



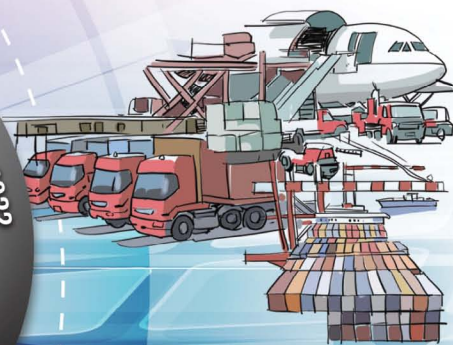
BUSINESS LANKA

Sri Lankan Pride Across The World



NATIONAL EXPORT STRATEGY OF SRI LANKA 2018 / 2022

**SRI LANKA
ENVISIONING
EXCELLENCE
IN EXPORT**



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Sri Lanka Hub Operators Association



Lanka Fruit & Vegetable Producers, Processors and Exporters Association



Measurement Units Standards and Services Department



Sri Lanka Logistics & Freight Forwarders Association



Chamber of Young Lankan Entrepreneurs



Sri Lanka Standards Institution



Sri Lanka Accreditation Board



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EDITORIAL

The future looks promising for Sri Lanka but it needs to grasp this opportunity; increase investment; invest in skill building; reduce bureaucracy and red tape; create better quality employment within the country; and provide accessible and affordable access to credit and capital so as to encourage trade and entrepreneurship," were the words of Ms. Arancha Gonzalez, Executive Director of the International Trade Centre (ITC) during her visit to Sri Lanka for the launch of the National Export Strategy (NES).

The ITC was instrumental in the formulation of the NES and steered the process to create an actionable public-private sector policy framework to diversify and growth Sri Lanka's export sector, leading to economic growth.

The NES is seen as a key milestone in Sri Lanka's march towards middle income status, putting the country firmly on a path to sustainable economic growth. Therefore, the NES has been a focal point in the Business Lanka Magazine and in this issue, we take a closer look at the formulation of the strategy and the actions laid out for the next five years for specific thrust industries.

This issue also explores the key trade support functions identified for development in the NES, such as logistics, trade information and National Quality Infrastructure, which will provide a cohesive environment for Sri Lankan entrepreneurs to effectively reach the global market place.

The interview with Ms. Gonzalez puts the thinking behind the development of the NES and Sri Lanka's place in the regional and global market place into perspective.

The Business Lanka Magazine also caught up with Mr. Tuli Cooray, for insight on how the apparel sector challenged stereotypes to become Sri Lanka's leading exporter.

This issue also features interviews with Mrs. Dayani Wegapitiya, who discusses the accelerated process that was adopted in formulating the NES. Mr. Gamini B. Herath, Managing Director, Boat Building Technology Improvement Institute, discusses important key steps that need to be taken for the sector to grow, while Mr. Sarada De Silva, Chairman, Cinnamon Training Academy, spoke about the need for value addition in the sector and skills development to move the sector up the value chain. These are among many other interviews that explore the scope of the NES and its contribution to Sri Lankan economic growth.

Business Lanka Magazine also spoke with Ms. Stella Photi, Founder of Wellness Escapes, a UK-based company that specializes in wellness holidays, who travelled to some of Sri Lanka's leading wellness retreats to share her experience and also help the sector identify its own identity in the fast-growing health and wellness tourism sector, which is one of the six sectors identified for development under the NES.



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REGAINING SRI LANKA'S SUPREMACY IN INTERNATIONAL TRADE

03

Sri Lanka Set to Transition to an Export and FDI-led Growth Trajectory

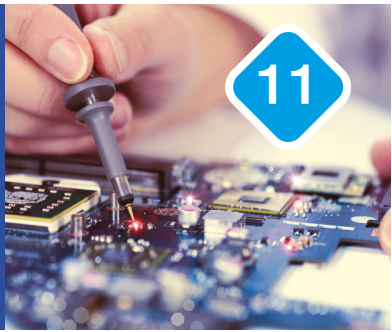
05



08

GRASP TRADE OPPORTUNITIES AND STRENGTHEN EXISTING RESOURCES

ELECTRONICS IS AN APPLICATION THAT CUTS ACROSS VIRTUALLY ALL DOMAINS AND INDUSTRIES



11

SRI LANKA, the next Maritime, Logistics and Distribution Hub in the Indian Ocean



13



15

FINDING SRI LANKA'S OWN BRAND OF WELLNESS

INSIGHTS FROM THE APPAREL SECTOR TO MAKE THE NES A SUCCESS



18



22

THE ROLE OF TRADE INFORMATION AND PROMOTION SUPPORT FUNCTION UNDER THE NES

THE MAJOR DRIVING FORCE IN THE PROCESSED FOOD & BEVERAGES SECTOR



24

ICT/BPM LANDSCAPE IN SRI LANKA



26

Reviving Ancient Trading Routes to Refresh Export Growth



28

NES looks to leverage Sri Lanka's Maritime advantage with Boat Building Industry



31

National Quality Infrastructure of Sri Lanka; a key driving factor to position Sri Lanka in the International Trade

33



35

PRESIDENTIAL EXPORT AWARDS CEREMONY 2017

WOMEN IN BUSINESS



42

GO DEEPER WITH THE NEXT ISSUE



SRI LANKA TO REINSTATE ITS TRADE HERITAGE WITH NATIONAL EXPORT STRATEGY

In a strategy to reinvigorate Sri Lanka's potential as an Export Hub, the Government of Sri Lanka has formulated a five-year plan that promises to put the country on an equal footing with some of the leading economies of Asia. The National Export Strategy (NES) is being hailed as a 'first of its kind' as it has enlisted all stakeholders in the formulation and now in the implementation process. Comprehensive action steps have been listed out to improve the overall business environment for export and to diversify Sri Lanka's export basket through innovation and entrepreneurship.

Business Lanka Magazine spoke with the Export Development Board's (EDB) Director of Policy and Strategic Planning, Ms. U. K. DayaniWegapitiya about the formulation of the five-year National Export Strategy (NES) and the impetus it will bring to the Sri Lankan economy.

Getting a head start

The National Export Strategy (NES) was officially launched in July 2018 to steer Sri Lanka into a new era of export-led growth with a vision to make Sri Lanka an export hub driven by innovation and investment. Two primary factors were taken into consideration in the formulation of the NES. First, rethinking and restructuring key segments of the supply chain to create a conducive environment for all exports. This included the end-to-end development of the logistics sectors and aligning to quality certification, testing and certification mechanisms that were on par with the global standards. Second, the diversification of the country's top export basket, which is currently dominated by Apparel (over 50%), Ceylon Tea, Spices (17%) and Rubber and Rubber-based products (7.5%) making up close to 75% of Sri Lanka's export earners.

Several inputs were taken into consideration in formulating the NES, including feedback from key regional economic centres such as Jaffna, Kandy and Galle and the review of a shortlist of nine sectors that had the potential to grow exponentially with a structured plan, supported by improved infrastructure and a conducive policy environment.

“We conducted the consultations parallelly and started work in some areas to fast track the formulation of the NES and its roll out. We also pre-empted some of the policy decisions that needed to be taken by the government and budget allocations and submitted a proposal for the 2018 budget. As a result, some of our proposals received budgetary allocations allowing us to commence work much earlier than anticipated.”

The NES transcends a mere policy document to a fully-fledged working paper, with each strategy identifying actions, leading implementation partner, supporting implementation partners, starting date, ending date and tentative cost. It also has checkpoints and milestones throughout the five-year period to ensure each stakeholder is held accountable for timely action.

The composition of the NES will also ensure that it transcends any inadvertent political change during the proposed period. This ideology has been engrained in the NES through the four strategic objectives, specifically reading as “to have a business enabling, predictable and transparent policy and regulatory framework that supports exports.”

Strategic Diversification

Growing the export sector and increasing its contribution to earnings has been a key objective of consecutive governments in view of igniting Sri Lanka's growth trajectory. The formulation of the NES was aligned to this long-standing objective, while ensuring that the scope and deliverables were also defined.

“We did our homework before we started and made a shortlist of the industries where we saw the greatest growth potential. Electronics is an area that caught our interest. Thailand and Indonesia were in a similar footing as Sri Lanka, with apparel making up a significant part of their exports, but these countries then moved on to exporting electronics and growing their IT sectors as an export diversification strategy. We don't have to manufacture the full product, it can be different components that connect to the global production network.”

The selection of the six sectors also considered the resource and skill availability locally and the capacity for growth in each sector. Through this process, the stakeholders that comprised of both private and public sector policy makers, entrepreneurs and experts identified IT-BPM, Wellness Tourism, Boat Building, Electrical and Electronic Components, Processed Food and Beverage, and Spices and Concentrates as focus sectors for innovation and export diversification.

The stakeholders also identified key actions to spur the sectors into a growth phase. Key actions include attracting foreign investment into each sector, awareness among youth and enable access to global talent where critical and implementing a country branding programme for each sector and overall for Sri Lanka as a hub for trade and services.

A number of specific objectives were also identified such as developing products and services that could be identified as Sri Lankan and driving the recognition of geographic indicators and patents that would further reinforce the country's intentional trade potential.

Enabling Growth

Further, the stakeholders identified the need to review and refresh Sri Lanka's policies and regulations governing these sectors to enable them to grow exponentially and put in place a cohesive ecosystem inclusive of new laws, certification

processes, supporting infrastructure and other mechanisms that will help grow the output and export potential of the sectors.

Four specific areas were pinpointed under this process, which comprise of the development of the logistics sector, implementing a national quality monitoring, testing and certification infrastructure, developing a comprehensive trade information and promotion platform and the nurturing of an innovation and entrepreneurship-based culture.

These four areas are expected to provide a coherent framework that will support all export related industries to grow. While the focus sector and trade support function strategies focus on industry-specific priorities, they also highlight cross-sector priorities such as access to technology, development of industry clusters and linking industry to academia.

Entrepreneur Focus

In the formulation of the NES, emphasis was also given to develop export entrepreneurs from across Sri Lanka. This stemmed from the need to develop processing industries and increase value addition along the supply chain before it reaches the export state. This is expected to further increase the revenue potential of Sri Lankan exports, over and above the system of exporting raw material or low value-added goods.

“We are also looking at addressing the need for skilled labour in these industries. For instance, for the electronics sectors we collaborated with the Ministry of Education and Higher Education and are formulating a strategy that will create awareness for the employment potential in this sector among students nearing completion of their schooling years. We are also exploring the possibility of including training in these sectors to be included in the curriculum, making the students, job ready by the time they leave school. From there on they can gain further education and experience in their chosen field. Through this mechanism we hope to create and grow 2000 entrepreneurs by 2020 adding to the pool of value-added exporters in Sri Lanka.”

Beyond 2022

Since the initial impetus in 1977, Sri Lanka has strived to become a trading hub, with many policies and plans being developed for the growth of export lead industries. However, many did not gain the momentum needed to sustain the plans beyond the launch phase, possibly because they were developed in isolation and not taking into consideration the entire chain of events that facilitate or hamper the growth of the segments.

This NES seeks to address many of these issues, which stemmed from the lack of a wider view on re-shaping of the export basket and the support services and policy framework. The NES is also the first document that is formulated by all stakeholders, including policy makers and the private sector and has developed actions that cut across sectors and industry verticals.

