Non-Metallic Mineral Products**

#### **Ceramic & porcelain Products**

Export earnings from ceramic & porcelain products decreased by 2.16% due to decreased earnings from exports of wall tiles [-3.94%] and tableware & kitchenware [-6.58%].

Earnings from export of Tableware & Kitchenware to Japan [-18.89%] and United Kingdom [-16.97%] decreased, while earnings from its exports to United States [1.56%], South Korea [22.22%] and United Arab Emirates [46.48%] have increased. Earnings from export of Wall Tiles to Australia [-2.86%], Maldives [-8.57%] and Canada [-23.26%] have decreased.

#### **Natural sands, articles of stones and other non-Metallic Mineral Products**

Export earnings from Natural Sands, Articles of Stones and Other Non-Metallic Mineral products increased by 22.07 % and 6.91% respectively during the period under review. However export of Other Non-Metallic Mineral Products decreased by 32.51%.

Decrease in earnings from export of these products to India [-328.48%], China [-20.39%], Japan [-2.09%], Australia [-22.49%] and UK [-16.92%] were registered, while exports to Singapore [21.55%] and US [1.89%], Maldives [179.21%] have increased.

### **Base Metal Products**

Earnings from export of Base Metal Products increased by 60.51% during the period under review due to increase in earnings from export of structures of Iron & Aluminum [185.86%], Standard Wire of Aluminum, Copper & Iron [80.82%], nails, screws, bolts & nuts of metal [758.82%], Refined Copper & Lead Alloys [20.45%] and Scrap of Ferrous, Aluminum, Copper & Other Metals [90.85%] during the period under review.

### **Electronic, Electrical and Machinery Parts**

Earnings from exports of Electronic, Electrical and Machinery Parts increased by 8.13% during the period under review. The positive performance was mainly led by increased earnings from Switches, Lamp Holders Boards & Panels [9.79%], Discharge Lamps [8.71%],

Electronic Circuits, Transistors, Valves, Cathode Tubes [102.17%] and Insulated Wires & Cables [18.31%]

### **Transport Equipment and parts**

Earnings from exports of transport equipment and parts increased by 5.70% during the period under review. Earnings from export of Bicycles (Not Motorized) to Poland [16.40%] and Finland [303.33%] have increased while India [-2.17%], UK [-1.26%] and the Netherlands [-2.02%] decreased during the period under review. Earnings from export of Motor Vehicles & Parts to United States [17.95%] and the Netherlands [77.14%] have increased while export of these products to Australia [-14.71%], Japan [-2.31%] and Maldives [-56.48%] has have decreased.

### **Boat Building**

Export earnings from boat building has decreased by 64.34% due to the US\$ 118.60 Mn worth of re-export of Port City Equipment in 2015 has recorded as an export value during the period under review.

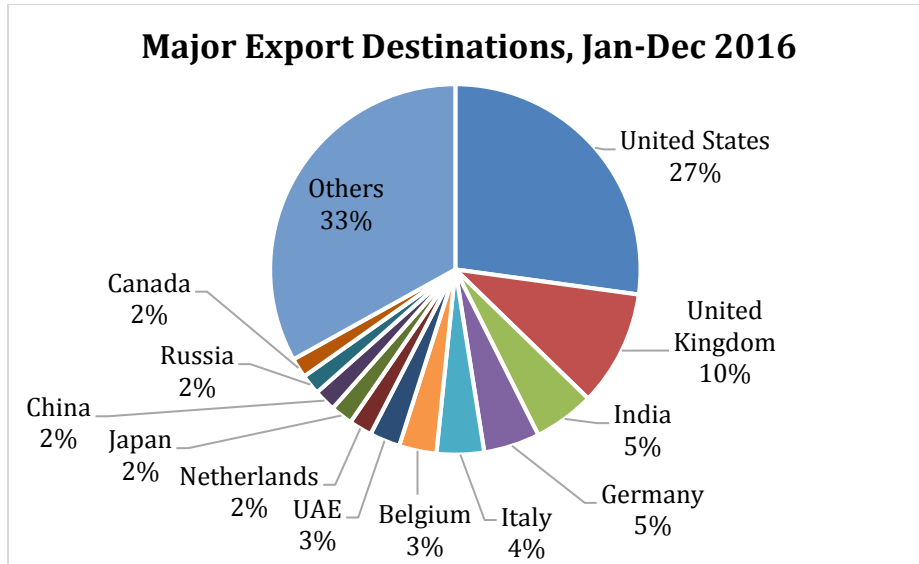
However the sector has increased by 2.8 % apart from the above reason. The negative performance of the sector was mainly driven by a 41.38% decrease in exports to India.