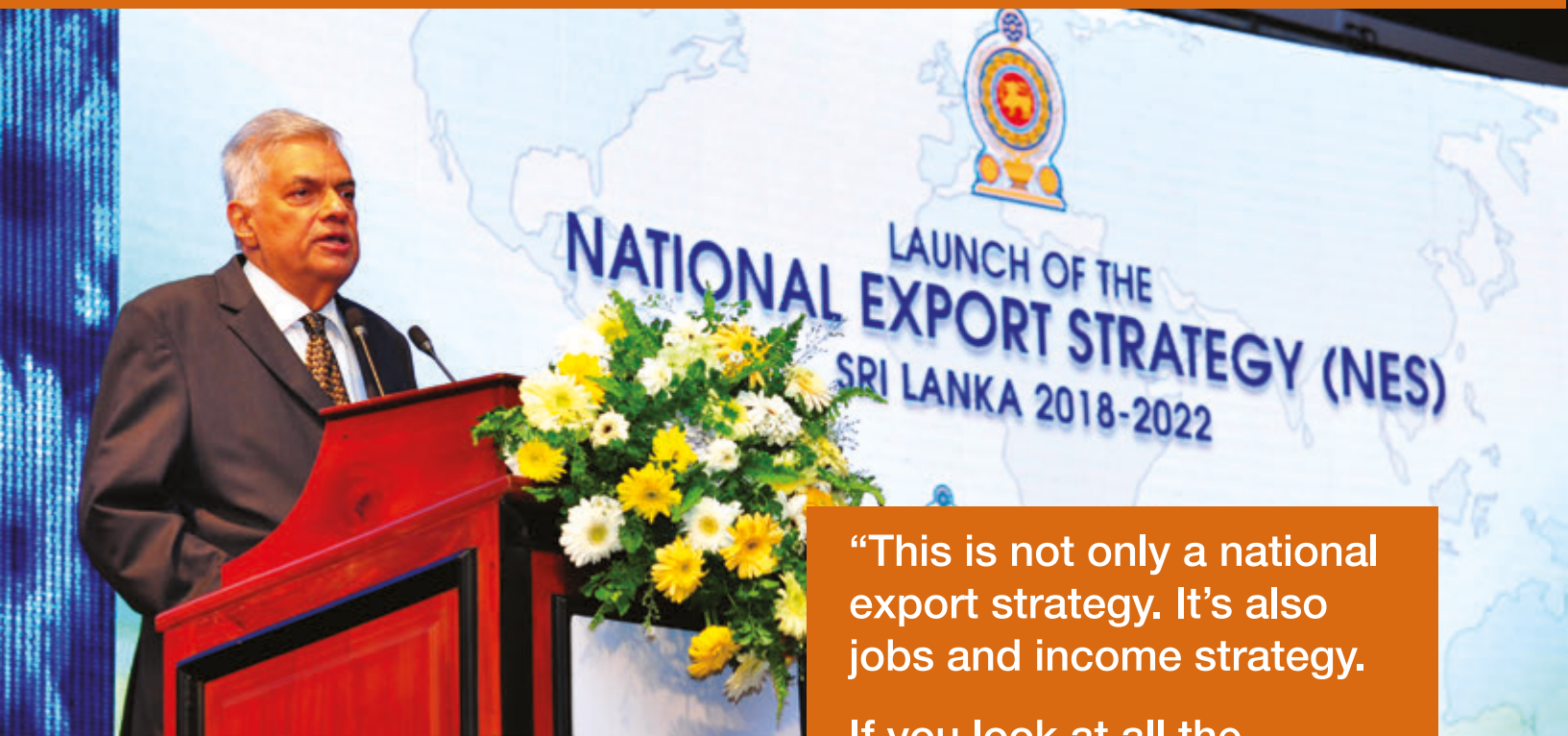
The detailed road map laid out by the NES will contribute to faster export growth and create more higher income jobs, putting Sri Lanka as a powerhouse among the Asian trading economies.

DAYANI WEGAPITIYA

Director
Policy & Strategic Planning Division
Sri Lanka Export Development Board



Sri Lanka Set to Transition to an Export and FDI-led Growth Trajectory



The government of Sri Lanka has embarked on an ambitious journey to diversify and develop its export sector with the aim of achieving US\$ 28 billion in export earnings by 2022.

The blueprint for the export sector led growth; The National Export Strategy (NES), was made public in July 2018, by the Hon. Prime Minister Ranil Wickramasinghe at a ceremony held at the Temple Trees.

The five-year strategy focuses on four key pillars which are creating a business enabling, predictable and transparent policy and regulatory framework that supports exports, strengthening Sri Lankan exporters' market-entry and compliance capacities, becoming an efficient trade and logistics hub to facilitate exports and driving export diversification through innovation and strengthening of emerging sectors.

Speaking at the launch, Hon. Prime Minister Ranil Wickramasinghe said the key objectives of NES is to increase the capacity of Sri Lanka's export sector and to improve trade performances. "This is not only a national export strategy. It's also jobs and income strategy. If you look at all the developed economy of Asia, they have done so by becoming export economies."

The Prime Minister further stated that Sri Lanka was ahead of many of its Asian counterparts back in 1977 when it adopted an open market economy strategy but is currently lagging behind countries like Vietnam and Bangladesh, which opened up their economies to international trade more recently. The Prime Minister also stated most had cited the civil war as an excuse for Sri Lanka's poor growth in international trade.

"This is not only a national export strategy. It's also jobs and income strategy.

If you look at all the developed economies of Asia, they have done so by becoming export economies."

"President Premadasa pushed the 200 garment factories program during the war. Factories in Vavuniya, Anuradhapura, and Polonnaruwa were never touched by the war. That's the hard fact. No bomb has exploded inside a hotel. So, we had given excuses for non-performance. We haven't looked at why we didn't perform. Why we haven't given our people better income as a high middle-income country. Why we haven't given our people more employment. Why did they have to go to Saudi Arabia. Why did they have to go to Jordan. That is the question we have to ask."

Meanwhile, elaborating on the government's thinking behind the NES, Minister Malik Samarawickrama stated that the Government's focus has been to rebalance Sri Lanka's economic growth from a model that had become over-reliant on government investment and public infrastructure in the pre-2015 era, to a model that is more outward oriented, private sector-led, and knowledge-intensive. A model that attracts transformative FDI and a model that encourages producing higher value goods and services for international markets.



“The purpose is to focus our minds - the minds of the government officials, the minds of the enterprises in these sectors, the minds of international investors and business partners, and the minds of development partners who want to help us. To focus us to work on these sectors on an urgent and fast-tracked basis, for the next five years.”

“Making this transition to an export and FDI-led growth trajectory is challenging. But it is the only option for Sri Lanka - if we are to create better jobs for our young people. It is the only way we can be sure of making a sustainable transition into a higher income economy.”

The Minister further stated that in 2017, Sri Lanka had the highest ever export earnings of US\$ 15.5 Billion and that he was confident it would exceed US\$ 17.2 Billion, while FDI inflow would also reach a new record of US\$2.5 Billion this year, up from a record US\$ 1.9 Billion last year.

The Minister however stated, “These are extremely low figures in comparison to some of the other Asian countries that I mentioned before. For example, annual exports in Singapore is 480 Billion dollars, in Taiwan it is 340 Billion dollars, in Thailand is 254 Billion dollars, in Vietnam it is 250 Billion dollars, and in Malaysia it is 230 Billion dollars. Even Bangladesh, a country that was a much later entrant to the international trade game, is now at 41 Billion dollars. Foreign direct investment received by these countries were 77 Billion dollars to Singapore, 12 Billion dollars to Vietnam, 9 Billion dollars to Taiwan, and 5 Billion dollars to Thailand.”

Minister Samarawickrama said that it was clear that Sri Lanka had a long way to go, and that it would never be able to

achieve the rapid economic development that Sri Lanka needed if the industries only focused on the local market of 21 million people. “Our only choice is to integrate with the world markets, and exports is a key pathway in that.”

Meanwhile, elaborating on the thinking behind focusing on the six priority sectors and four trade support functions (TSF) that have been identified under the NES, which seek to diversify Sri Lanka export mix through the expansion of goods and services from the ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic, Electrical and Machinery industries, the Minister said, “The purpose is to focus our minds – the minds of the government officials, the minds of the enterprises in these sectors, the minds of international investors and business partners, and the minds of development partners who want to help us. To focus us to work on these sectors on an urgent and fast-tracked basis, for the next five years.”

“Every export sector will gain from the implementation of this strategy, especially from the four ‘trade support functions’. These are aimed at supporting all sectors, all sizes of firms, and even those who aren’t yet exporters but are aspiring to be. National Quality Infrastructure, Trade Information and Promotion, Logistics, Innovation – these are aimed at helping all sectors and that is why they are included in this strategy.”



Meanwhile, speaking about the growth potential for Sri Lanka, Ms. Arancha Gonzalez, Director General of the International Trade Centre (ITC) said “Emerging Asia” is estimated to experience an annual growth rate of 6.3% from 2018 to 2022. With the rapid development of trade corridors across the region and the growing demands of Asian consumers, Sri Lanka is strategically positioned in the Indian Ocean to service regional consumers and leverage immense trading opportunities. A growing Asia enables Sri Lankan SMEs and established exporters to service consumers beyond the 21 million people in the domestic Sri Lankan market. The island’s strategic location offers an incredible prospect for Sri Lanka to serve as an e-commerce platform serving the region.”

She further stated that Sri Lanka's dynamic workforce, combined with structured efforts to stimulate innovation and entrepreneurship, and a growing and dynamic IT industry, provided all the right ingredients for the island to create value in regional and global production networks.

"The current 'Economic Reform Agenda' of the Government of Sri Lanka, which aims to transform the island into an open and dynamic trading economy, symbolises a confident nation. It signifies national readiness to seize a historic opportunity for long-term growth and benefit for all Sri Lankans. The modernisation of Sri Lanka's trading environment will guide

efforts towards export diversification and greater local value added." The Strategy sets out specific priority actions to solve competitiveness constraints, turn market opportunities into real-life success stories, modernise regulatory systems for improved efficiency and attract investments to invigorate Sri Lankan value chains.

The NES was developed through a collaborative process that brought together key government entities support industries and exports and leading private sector representatives to fast track the country's export growth harnessing all capabilities and resources of the country.



Explaining the process, Secretary to the Ministry of Development Strategies and International Trade, Mrs. Chandanie Wijayawardhana said, "When Sri Lanka's exports are compared with those from the rest of the world and particularly, from the countries in our neighborhood, it is observed that, in spite of many comparative advantages present, there had not been, in the past, adequate progress in the field of exports reflecting a decline in export contribution to the country's GDP." Explaining the process the Secretary said that more than 750 national, regional and sector specific public & private stakeholders were consulted to confirm trade diagnostics and value chain analysis; to identify market and strategy orientations; and to articulate robust Plans of Action.

The Secretary further stated that resolving the macro as well as sectoral issues confronted by exporters goes beyond the scope of a single institution and required a concerted effort of all relevant Government stakeholders. He was confident that the NES provides such a framework for coordinated action and to ensure consistency in policy making alignment across Government.

"The NES consolidates national level findings and priorities into a coherent road map to achieve our export vision of: "Sri Lanka an export hub, driven by Innovation and Investment". The strategy consists of a Plan of Action for each sector and a framework to monitor the implementation to reach the expected outcomes. My Ministry will give the highest priority for the implementation of NES, based on the actions proposed of which a few have already been included in the National Budget 2018."

The NES design and management process is led by the Development Strategies and International Trade Ministry and the Sri Lanka Export Development Board (EDB). Technical support has been provided by the International Trade Centre (ITC) within the framework of the EU-Sri Lanka Trade-Related Assistance project funded by the European Union. The National Quality Infrastructure Strategy was designed as part of the project in close partnership with the United National Industrial Development Organisation (UNIDO).



GRASP TRADE OPPORTUNITIES AND STRENGTHEN EXISTING RESOURCES

**ARANCHA GONZALEZ
INTERNATIONAL TRADE CENTRE
(ITC GENEVA)
EXECUTIVE DIRECTOR**

Ms Arancha Gonzalez, Executive Director of ITC and an expert in international trade issues, recently visited Sri Lanka to attend the launch of Sri Lanka National Export Strategy (NES) 2018-2022. The NES aims to support trade-led growth, and increase foreign exchange earnings and employment.

Speaking to the EDB after the launch, Ms. Gonzalez spoke at length about the role of the ITC on the global stage and in relation to the NES in Sri Lanka, the current economic situation, the direction of the global market, its contribution to the NES strategy, the opportunities for Sri Lanka's export market, and the SheTrades initiative.

What is the role of ITC on the global platform of Trade and what benefits can it reap to Sri Lanka's export Industry?

While micro, small and medium enterprises (SMEs) produce 70% of employment in any country and account for over 95% of all businesses in many countries in Asia, SMEs are not sufficiently competitive at present. This means they do not contribute to national growth and job creation as much as they could. The mission of ITC is to support the internationalization of these SMEs. Only the most competitive participate in international trade. And by participating in trade, SMEs become more competitive.

Sri Lanka is no exception in Asia. However, given its potential in terms of its strategic location and its abundant physical and human resources, the country could soon be able to forge ahead if given the right support. ITC is geared to provide such support to Sri Lanka by focusing on fostering SME competitiveness through trade, paying particular attention to helping the micro and informal sectors access the international markets and for whom access to capital and markets would be of the essence.

In relation to the global market "Which way are the trade winds blowing?"

There is a hurricane forming at the moment: At the beginning, winds were strong but we could navigate. Now it is becoming more challenging to sail in the world economy. Unilateral trade measures taken by one have resulted in tit-for-tat taken by others and their impact is already been felt. Companies that need imported inputs for final transformation have seen their costs increase. Investments are being put on hold given the prevailing uncertainty. Companies are starting to lay off

workers. And ultimately consumers are seeing price increases since, let's not forget, tariffs are taxes paid by consumers. We can already see the micro impact, and there are signs that if unchecked there will be an impact at the macro level, affecting currency markets, and ultimately depressing global growth. The ensuing volatility and unpredictability would unfairly impact on the smallest in the market: the SMEs.

Do you think Sri Lanka would emerge as a regional hub for exports and catch up with the fast-growing export economies of Asia?

Sri Lanka was historically a hub for trade, and I believe it is time that Sri Lanka reclaims this role as an economic hub in global and Asian trade and trade routes. With Asian economies becoming the fastest-growing in the world, Sri Lanka has an opportunity to join the big players and benefit from the new trade routes being created. However, if Sri Lanka is to compete it has to move faster than its neighbours in terms of addressing

trade barriers and better exploiting trade opportunities to catch up with over two decades lost. If not, the gap will widen between Sri Lanka and neighbouring countries. The direction that Sri Lanka has taken is the correct one. What is needed now is to accelerate the pace of implementation of domestic reforms of which the NES is an essential ingredient.

What is ITC's contribution to the National Export Strategy 2018-2022?

ITC is a long-standing partner of Sri Lanka, having supported its private sector for many years. Recently, the government and private sector requested ITC to support the country in formulating a National Export Strategy, with generous financing from the European Union, as part of a trade support programme. ITC's role has been to facilitate a dialogue between the private sector and the government, to provide data and trade and market intelligence to identify export

potential and which sectors to invest in; and to support the formulation of a clear and practical roadmap for implementation. But the real success factor of the NES is the serious involvement of the private sector. I do hope the NES guides the direction and efforts of the nation and helps to achieve the goal of US \$ 28 billion additional exports by 2022. This is perfectly achievable as long as the country stays on its current course.



NES has identified key emerging sectors in the export industry. Do you think SMEs will greatly benefit from NES and are you convinced of the government's commitment to develop international trade?

There is commitment by the government and I hope to see even greater action going forward. Politics must give hope to the people and encourage all stakeholders to drive the transformation of the country. With action, you convince people to take a greater stake in the transformation.

SMEs are already part of this strategy: the companies they supply to are often already in the export business and part of

international value chains. The larger companies pull a large amount of micro and smaller players with them when they export. If suppliers meet international standards, a large market is open for them to export to. This is why investing in quality, in meeting international standards and in certification will help exporters reach out to larger markets.

What are the strengths for Sri Lanka to diversify its export basket?

Sri Lanka's location, its people, innovation, ingenuity and credibility are all strengths playing for the country. What is needed is increased investment especially in skill building to make Sri Lanka competitive in the global market. Given the strong culture of export in Sri Lanka, its citizens do not need to be convinced further to export. A good example of this being Dilmah tea which I can find wherever I go, whether in airport lounges around the world or in restaurants. Attention should also be paid to diversifying into markets with higher purchasing power value to capture a larger share of value added.

The future looks promising for Sri Lanka but it needs to grasp this opportunity; increase investment; invest in skill building; reduce bureaucracy and red tape; create better quality employment within the country; and provide accessible and affordable access to credit and capital so as to encourage trade and entrepreneurship.

Where do you picture NES five years down the line? Would the five year strategy achieve its stated goals and increase export value to 28 Billion USD by 2022? Do you foresee any constraints?

I hope that Sri Lanka will have met and surpassed the set targets of the NES, and that the NES would be in need of a “shake-up” because the strategy has been successful and created so many avenues that other areas of export potential would have become prominent.

This would require addressing existing constraints: The first is that Sri Lanka is a strategically-located island but needs to grasp the benefits from its geographical location by improving logistics. Secondly, digital trade is becoming a more prominent part of international trade and provides a big opportunity to smaller players to connect to markets. This is why it is important that Sri Lanka invests in connecting to e-commerce by improving payment systems, logistics or consumer protection schemes to name a few. Thirdly, moves should be

made beyond micro credit to accessible credit and capital for SMEs to grow and to take risks to thrive in international markets. Fourthly, Sri Lanka must invest in skill building, investing in people to help them adapt to the transformations driven by the Fourth Industrial Revolution, because the current employment markets are not like that of the olden days. Fifth, bureaucracy is a drag on business and is a tax on the smallest businesses so reforms to facilitate trade will be essential to generate the missing middle of businesses.

The business community also has some work to do: It has to focus on more value addition. Sri Lanka needs to move beyond a focus on mere repackaging in the country. It has to be an economy of local transformation and value addition, which will help generate better-quality jobs.

Going beyond the NES five year plan, has the ITC identified a long-term strategy to develop Sri Lanka's export capacity?

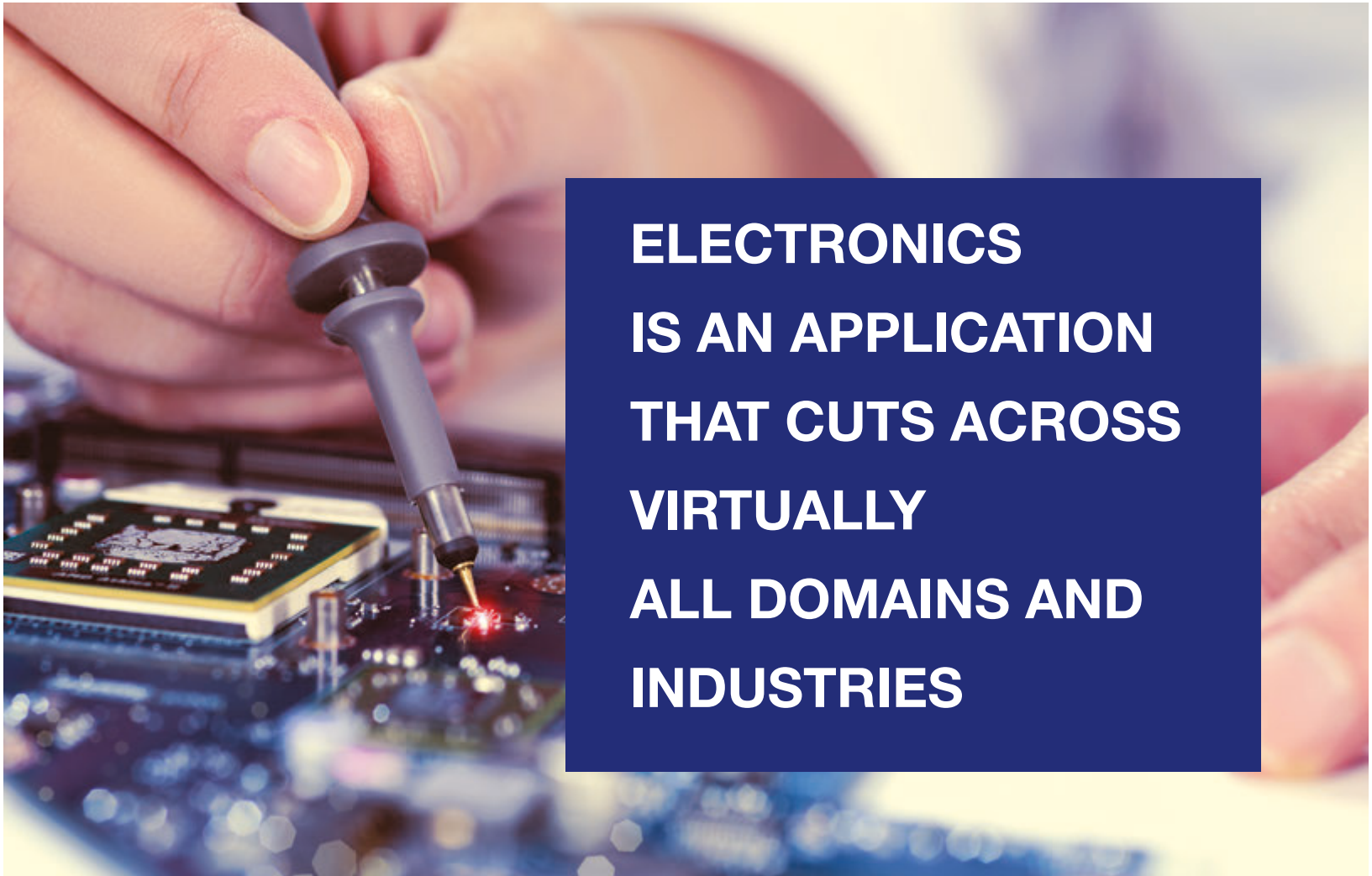
The long-term plan is the NES. In it there is an area of untapped potential for Sri Lanka which is women entrepreneurship. Women's participation in the economy is extremely important to ensure a better quality growth, and one that is more inclusive. What we see around the world is too few women-led companies and too few women in international trade and Sri Lanka is no exception. When you trade, you become more competitive. Competitiveness on the international market leads to better-paid and better-quality jobs. This is why it is important to place emphasis on women entrepreneurship and on women being economically empowered through trade. This led ITC two years ago to launch the She Trades initiatives which we have been rolling out around the world, and with support from Australia, in Sri Lanka. This is an area where there is greater work to be done in particular in ensuring accessible and affordable access to credit for women entrepreneurs.

Do you have a message for Sri Lankan female entrepreneurs?