### **Toys Games & Sport Requisites**

Earnings from exports of Toys Games & Sport Requisites to United States [11.18%], Germany [6.90%] and Austria [10.00%] increased while exports to UK [-8.87%], France [-48.14%] and India [-58.91%] decreased.

## **6) EXPORTS TO MAJOR MARKETS**

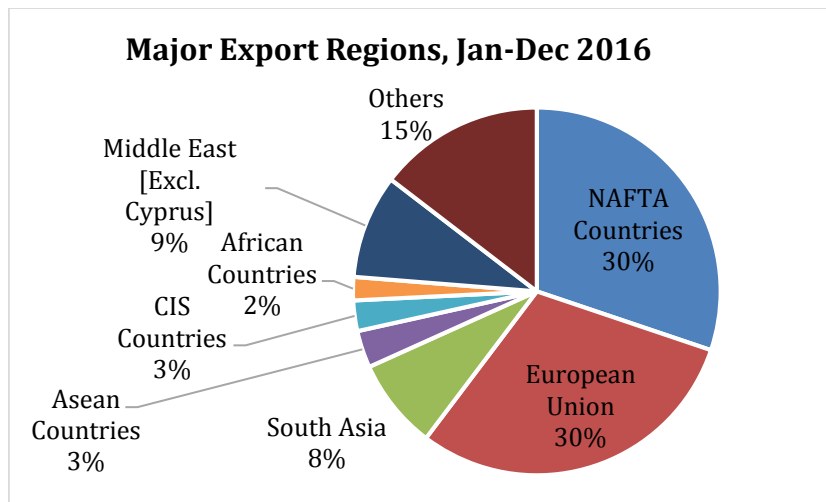
The figure below presents the composition of our products in major markets during the period January – December 2016. It shows that USA which absorbed 27% of our total exports (in US \$ terms) continues to be the leading destination for Sri Lanka's products, followed by UK [10%], India [5%], Germany[5%], Italy [4%], Belgium [3%], UAE [3%], Japan [2%], the Netherlands[2%], Russia[2%], China [2%] and Canada[2%] absorbing shares as indicated within parenthesis.



Source: Sri Lanka Customs.

### **EXPORTS BY REGIONS**

The graph below illustrates the export performance of Sri Lanka in major regions during the period January – December 2016.



It shows that 30% of the total export earnings of Sri Lanka were derived from European Union member countries [EU] while 30% of total exports were derived from North American Free Trade Area [NAFTA] dominated by the USA, during the period of January to December 2016 [Product wise analysis for key markets is given in the following sections].

Despite the Free Trade Agreements with India and Pakistan Sri Lanka's exports to South Asian countries remained low at 8% while exports to ASEAN countries accounted for 3% of total exports of Sri Lanka. Export to CIS countries which are our key importers of tea absorbed only 3% of our total exports in the period under review.

## 7) EXPORTS TO EU REGION

The table below presents Sri Lanka's exports to EU region which absorbed nearly 39% of total exports [in value terms] of Sri Lanka.

Table 2 : Exports to EU Region during January-December 2014, 2015 & 2016

US\$ Mn

Product	2014 Jan - Dec	2015 Jan - Dec	Growth %	2016 Jan - Dec	Growth %
Apparel	2,165.33	1,894.82	-12.49	1,903.79	0.47
Pneumatic & Retreated Rubber Tyres & Tubes	208.07	163.39	-21.47	178.53	9.27
Tea Packets	89.12	72.45	-18.71	78.48	8.32
Industrial & Surgical Gloves of Rubber	67.15	64.99	-3.22	72.2	11.09
Manufactured Tobacco	48.18	46.03	-4.46	59.97	30.28
Processed Food	29.69	27.85	-6.20	47.92	72.06
Gaskets, Washers, Seals etc. of Hard Rubber	47.16	41.58	-11.83	41.42	-0.38
Made-Up Textile Articles	24.03	32.64	35.83	39.85	22.09
Toys Games & Sport Requisites	39.28	37.54	-4.43	37.86	0.85
Tea in Bulk	50.1	41.58	-17.01	34.15	-17.87
Coconut Oil	16.69	27.61	65.43	33.13	19.99
Coco Peat & Fiber Pith	30.01	26.79	-10.73	32.7	22.06
Others	674.57	544.58	-19.27	553.64	1.66
<b>Total</b>	<b>3,489.39</b>	<b>3,021.84</b>	<b>-13.40</b>	<b>3,113.63</b>	<b>3.04</b>

Source: Sri Lanka Customs

Nearly 80% of export earnings derived from EU region was from only nine products and garments alone accounted for nearly 60% of our total export earnings derived from EU region. Apparel exports to EU region registered an increase of 0.47% during the period under review.