Dare to be part of the economy! I see this across the world: Women are more shy. They are more meticulous about running a business so they often need a bigger push. Mentoring, coaching, networking can play a big role here. We work with women who have succeeded so that they can be role models for those who don't dare yet. At our last She Trades Global gathering of women entrepreneurs from around the world last June I witnessed the drive and initiative from the Lankan businesswomen attending the event. And I know there are thousands of others like them. What they need is a bit of encouragement and better opportunities. I am confident they will seize them.

Pix by : Senaka Kuruppu





ELECTRONICS IS AN APPLICATION THAT CUTS ACROSS VIRTUALLY ALL DOMAINS AND INDUSTRIES

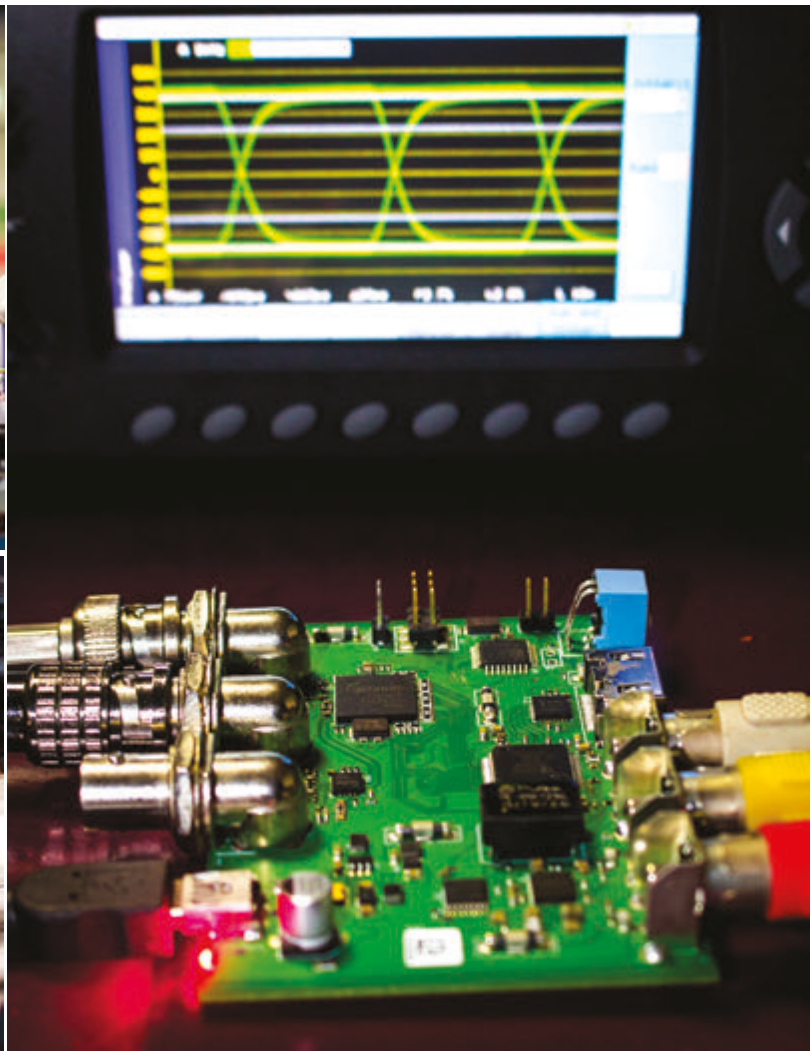
Electronics is an application that cuts across virtually all domains and industries. It's an enabling technology and future without electronics is practically non-existent. A country's export portfolio should essentially consist of the traditional sectors in which the country has had proven historical success, in combination with sectors the country can potentially expect to have a global competitive edge. The latter promotes a forward-looking national attitude. This continuous renewing vision is paramount if Sri Lanka is to reach her national targets, to place the country at the top of global charts. With electronics being recognized as an enabling technology, the National Export Strategy (NES) focus on Electrical and Electronics sector development is quite timely. Consequently, advancement of this sector can potentially benefit the established and emerging industries of Sri Lanka. Focusing on Electrical and Electronics sector also enables the country to meet the national target of increasing the high-valued added export proportion.

With an industry export revenue target of US\$ 1 Billion by 2022, there has been an increasing number of opportunities emerging from the global marketplace for Sri Lanka's Electronic Design cluster to exploit. These include Industry 4.0, Smart Cities, Firmware, Printed Electronics, Robotics, WearableTech etc.

Sri Lanka's Electrical and Electronics sector constitutes 15 Start-Ups steering the sector into the front-end of the value chain by developing intellectual property in Electronic Design. These Start-Ups are identified as tomorrow's oxygen of

the sector, signaling a sustainable safety net. The key driving force behind the birth of some of these entities is to preserve the local talent pool in the economy. One of the success stories is ParaQum Technologies.

ParaQum Technologies, founded by Dr. Ajith Pasqual in 2014 was pioneered to showcase Sri Lanka's authentic Engineering Design Capabilities in Electronics. As a priority action, the company has identified few focus areas for business success. This focus, based on internal and external strengths has enabled the company to strategically position itself to cater to the high-end niche market in the global space. The company places wide emphasis on preserving high quality in all business operations and on its way to establish globally known brand. Key business operations include a) Deep Packet Inspection (DPI) based Network Analytics and Traffic Shaper to provide QoS assurance for network access and b) Video Compression based on High Efficiency Video Coding (HEVC/H.265) which is set to replace H.264 (or MPEG4). 100% of portfolio is expected to cater the global market. ParaQum acknowledges the support received from the Facilitation Center for Advanced Electronics Design at University of Moratuwa – especially the licenses for prohibitively expensive Electronic Design Automation (EDA) software. 4 years running, the primary product portfolio of ParaQum has become mature and they are actively seeking global opportunities

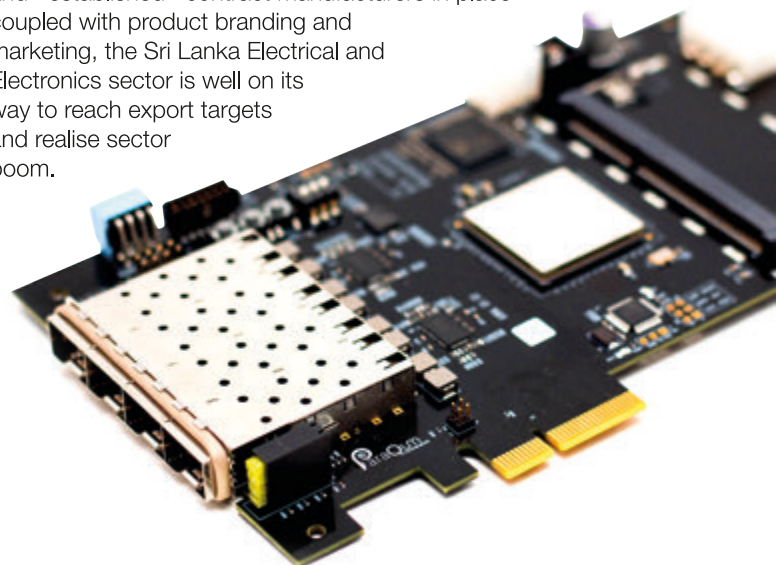


The company has partnered with Electronics System Design and Manufacturing (ESDM) companies in Sri Lanka to manufacture world-class accessories. In effect, these start-up initiatives, coupled with visionary alliances have enabled the Sri Lankan Electronics sector to realize a working model, to preserve the total value chain in the economy, while bolstering the sector into greater heights, never experienced before.

ParaQum Technologies showcased their HEVC related video compression products at the 2017 Las Vegas NAB Show, the biggest broadcasting show in the world. The end-game here is to create a global brand. ParaQum was in fact established with the objective of reducing brain drain. With its current status however, the company is geared to contribute a lot more than that. It is ParaQum's undying optimistic leadership (not limited to the company, but also to the sector at large) that is about to make headway in the international electronics arena. Confluence between software, design and manufacturing of hardware is the future for Sri Lanka's Electrical and Electronics sector. The country endows brilliant emerging design talent and a small yet growing base of electronics manufacturing, catering into the global niche market. Thus, it is in the best national interest to extract from this asset base in a sustainable manner.

Demanding focus on R&D and Design elements also stems from Sri Lanka's concerning issue of the limited manufacturing labour base. While some industries (Sri Lanka's tea industry provides a classical example) require proportional scaling up of factor input to derive larger output, the technology industry specifically the emerging Electronics Design Architecture demands less more.

More precisely, once the initial design and development is laid down, the resultant is high value added mass production where input doesn't exponentiate with output. This means Sri Lanka's Electrical and Electronics sector is able to expand national output without crowding out the labour supply in other sectors. That being said, it is crucial to bear in mind that developing this sector is not a fast fix. Accordingly, the model in motion does not present a solution for the pressing national issue of deficient financial capital. It is rather a working structure to generate sustainable forms of national revenue. With emerging strategic partnerships between start-ups and established contract manufacturers in place coupled with product branding and marketing, the Sri Lanka Electrical and Electronics sector is well on its way to reach export targets and realise sector boom.





SRI LANKA, the next Maritime, Logistics and Distribution Hub in the Indian Ocean

Sri Lanka has aspirations to become South Asia's leading maritime, logistics and distributions hub considering its geographical position in South Asia, which is located at the crossroads of the fastest-growing region of the world that generates the competitive advantage over the other regional players. The country's proximity to many emerging markets has positioned itself favorably to be an important hub in the region.

Primarily, Sri Lanka occupies unique selling proposition to develop a world-class logistics hub, and enter the global supply chain industry, which is rapidly digitalizing and creating a new generation of consumers. Colombo is the only chosen destination for this in South Asia where global carriers which operate over 18,000 TEU vessels are increasing port calls to service global clients and connecting to the Indian subcontinents via Sri Lanka. This makes more shipping options with faster connectivity to all continents to global buyers.

Sri Lanka is served by all top 20 global shipping lines and the major alliances and Port of Colombo is ranked No. 23 among the top 30 container ports in the world and has been the fastest-growing transshipment port in the world as of first half of 2018. Reliability, high productivity, supported by modern container terminals networked with sophisticated feeder network the Colombo port is world class. It is now expanding

and connecting into regional logistics corridors strengthening supply chains to ensure customer demands to support market demand of speed.

According to the Government, logistical services contribute around 2.5% of gross domestic production, which represents nearly US\$ 2 Billion. These services include container trucking, warehousing, shipping and ports facilities, but exclude domestic transport of passengers, fisheries and interregional domestic cargo transportation. The total share of logistics in national exports is estimated at 7%. The industry provides full-time direct employment to over 50,000 people. The sizes of companies vary between 5 and 1,000 employees out of which around 70% of them are national while the rest being multinationals. Currently, there are around 130 shipping agencies and 120 freight forwarders with over 500+ companies been registered with the Merchant Shipping Secretariat (MSS), that also includes clearing agents. As Logistics make a major impact on economic activities in any country; improving Logistics performances has become a more important development policy objective for Sri Lanka.



The country's proximity to many emerging markets has positioned itself favorably to be an important hub in the region.

The Sri Lankan Logistics Industry is conscious of the increase in regional competition and the systemic digitization of the industry. With the vision of becoming the Indian Ocean maritime, logistics, and distribution hub providing all services and facilities for integrated connectivity, a Strategy was formulated for the Logistics as a part of the National Export Strategy (NES) of Sri Lanka, under the aegis of the Ministry of Development Strategies and International Trade (MoDSIT), and the Sri Lanka Export Development Board (EDB). In forging ahead, this will be a promising initiative for the Logistics Industry that will boost the Logistics performance of the country in a much more competitive manner. Under the three Strategic Objectives of creating an enabling and efficient business environment driven by technology and public private coordination, ensuring adequate facilities and availability of qualified labor force, promoting the image of Sri Lanka as a logistics hub worldwide, the National Logistics Strategy stays ahead of the game, and constantly keeps up its progress in implementing its Plan of Actions. With the extensive stakeholder consultations, field visits, and review of literature; NES has identified a number of constraints too in the Logistics sector in terms of Policy level, Institutional level and Enterprise level that challenge its growth and competitiveness. Two thirds of them are required regulatory changes where prevailing restrictions need to be relaxed for the well-functioning of the trade.