## 8) EXPORTS TO USA

The table below gives the export performance of our products in the USA market which accounted for 27% of the total export earnings of Sri Lanka during the period under review. USA which is a major constituent of the NAFTA region also absorbed nearly 90% of our total exports to this region.

Nearly 75% of earnings from total exports to USA were derived only from one single product i.e. Apparel. Increased export earnings from Fish fresh or chilled [85%] and Cinnamon [87%] contributed to the overall positive performance of Sri Lanka's exports in the USA market.

Table 3 : Exports to USA during January-December 2014, 2015 & 2016

US\$ Mn

Product	2014 Jan - Dec	2015 Jan - Dec	Growth %	2016 Jan - Dec	Growth %
Apparel	1,989.98	2,109.56	6.01	2,104.07	-0.26
Pneumatic & Retreated Rubber Tyres & Tubes	191.99	164.41	-14.37	163.8	-0.37
Industrial & Surgical Gloves of Rubber	43.35	42.98	-0.85	42.95	-0.07
Gaskets, Washers, Seals etc. of Hard Rubber	31.14	32.48	4.30	30.87	-4.96
Coconut Oil	21.02	40.49	92.63	29.27	-27.71
Fish Fresh or Chilled	17.52	19.15	9.30	28.15	47.00
Activated Carbon	27.21	22.38	-17.75	25.12	12.24
Cinnamon	20.25	17.24	-14.86	24.97	44.84
Tea Packets	23.05	20.55	-10.85	24.71	20.24
Other Electrical & Electronic Products nes	31.47	26.63	-15.38	24.52	-7.92
Gems	33.49	25.56	-23.68	24.47	-4.26
Sacs & Bags of Plastics	25.38	23.34	-8.04	19.38	-16.97
Others	264.06	258.05	-2.28	266.63	3.32
<b>Total</b>	<b>2,719.91</b>	<b>2,802.81</b>	<b>3.05</b>	<b>2,808.93</b>	<b>0.22</b>

Source: Sri Lanka Customs.

**9) EXPORTS TO INDIA**

The table below gives the export performance in the Indian market by major products during the period under review. Exports to India which accounted for 5% of the total export earnings of Sri Lanka decreased by 14.52%. Nearly 58% of earnings from total exports to India were derived only from ten products.

Table 4 : Exports to India by Products during January-December 2014, 2015 & 2016

US\$ Mn

Product	2014 Jan - Dec	2015 Jan - Dec	Growth %	2016 Jan - Dec	Growth %
Animal Feed	45.67	57.75	26.45	48.94	-15.26
Pepper	50.7	85.25	68.15	47.45	-44.34
Boat Building	29.42	57.76	96.33	34.09	-40.98
Areca Nuts	64.34	69.84	8.55	34.03	-51.27
Apparel	34.61	29.47	-14.85	33.53	13.78
Woven Fabrics	26.28	29.71	13.05	32.7	10.06
Waste & Scrap of Paper /Paper Boards	30.38	28.75	-5.37	30.08	4.63
Furniture & Seats	14.66	14.78	0.82	22.82	54.40
Insulated Wires and Cables	24.79	20.35	-17.91	19.72	-3.10

<b>Product</b>	<b>2014 Jan - Dec</b>	<b>2015 Jan - Dec</b>	<b>Growth %</b>	<b>2016 Jan - Dec</b>	<b>Growth %</b>
Worked Monumental Stones	17.68	16.11	-8.88	16.81	4.35
Petroleum Products	53.21	11.9	-77.64	15.11	26.97
Other Electrical & Electronic Products nes	20.96	12.46	-40.55	13.93	11.80
Others	211.94	210.65	-0.61	201.92	-4.14
<b>Total</b>	<b>624.65</b>	<b>644.77</b>	<b>3.22</b>	<b>551.13</b>	<b>-14.52</b>

Source: Sri Lanka Customs.

Export of Animal Feed [-15.26%], Pepper [-44.34%], Arecanuts [-51.27%] and Boat building [-40.98%], decreased, while Apparel [13.78%], Waste & Scrap of Paper /Paper Boards [4.63%] and Furniture & Seats [54.40%] increased during the period under review.

## **10) EXPORTS TO PAKISTAN**

The table below illustrates the export performance of our products in the Pakistan market which absorbed 0.6% of the total exports of Sri Lanka in the period under review.

The table indicates that earnings from exports to Pakistan dropped by 12.69% during the period under review. 70% of earnings from total exports to Pakistan were derived from only 10 products and most of them are in primary form. This reflects that Sri Lanka has not yet geared itself to exploit the full potential in the Pakistan market utilizing the Pakistan-Sri Lanka Free Trade Agreement [PSFTA].