Moreover, the strategy recommends the active private sector participation, proactive networking and dialogue, effective communication, and resource adequacy for implementation as the key success factors to drive the NES forward. Accordingly, private sector express willingness to operationalize the Plan of Actions by addressing the identified bottlenecks with the proper backing of the governmental institutions. The effective execution of the strategy will ensure the country gaining momentum gradually.

It is obvious that the Sri Lanka's ideal location and aspiring strategies are no more selling propositions for the country to make it competitive among the regional players unless the public private driving forces take steps to make it happen. However, the Logistic industry players perceive the NES as a quite pragmatic endeavor to address the bottlenecks, and to recommend the remedial measures thereby to leverage its opportunities from which the sector will be geared to achieve its vision. Notably, as logistics is one of the promising sectors where the country would thrive with its locational advantage in terms of sea and air connectivity, the industry strongly believes that Sri Lanka could raise its bar challenging the regional peers with the progress of NES.



FINDING SRI LANKA'S OWN BRAND OF WELLNESS

**Stella Photi,
Founder of Wellness Escapes**

With the concept of wellness becoming a buzzword in the world, the tourism industry has capitalized on its potential by offering travel experiences that have health and well-being as a core component. International travelers are increasingly considering wellness when planning their holiday itinerary. With trips being organized based on concepts such as physical, psychological and spiritual wellbeing, healthy food and spa treatments.

In this context, the goal of Sri Lanka's Wellness Tourism sector under the National Export Strategy (NES) is to develop the sector strategically by addressing constraints in a comprehensive manner and by defining concrete opportunities that can be realized through the specific steps that provide numerous employment opportunities to local communities. The Wellness Tourism sector development strategy is an integral part of diversifying Sri Lanka's export income basket and seeks to establish Sri Lanka as a prominent hub for Wellness Tourism for the region.

Business Lanka Magazine spoke with Stella Photi, Founder of Wellness Escapes, a UK based company that specializes in

wellness holidays to help and inspire people to lead happier, healthier lives whilst enjoying some well-earned relaxation. The following is an excerpt of the interview with Ms. Photi.

Currently, Sri Lanka's Wellness Tourism sector remains to be an industry in its very early stage of development. However, the growing interest in and demand for wellness services is a favorable global trend for the development of this industry in Sri Lanka. Many countries and destinations across the world are defining themselves as wellness tourism destinations, but most do not have Sri Lanka's rich cultural and wellness lifestyle-based heritage, with the country's location and accessibility providing a key advantage for the development of wellness tourism in the country.

Wellness tourism includes, health centers, spas and health retreats which are unique and different to each other and target specific markets and types of travelers. Sri Lanka has a good foundation to promote its wellness tourism with most places operating at an international level and offering a range of effective wellness treatments.

Pix by : Senaka Kuruppu



Sri Lanka has the potential and assets to succeed in the industry, but needs to create an identity, that showcases its values and distinctive difference from Ayurveda practices in India. An advantage Sri Lanka has right now is that the warmth of the people. The consultants and Ayurveda practitioners in Sri Lanka are loving and caring and show a genuine interest to heal you.

Having treatments other than those indigenous to Sri Lanka being offered widely across the country, she feels is not a dilemma or a matter to be concerned about, as it does not take away from Sri Lanka's core brand, instead it complements the growing industry where clients are looking to enjoy a luxurious experience that leaves them feeling pampered and relaxed while their stay in the country.

Understanding who you are and building a brand is key priority according to Ms. Photi, who emphasized that a plan needs to be put in motion to create brand awareness.

Currently, marketing and awareness campaigns for the wellness sector are very minimal. Any promotional activity that is available is done by companies making individual efforts to build a customer base. This creates a highly-competitive environment among operators and discourages cooperation among companies, since marketing requires highly-intensive investment and activity.

Branding activities also need to be coupled with IP protection, with proper tools to support individual private sector branding initiatives. As the country develops a national wellness tourism brand, it will need to look at ways to protect that brand and verify that the wording has not been used previously by competing countries.

With travelers from the UK, Germany and other parts of the world looking at Sri Lanka with renewed interest as a must-visit travel destination for holidays that are not only confined to wellness tourism, that is an opportunity to create holidays that include wellness as a key component, targeting sophisticated high-end tourists.

She added that while it is important to maintain a certain level of authenticity when providing wellness treatments, it is also important to target treatments at travelers of all kinds, from backpackers to high-end tourists, and not confine itself attracting average spenders who don't help to steer the industry in the right direction in terms of financial benefits.

When considering the issue of certifications, she says it is important that the industry looks inwards to find a solution, and not outwards. Sri Lanka as a country that practices Ayurveda knows the ins and outs of the treatments better than any international body would, so it would be much more effective if certifications that cover, aspects such as the practitioner, therapist and ingredients are put into place. The market needs to regulate itself by creating a wellness association which has accredited members that help travelers select health centres,

spas and wellness resorts that offer authentic, certified treatments.

The bigger issue as she sees it is communication. Sri Lanka needs a strategy that communicates the right message that attracts the kind of travelers that the country plans to cater to. Instead of being bogged down by establishing regulations it would be prudent to set up a wellness association that creates awareness about wellness tourism in Sri Lanka and accredited institutions that offer treatments, which will in turn help to the traveler make the right choice, when selecting an institution to patronize for a particular type of treatment.

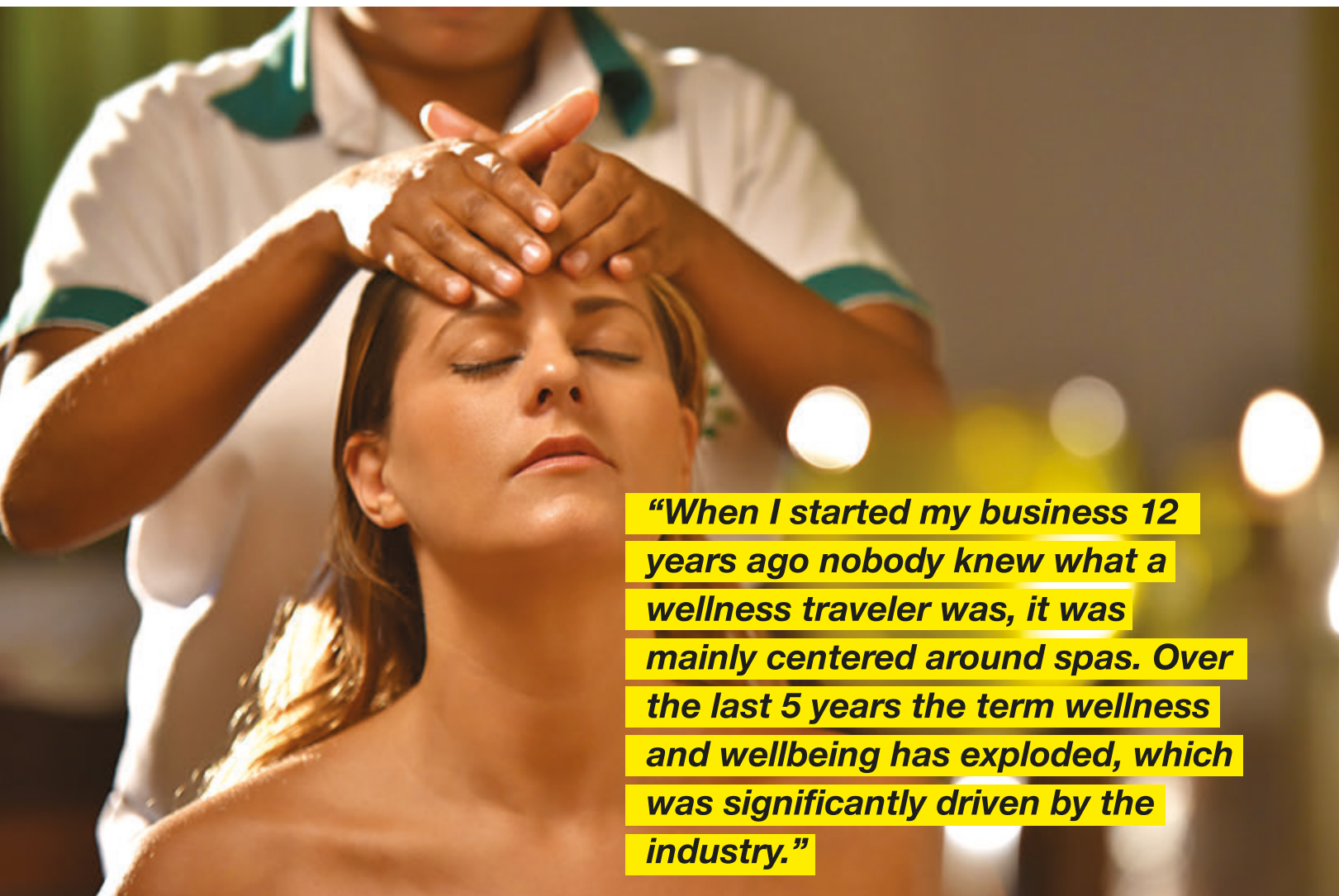
"When I started my business 12 years ago nobody knew what a wellness traveler was, it was mainly centered around spas. Over the last 5 years the term wellness and wellbeing has exploded, which was significantly driven by the industry. The industry pushed the message of wellness and the consumer started to realize that this was an interesting aspect to explore, which went side-by-side with concepts related to preventative health."

In developed economies like UK, Germany, Australia which have a rapidly-growing ageing population and high medical costs, preventative health as opposed to reactive health is, emphasized on. People are being encouraged to take care of themselves and the wellness industry has capitalized on this momentum by creating awareness about the industry and what it offers. This in turn has made the consumer have the desire to enjoy a holiday that allows them to continue their healthy lifestyle they lead or travel in search of a holiday that would help one fulfill one's goals to lead a healthy life. This has led to the creation of the wellness traveler.

Another connection that needs to be made is the intrinsic connection between wellness travel and food. "So far, the impact of food is underestimated, but as she rightly pointed out, people want to indulge in food that is both tasty and healthy. It's important to present local cuisine in an attractive

manner while providing relevant information about its nutritional properties to help the wellness traveler understand the value of what one is consuming." More importantly, Ms. Photi says Sri Lanka has the opportunity to make the most of the global emphasis on clean and healthy living with the local staple coconut being positioned as a health product across the world. Touted as a healthy alternative, coconut and coconut-based products have steadily gained popularity across the food world.

Ms. Photi added that some of the wellness centers in Sri Lanka are already offering a very luxurious, yet intrinsically Sri Lankan wellness product, which was on par with some of the best in the world and concluded that Sri Lanka had all the ingredients needed for a vibrant wellness tourism destination but needed to address some of the key issues such as creating an identity for itself.

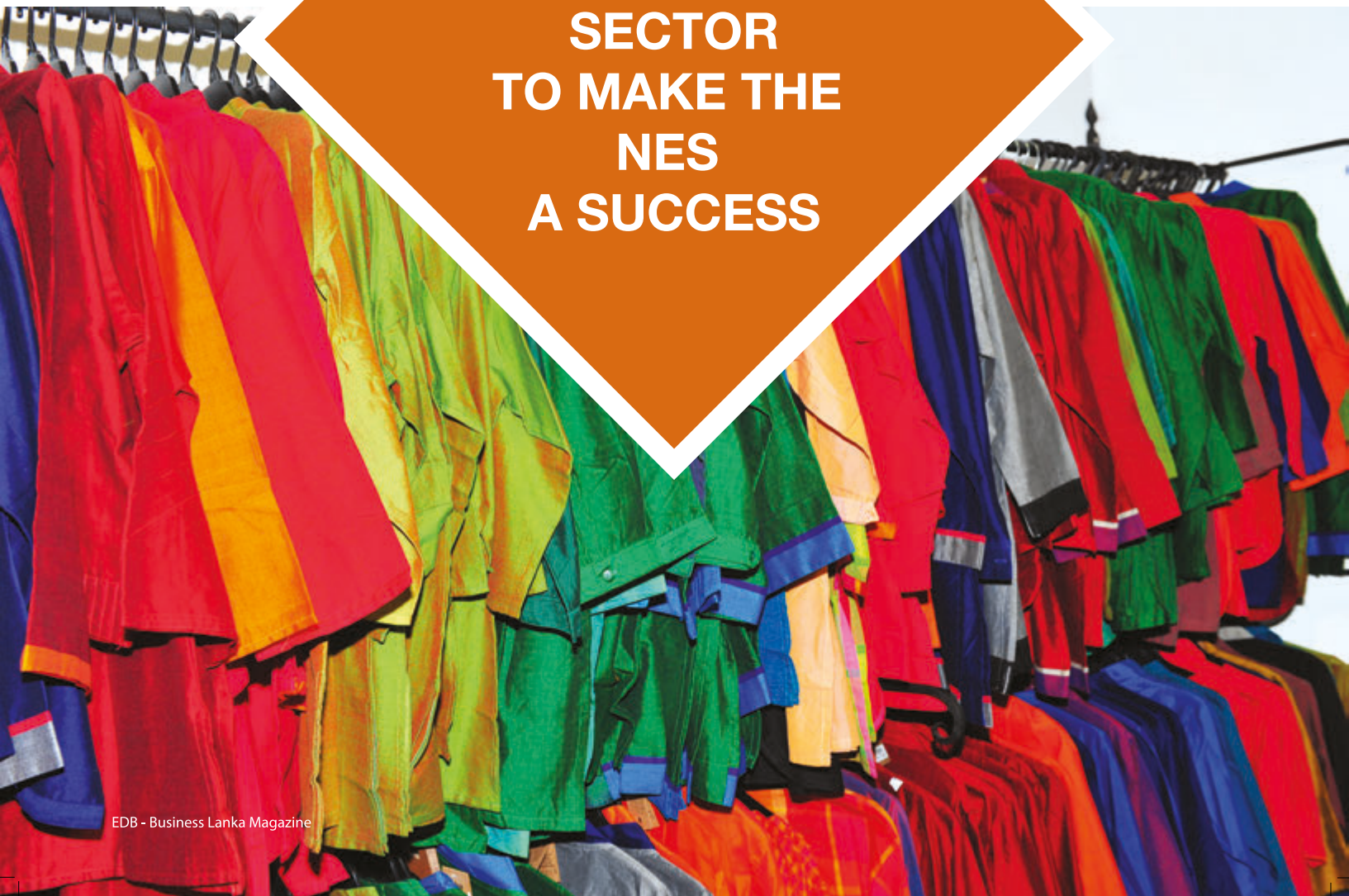


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**INSIGHTS
FROM
THE APPAREL
SECTOR
TO MAKE THE
NES
A SUCCESS**



“The momentum that was created in the 1970s, actually was centred around a totally different economic philosophy, where the survival of the economy would depend, not on the creation of industries within the country for domestic consumption, but on export capabilities. I think that is the basic principle with which we started on.” Mr. Tuli Cooray, Secretary General of the Joint Apparel Association Forum (JAAF) said, commenting on the process which led the apparel sector into an era of growth and propelling the sector into Sri Lanka’s leading export.

It has been over four decades since the economy was put on an export-oriented footing, and taking stock of the progress today, the growth momentum in many of the sectors is not in line with the expectations. “How do you be different? Why was it different with the apparel industry? And if you really focus on that subject then you will know why the others have fallen down,” Mr. Cooray said.

Looking back to the 1970s, when the apparel industry was started, Mr. Cooray stated that the structure that was in place in the country for the creation of apparel exports was very conducive. Sri Lanka was “relatively poor” despite its categorisation as a developing country at the time. This meant that employment opportunities were scarce, and this was the critical factor of production that was required for the apparel industry to perform. However, Sri Lanka did not have any of the raw material needed and had to depend on imports. What it did have was low cost labour and compared to similar economies at the time, a literate labour force, which was the result of the free education, health and free meals that were provided by the government.

With this base asset in place, Sri Lanka opened its shores to foreign direct investments, which helped bring in technology,

way of doing business, best practices and market access. The concept of export processing zones created the environmental framework that allowed an exporter to have access to inputs at an international market price and helped the apparel industry thrive.

“So you can ask why that did not happen in tea, coconut and rubber. But it did happen, but not in the aggressive manner that was required, because if you see the GDP data, we no longer talk about tea, rubber and coconut. We talk about coconut-based products and rubber-based products. But the extent to which it has expanded was not commensurate with the resources they were utilizing. Take for example, the entirety of the tea industry is taking over one third of the land in this country. The apparel sector required very little. Imported inputs and the manual capability of the workforce put together, they were able to do that. Which was supported by the technology and the best practices.”

The local entrepreneurs from the apparel industry also took the initiative to participate in the total manufacturing processes, setting up weaving mills and other support services as needed.

Mr. Cooray states that the period between 2002 and 2005 was a turning point in the apparel industry when the decision making shifted from the supplier to the buyer. “When the entirety of the world said Sri Lanka will not be in the apparel sourcing map because they don’t not have the verticality. In 2003, in fact they took a bold decision that we will continue to consider the world as our market, not be confined to Sri Lanka. I think that is the message that had been given by this industry to the rest of the industries. The day that you decide that your market is not Sri Lanka but outside and that is the day you will understand the intricacies of the international marketing and export penetration.”





Being pushed to compete with other countries and factories vying for the same market share, Mr. Cooray said that Sri Lankan companies needed to be better and be able to compete with countries at its own level and even countries that are more efficient, have better facilities and technology to penetrate the global market. “Therefore, you got to ensure you are competitive.

If you don't do that you can't be in the market.”

A New Hope

Sri Lanka has had a number of national export strategies since Export Development Board (EDB) was established, Mr. Cooray said, adding that it is a very valuable and extremely powerful piece of legislation and combined with the Board of Investment offered Sri Lanka the impetus needed to achieve the level of export they have achieved today. However, he opined that the previous export strategies developed by the EDB, had extremely valuable consultation processes, lacked ownership of the strategy by the stakeholders, leading to its poor execution.

“The new export strategy is distinctively different to that of those strategies that were prepared by the EDB earlier. This strategy is actually owned by the stakeholder. The stakeholders are all the policymakers and the implementers and the users of that policy and the people at large and that consultation process has taken place. So that is one of the unique features in the new national export strategy.”

Mr. Cooray also commended the National Export Strategy (NES) for focusing on the improvement of the relevant business environment to do business for all sectors including the sectors that have been identified as mature sectors. “First is information, the second is creating quality and required infrastructure for the purpose of ensuring the goods manufactured are of quality. Then there is logistics. We as an industry are looking forward to a creation of a liberal logistics service sector, because that's a way that we as an industry can ensure speed to the market.”

Elaborating on the logistics sector development he said, “When you consider it includes e-commerce, doing transactions with the government on electronic documentation, managing our shipping, managing our warehouses, distribution, transportation. In some countries logistics goes to the extent of multi-modal transportation. If the movement of goods can be eased it will essentially improve the time of our delivery to the market, and that's why logistics is important. Improvement of logistics is one of the biggest challenges that has been taken over by the NES.”

Mr. Cooray added that the clearly detailed action plan that has been prepared under the NES would enable the various export industries to manufacture on a competitive manner for the external market, effectively increasing export earnings. “That is more important than giving a subsidy. That is more important than giving a loan. Our relationship with the buyer will improve, because we become competitive, reliable, and deliver on time. Entirety of the improvement of the environment under the first section of the National Export Strategy, covering all those four areas, will ensure that.”

Meanwhile, Mr. Cooray stated that the six focus sectors, presented a different opportunity on its own, as it looks to diversify Sri Lanka's export basket. The concern however, is the five-year time frame of the NES and if that would be sufficient time for the sectors to achieve the desired results. “Can the focus sectors achieve the targets set? Given the changes that are required. Even if the results are not achieved fully, this journey has to begin. Once these sectors realize that the world is their market, they will begin to look at competitiveness, so this gives them the much-needed push.”



“If we approach international trade on that basis, all of our exports will have to be competitive, to penetrate to global market.”

All Hands on Deck

Historically, the textile industry has been the front runner for any country's industrial development. However, today, the largest exporters of apparel in the world reached the top spot as a result of the internationalization of the supply chain, or globalization of the supply chain. While Sri Lanka's unemployment rate hovers around the four percent rate, many sectors are facing labour shortages. “The uniqueness of Sri Lanka's labour force is literacy. That uniqueness has created an environment where a minimum of 70 percent of the people are internet savvy. Why should they sit behind a machine and work? People are aspiring to be entrepreneurs, earning more money and looking for freedom. That's the reality,” Mr. Cooray said.

Meanwhile, the manufacturing sector is also faced with the negative perception in society about working in a factory, which adds to the issue. “We need to balance this. The apparel industry does the balancing on three fronts. We have understood the value addition we could do in this process of manufacturing garments. Most companies have outsourced their assembly to countries like India, Bangladesh, Ethiopia and Kenya. Inside the country our core competency still remains inside the country. For that we have introduced technology and upscaled our labour. We are trying to minimize human intervention in the production process. Third aspect is exploring the possibilities of going into areas where employment opportunities are yet to be provided in a significant manner within the country.”

Mr. Cooray says there is a fourth and a fifth option to this equation. The fourth, which is operating as a commercial hub, which allows a Sri Lankan business to do the contracting and order management, while the manufacturing is carried out in another country. The fifth option, and final option is the importation of labour.

The Future

In 2017, Sri Lanka was still classified as a lower middle-income country with a Gross National Income (GNI) of between US\$ 996 to US\$ 3,890. Once the country graduates to an ‘upper-middle-income economy’ status (as classified by the World Bank) and remains at that classification for three years, Sri Lanka will lose all GSP concessions currently available. By current estimates, plus a two-year grace period, it is estimated that Sri Lanka will have preferential access under the GSP scheme till 2021 or 2022.

“If we approach international trade on that basis, all of our exports will have to be competitive, to penetrate to global market. The most favoured nation treatment tax basis will be replaced by a different tax basis, where all the WTO rules, will apply. There is be no subsidies, instead a system that can be provided by the government will be in place,” Mr. Cooray stated adding “ You can't go on export performance, therefore, that's the journey I look forward to, in that context, if we achieve our target of increased exports, even by 50 percent, we should be happy.”