Table 5 : Export to Pakistan by Products during January-December 2014, 2015 & 2016

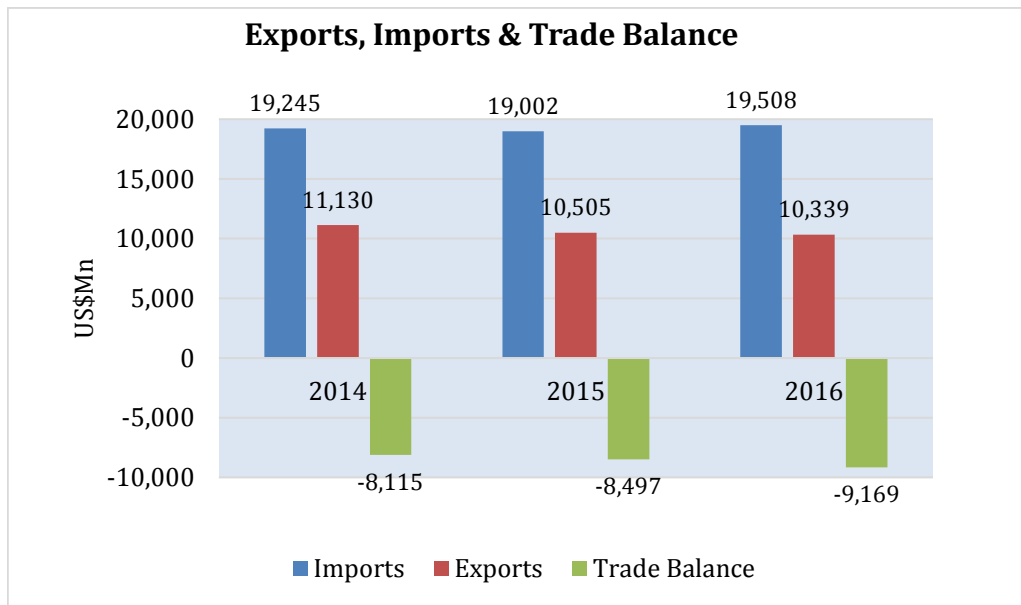
<b>Product</b>	<b>2014 Jan - Dec</b>	<b>2015 Jan - Dec</b>	<b>Growth %</b>	<b>2016 Jan - Dec</b>	<b>Growth %</b>
Desiccated Coconut	12.19	8.86	-27.32	15.02	69.53
MDF Boards	7.74	7.82	1.03	7.65	-2.17
Betel Leaves	10.46	9.05	-13.48	7.38	-18.45
Tea in Bulk	0.20	11.85	5825.00	2.89	-75.61
Other Textile Articles nes	2.58	3.22	24.81	2.46	-23.60
Industrial & Surgical Gloves of Rubber	1.68	1.74	3.57	2.20	26.44
Crepe Rubber	2.46	1.32	-46.34	2.11	59.85
Sheet Rubber	1.43	0.82	-42.66	2.04	148.78
Copra	2.77	0.70	-74.73	1.71	144.29
Cartoons, Boxes & Bags	0.90	0.40	-55.56	1.71	327.50
Coconut Oil	0.89	0.95	6.74	1.43	50.53
Coconut Ekels	1.64	1.20	-26.83	1.36	13.33
Others	29.30	25.12	-14.27	15.84	-36.94
<b>Total</b>	<b>74.22</b>	<b>73.06</b>	<b>-1.56</b>	<b>63.79</b>	<b>-12.69</b>

Source: Sri Lanka Customs.

The table shows that export earnings from Desiccated Coconut [69.53%], Beetle leaves [-18.451%] and Tea in bulk [-75.63%] declined substantially during this period.

### 11) BALANCE OF TRADE

Sri Lanka's external trade during the period January to December 2014, 2015 & 2016 is illustrated in the following graph.



The graph reveals that earnings from exports decreased by 1.58 % and expenditure on imports increased by 2.66 % in the period of January to December 2016, compared with the performance during the year 2015.

### 12) CONCLUSION

Decline in International commodity prices, slower pace of growth in advanced economies, geo political uncertainties, and restrictions by the European Union on fish imports contributed to the decline.

According to the International Monetary fund (IMF), Growth in most advanced economies remained lackluster, with low potential growth and a gradual closing of output gaps. Prospects remained diverse across emerging market and developing economies, with some improvement for a few large emerging markets—in particular Brazil and Russia.

Policy and Strategic Planning Division / EDB  
June 2017