TULI COORAY
Secretary General
Joint Apparel Association Forum
(JAAF)



THE ROLE OF TRADE INFORMATION AND PROMOTION SUPPORT FUNCTION UNDER THE NES



Trade Information & Promotion (TIP) has no doubt is the most vital Trade Support Function in the National Export Strategy (NES) which will strengthen the capacities and efficiencies of Sri Lankan entrepreneur's market-entry. This support function is for all the export sectors of Sri Lanka and therefore will not be only focusing NES product sectors.

The strategic growth and development of the Sri Lanka export sector depends heavily on the availability and ease of access to trade intelligence and information. Small & Medium-sized Enterprises (SMEs) and other sectors at large will benefit immensely from concerted, coordinated and well-designed promotional campaigns to propel Sri Lankan products to regional and international markets.

Trade information can be statistical data, market intelligence, regulatory procedures, standards and norms, or processes that are required to provide important analysis to take strategic decisions for international trade. This information refers to a set of activities that can broadly be classified in three categories – collection or gathering of information, analysis of such gathered information and efficient dissemination of the information. The process involves private and public players and requires networking among stakeholders for a seamless flow of information. Effective use of contemporary technologies for capturing to transmitting information is the key to successful trade information management.

Trade promotion, also referred as export promotion, is a set of economic policies, interventions and initiatives aimed at improving trade performance in a target location or industry. Improvement is mainly sought by increasing exports both in absolute terms and relative to imports. When specific industries are targeted, trade promotion policies tend to focus on industries that have a comparative advantage over their foreign competitors. Ironically, trade promotion can also include expanding the supply of key inputs in a country's strongest industries, via import expansion.

The strategic enhancement of Sri Lanka's exports depends on the availability of proper trade intelligence and information, and effective promotion campaigns. Achieving this ambitious objective will depend on the ability of the requisite stakeholders to implement the activities defined in this TIP Strategy.

The Strategic Objectives of the TIP Support Function are:

1. Improve the quality, reliability, accessibility and affordability of trade information and trade promotion services.
2. Build the capacity of SMEs and emerging exporters to collect and analyze trade information and conduct export promotion.
3. Strategically augment trade promotion programmes with focused interventions.



The Advisory Committee on Trade Information and Promotion has been formulated with the objective of implementing of the above strategies to promote Sri Lanka's exports and disseminate information on Sri Lanka's exports in effective manner.

In this regard, three Working Groups (WGs) have been appointed to implement the strategies and activities to achieve the above objectives. The three Working Groups on Market Intelligence and Promotions, Capacity Building and Trade Promotions are working towards achieving the specific short term goals to achieve the above objectives.

How does the Working Group on Market Intelligence and Promotions support to have a business enabling, predictable and transparent policy and regulatory framework that supports exports?

The Working Group on Market Intelligence and Promotions is working towards establishing a centralized, reliable, accessible and affordable export intelligence and promotion portal to be a repository of information related to trade and promotion, and that is easily accessible to all stakeholders to assist them in exporting. The purpose of this Portal is to strengthen the ability to provide relevant and up-to-date information in a coordinated manner, as well as to provide trade promotion services, especially targeted support to public sector organizations supporting towards ensuring a business enabling, predictable and transparent policy and regulatory framework that supports exports.

How does the Working Group on Capacity Building support to strengthen Sri Lankan Exporters' market-entry and compliance capacities?

The Working Group on Capacity Building is aiming at developing the capacity of SMEs by disseminating the important trade information among the SMEs and making them aware of the all the necessary information to become a successful exporter while strengthening Sri Lankan Exporters' market-entry and compliance capacities.

The Working Group on Capacity Building is in the process of conducting seminars and workshops in all over the country to make aware of the SMEs and relevant government officers like Development Officers on the trade information and trade information sources required for export trade. So far the team has successfully conducted the seminars covering the whole Southern Province, North Western Province and Central Province. All Provinces will be covered before the end of next year by conducting seminars and workshops for the SMEs and exporters enabling them to use information and promotion services efficiently while making them aware of online information and resources available under promotional services.

How does the Working Group on Trade Promotion support to drive export diversification through innovation and by strengthening emerging sectors?

Main objective of the Working Group on Trade Promotion is to strategically augment the trade promotion programmes with focused interventions. One of the major activities proposed in this regard was to build Brand Sri Lanka and sector brands. The Working Group is focusing only on developing sector brands at the moment to drive export diversification through innovation and by strengthening emerging sectors and the National Branding will be done with the collaboration of the other stakeholders at a secondary stage.

In addition to that, the Working Group on Trade Promotion is responsible to strengthen and expand the scope of promoting Sri Lanka and its products through trade attachés in Sri Lankan Missions overseas. A number of effective trade promotional events in the identified countries have been selected with the assistance of Sri Lankan Missions in specific countries to promote Sri Lanka's exports. It is proposed to organize Sri Lanka's participation at the selected events with the cooperation of other Advisory Committees in the relevant sectors.

THE MAJOR DRIVING FORCE IN THE PROCESSED FOOD & BEVERAGES SECTOR



The processed food and beverages sector is one of the world's largest industries and manufactures a wide range of food and drinks to cater to the growing needs of the global population. The total size of the processed food and beverages sector worldwide is difficult to estimate due to the variety of products. Since food can be a commodity, an ingredient and a meal, its value can be measured in different ways at every stage along that chain. The global food and grocery market alone is expected to tip the US\$ 12.24 trillion mark by 2020 as per the 2018 report by Grand View Research Inc.

The major driver in the processed food and beverages sector globally is however, population growth, progressive changes in food consumption patterns particularly lifestyle changes brought about by urbanization, growth in per capita income and increasingly consumer preferences.

Asia alone is home to nearly 60 percent of the world's population and growing with each second. The current world population of 7.6 billion is expected to reach 8.6 billion in 2030 according to a 2017 United Nations report titled World Population Prospects: The 2017 Revision.

Sri Lanka will look to capitalize on this trend and leverage its heritage of exporting food over a couple of thousands of years. The country is still known as a supplier of high-quality foods and beverage products with its diverse agricultural regions, experienced farmers, traditional processes methods honed over centuries and favourable geographic location.

The National Export Strategy (NES) launched in July 2018, envisages that Sri Lanka has the potential to become a vital

and prominent food processing hub in the Indian Ocean region with easy access to serve the fast-growing Asian region alone.

However, major constraints currently prevent upscaling by both leading sector operators and smaller companies alike. These constraints stem from outdated sector-support frameworks. Policymakers and support institutions have not yet aligned regulations and services with the needs of a growing food processing industry and are still focused on agricultural production rather than processing.

As a result, the main threats to potential growth are access to raw materials from both local and imported sources. A consistent supply of materials requires urgent attention by policymakers and an adjustment of institutional and regulatory frameworks to support food processors. Other issues such as research and development (R&D), quality and food safety have a variable impact, depending on a company's size. National branding and timely market information will be important to transform the sector into the competitive food processing hub it can become.

Improved Business Environment

The NES focuses on improving the business environment in three main areas in order to provide the sector with the impetus needed to make headway in the global processed food market. This entails the amendment of the regulation framework, ensure consistent supply of raw material, cater to high quality market, facilitating increased availability of raw materials, improving and modernizing food safety controls, reinforcing national branding for the sector etc.

Maliek De Alwis, President of the Sri Lanka Food Processors' Association stated, "The global food industry is in constant flux and is affected by changing lifestyles, trends and rapidly changing tastes. Therefore, complying with global standards on sustainability and food safety requirements are no longer a mere value addition, but rather a minimum requirement upon which our producers need to innovate and build upon to become a competitive supplier in global markets".

"The NES will also focus on facilitating increased availability of raw materials, improving and modernising food safety controls and reinforcing national branding for the processed foods and beverages sector", said Zuraish Hashim, Chairman, Lanka Fruit and Vegetable Producers, Processors and Exporters Association. "This will seek to provide a solid foundation for the growth of the industry and will assist Sri Lanka in achieving the status of an innovative food processing hub servicing many regions."

Catching Up with the World

Processed food and beverages is one of the fastest growing sectors in Sri Lanka. The industry counts more than 110 manufacturing and marketing companies.

In 2016, the industry's export value was close to US\$ 400 million, representing about 4 percent of total goods' exports. About 40 percent of micro, small and medium enterprises nationwide are involved in the sector and employ more than two million people. However, when comparing to Asian peers, Sri Lanka's processed food exports remain marginal. China and Thailand led Asian processed food exports, with 28 percent and 17 percent respectively of total Asian exports in the sector, which were valued at US\$98 billion in 2016.

A plus for Sri Lankan processed food companies is that they have built a reputation for working towards the 'Food for Health' concept while ensuring the supply of high-quality products to international markets. The intrinsic quality of resources available in different parts of the country helped create this good reputation. This gives an important comparative advantage to Sri Lankan products, matching them with the consumer trends in global markets.

However, the industry suffers from a limited raw material supply base. The sector also has challenges obtaining a consistent local raw material supply due to producers' coordination issues. Stringent and outdated regulations (from the 1950s, in some cases) on import exacerbate the issue. These old regulations date back to the protectionist period that lasted until 1977. The entry of new processors will increase the pressure on the limited supply.

The NES has identified both the opportunities and the challenges for the industry and will look to address them over the five years envisaged for the roll out of the strategy.



ICT/BPM LANDSCAPE IN SRI LANKA



**ISLAND OF
INGENUITY**
KNOWLEDGE SOLUTIONS

SRI LANKA

Sri Lanka, despite its size is fast-becoming an emerging destination for contemporary development. Famed for its traditional exports like Pure Ceylon Tea, Apparel and praised as a tourist hotspot, this island nation is now emerging as one of the top tech destinations in the world. The country has proved the strength of a dynamic force in the business world today, playing a dominant role advancing technology and driving innovation across the world.

At present, the nation's IT industry is a vibrant, dynamic business environment poised for growth. During the past decade there was a significant growth in the ICT/BPM sector and it has continuously increased exports revenue while maintaining an impressive upward trend in annual figures. More than 300 companies and 85,000 technologically savvy professionals are employed in the sector generating US \$1.2 billion in 2018.

The industry has set targets to achieve US\$ 5 billion of export revenue, create 200,000 direct jobs for professionals and

group 1,000 start ups by 2022. Further, it has become the fourth largest export revenue earner in Sri Lanka by progressively contributing to the Global Value Chain while serving some of the Fortune 500 companies in the world. The environment within which the IT sector operates has never been more conducive for growth. Equipped with the right funding and appropriate investment and support which are now adequately available, Sri Lanka's ICT sector can attain the status of a US\$ 5 billion industry effectively and contribute to the National Export Target of US\$ 28 billion by 2022.

With a national intellectual property rights office and some of the most stringent intellectual property protection regimes in the region, Sri Lanka is fast-becoming the destination of choice for multinationals setting up captive innovation centers. A vibrant startup ecosystem—with co working spaces, incubators, accelerators and entrepreneur mentoring programs—provides companies with numerous opportunities to foster innovation, helping drive global success.



-AT Kearney -

IT, more than any other industry or economic facet, has an increased productivity, particularly in the developed world, and therefore is a key driver of global economic growth. Economies of scale and insatiable demand from both consumers and enterprises characterize this rapidly growing sector. In this set up the Government of Sri Lanka has identified the ICT sector as a priority focus sector within the newly-established National Export Strategy (NES). The path forward is clear, reinforced by the Government's 'IT Initiative', a vision to bridge boundaries and propel Sri Lanka into the future. The industry is now targeting to accelerate the revenue targets by focusing 04 strategic objectives which are highlighted in NES. These funds will be allocated by way of grants, equity investments, credit facilities, mentoring, and technical support with the end goal of developing local startups and attracting foreign investors.

The strategic objectives of NES are to act as enabler for the 2022 industry targets such as, improve the supply of highly skilled highly qualified professionals to satisfy the growing IT-BPM market, support investment and exports in the IT-BPM sector through a business enabling, predictable and transparent policy and regulatory framework, drive exports through innovation and entrepreneurship and grow champion firms.

NATIONAL BRAND – ISLAND OF INGENUITY

Sri Lanka recently unveiled the national logo for Sri Lankan ICT/ BPM sector with a tagline, "Island of Ingenuity – Sri Lanka Knowledge Solutions". It stresses that Sri Lankan IT companies can deliver top quality solutions on a global scale. Sri Lanka's IT industry has emerged and become globally competitive due to the unique talents of the workforce, the focus on high quality and reliability, but above all - ingenuity and creativity. Talented Sri Lankan tech entrepreneurs from around the world are returning from overseas to start innovative companies, and they are bringing with them global networks and global best practices. The sector has been supported by an advanced telecoms sector, which now boasts world-class digital infrastructure and competitive mobile and internet tariffs in the region.

www.islandofingenuity.com portrays the success stories of ingenuity and creativity. In-depth insights into how Sysco's technology is disrupting the farm to folk supply chain in the food industry, the way Fishtech from 99X provides traceability of freshness in seafood from Norway to China, the fastest trading platform developed for London Stock Exchange, how Amba Research, an offshore provider of data analytics to global investment banks, got acquired by Moody's Analytics.

With the national brand Sri Lanka, gifted with highly-skilled professionals and a progressive culture, the country is undeniably brimming with untapped potential. By pushing the boundaries of the unique resources and investing in training and development, the country can undoubtedly achieve exponential growth in the IT sector, in the years to come.

AWARDS AND RECOGNITIONS OF SRI LANKAN ICT/BPM SECTOR

The skills and expertise of the Sri Lankan knowledge services has outspoken by the accolades achieved by the country. This has been substantiated by below rankings.

- Global Services Magazine - Ranked among the top 10 emerging global destinations.
- A.T. Kearney's Global Services Location Index (GSLI) - Ranked at 11 in 2017 against financial attractiveness, people skills and availability, and business environment
- Gartner's - Ranked in 30 leading Location for Offshore Services. Included among the Top 9 in Asia Pacific.
- IBM Global Location Trends Report -12th in the top ranking destinations.
- The United Nations e-Government survey ranks No. 1 in South Asia in the e-Government ranking.



Reviving Ancient Trading Routes to Refresh Export Growth

Sri Lanka will make a renewed effort to put its spices back on the global trading map with a comprehensive new plan launched in July 2018. The National Export Strategy (NES) is a coherent action plan developed by public and private sector stakeholders to elevate Sri Lanka's spice trade from a mere commodity supplier to a centre of value addition and excellence.

Sri Lanka has a long history in the spice trade, with the first references of cinnamon dating back as far back as 1,500 B.C. in Egyptian hieroglyphs. Unsurprisingly, cinnamon has, throughout the years been coveted more than gold and gems. The Spice Island as it was known, has been blessed with nutrient rich soil and agro-climatic conditions, producing a range of spices that have a very distinct and unmatched flavour and aroma.

At present, Sri Lanka is the ninth most important exporter of spices (namely cinnamon, pepper, cloves, cardamom and nutmeg) in the world, with total spice exports touching US\$ 273 million in 2016. Sri Lanka is the largest producer and exporter of 'true cinnamon' in the world. The sector is dominated by smallholders, and over 70% of cultivated land is small holdings

and home gardens. Sri Lanka exports around 30,000 tons of various kinds of spices annually.

Business Lanka Magazine spoke with Mr. Sarada De Silva, Chairman of Cinnamon Training Academy, who elaborated on the Spice and Concentrates Strategy under the NES.

Changing Markets

The global spices market is growing at an annual rate of about 5% (by value) and is projected to exceed US\$ 10 billion by 2020. The Asia-Pacific region alone is projected to grow at an annual rate of 7% between 2015 and 2020. This upward trend in the spice trade can be explained by the increasing demand for spices, both by the food service sector and by home cooks, and the growing consumer fascination with different cuisines; the overall flavouring market has maintained an upward trend in both volume and value. Globalization has improved the spice trade across the world. Rapid growth of online marketing campaigns and accessibility through e-commerce platforms are expected to drive industry growth soon.



However, the market is expected to change due to the stringent government regulations related to food additives in countries such as Canada, the United Kingdom of Great Britain and North Ireland, France, Italy and the United States of America. Several food safety organizations, such as the United States Food and Drug Administration, have set high standards regarding the safety of a spice intended for use by consumers. Consumers in the EU, United States and Canadian markets are paying more attention to aroma, health, flavour, hygienic packaging and product innovation rather than price. Availability of a wide variety of ready-to-use spice mixes will soon be a key driver in the global spice market. Organic spices are another strongly expanding segment. Especially in the European, Middle Eastern and Asia Pacific markets, lately there has been a growing consumer preference for certified organic and fair trade spices.

The demand for spice-based cosmetics and medicinal products also is growing fast. Such products are generally more popular in Asia and specifically in South Asia. The market for cosmetics in India alone is US\$ 950 million, indicating a growth of 15% to 20% per annum. Nutraceuticals, a relatively new and emerging category of products derived from spices, is also slated to witness growth in Asia Pacific and European markets.

Foundation for Growth

Increasing Sri Lanka's contribution from the sector will require production to increase significantly. Sri Lanka's limited landmass limits the country's ability to increase land under

cultivation and compete effectively with countries like India, Indonesia or Vietnam. However, Sri Lanka has a massive advantage with the intrinsic qualities of its spices. Therefore, the spice sector has recommended a push to increase the yield of its crop instead of increasing the land under cultivation.

It has been identified that yield in other markets growing similar spices are up to 10 times higher per hectare. Therefore, doubling yield alone could help Sri Lanka increase output significantly. Meanwhile, a skilled labour shortage for harvesting and post-harvest processing has meant that only 65% of plantations under spice cultivation, harvest only once a year, when it's possible to harvest twice a year based on Sri Lanka's climatic conditions. The sector has identified at least 12,000 immediate vacancies in the field and in post harvesting, with more needed in the future as the sector expands. The labour shortage has also resulted in an estimated 10% of the land under cultivation not being processed at all, while only 25 % of the land under spices is processed to twice a year.

A facility to train staff for the cinnamon industry is already operational, training field and factory officers with multi-level certifications. Even at the entry level, individuals signing up for the programme will receive a comprehensive training from nursery to the management of the plantation and standards, codes and health and safety regulations. Individuals could choose to pursue further qualifications leading up to a National Vocational Qualification (NVQ) level four certification.

Expansion Strategy

The spice sector is tipped to grow to over US\$ 1.5 Billion in exports by 2022. While increasing production is the most immediate step, the sector has also identified the need to expand its product basket to include a wider range of commercially-viable spices and herbs and putting in a place quality certification process that will allow for each commodity to be traced back to its source.

Ceylon Cinnamon dominates Sri Lanka's spice exports, followed by pepper, cloves, nutmeg and mace. The volume of other spices remains small but have the potential to grow. The NES has identified the need to expand the basket to also include a range of herbs and medicinal plants already grown in Sri Lanka.

The basis for this basket expansion is to steer the industry towards more value addition as opposed to export as a raw material. The second phase of this expansion entails putting in place a quality certification process running right down to the growing and harvesting process to ensure international standards are met through the entire supply chain. This will enable Sri Lankan products, especially value-added products to fulfil stringent Sanitary and Phytosanitary Measures in place for international trade.

The value addition process will significantly increase the revenue potential and help Sri Lanka establish itself as a centre of excellence for high quality spice and herb extracts.

The spice sector is also exploring the potential to fully utilise Sri Lanka's bi-lateral Free Trade Agreements (FTA) to grow its exports. Already the FTA with India has provided a shot in the arm for the sector. There is a push to review all other current FTAs and make recommendations for further FTAs to include

spice exports in the tariff excluded list. The sector also recognises that as a collective, it needs to manage exports to ensure quality and that FTAs are not exploited or abused.

Building A Name

The NES provides a comprehensive and actionable plan for the sectors development in the short terms, while also identifying long term goals that will help sustain the growth momentum and increase export revenue.

In the interim, the sector is also looking to brand spices from Sri Lanka, leveraging its intrinsic qualities that are the result of the island's soil and climatic conditions. A Geographic Indicator (GI) register, which will record the unique conditions and properties derived as a result will need to be developed at a national level, providing the basis for Sri Lanka to push for international recognition for the intrinsic properties of its spices and herbs. This is a process is similar to how Champagne has been established as a product which originates from the Champagne region of France. A process is already underway to brand Ceylon Cinnamon and Pepper based on these principles and will aid the sector growth in the medium term.

In the long term, the sector will look to push the value addition process up the value chain, with products and services that build on the intrinsic qualities of Sri Lankan spices and herbs.



SARADA DE SILVA
Chairman
Cinnamon Training Academy





NES looks to leverage Sri Lanka's Maritime advantage with Boat Building Industry

Sri Lanka is making a renewed attempt to leverage its geographic advantage in the East-West shipping route, this time as a boat builder and marine tourism destination under the National Export Strategy. The five-year plan formally launched in July 2018 identifies boat building and its related services as one of five key industries to expand Sri Lanka's export basket and increase export earnings to US\$ 28 Billion by 2022.

At the end of 2017, boat building generated an estimated US\$ 150 million in export revenues, up from US\$ 2.4 million in 2008, the first-year boat building sector was formally recognized under export industries. Boat building currently accounts for about 1% of the total value of Sri Lanka's exports. Sri Lanka's boat exports increased rapidly in the last decade, growing at an average annual rate of 17.94%. In the last five years, exports have grown by 44.6 % annually, with transportation vessels for both people and goods representing most of this growth. In recent years, exports of pleasure and sport motorboats have grown fastest and now represent 15% of total exports.

In formulating the NES, a core team of policymakers, private sector leaders and exports reiterated that Sri Lanka has the advantage for further industrial development given that it has some of the best natural harbours in Asia, a strategic location on the maritime crossroads of the Indian Ocean and experienced manufacturers. This, coupled with the strategy to backward integrate the industry to also manufacture boating

related parts and services, could propel Sri Lanka into larger oceans across the globe.

Business Lanka Magazine spoke with Mr. Gamini Herath, Managing Director of Boat Building Technology Institute Lanka (GTE) Ltd who shared the industry's vision to develop the sector as a leading export revenue earner in the near future.

Sri Lanka's strategic maritime advantage has been a key topic in many discussions surrounding the country's economic growth potential. However, the focus has remained in providing port services, transshipment services, bunkering services to commercial vessels plying the East-West shipping route and building smaller commercial crafts, including fishing boats, tugs and patrolling crafts, among others. It is a leader in motor boat and yacht exports among its regional peers and remains the primary exporter of boat sails in the world. The National Export Strategy (NES) aims to expand Sri Lanka's boat construction and servicing capacity, now focused on small vessels, into a renowned recreational boating hub and yachting service centre in the Indian Ocean.

Elaborating on the scope of the industry Mr. Herath stated that the boat industry covers boat building as well as after-sales services (including refitting and repair), marina services, associated recreational services such as boat charters and all services connected with the efficient use of any vessel.



Building an Industry

As a relatively new industry, boat building operations will require specialised support infrastructure, specifically facilities to launch the vessels into open waters. Currently boats are built at inland facilities and transported overland to a handful of designated launch sites. This has resulted in increasing the cost of each vessel and requires a coordinated effort between road transport team, the police and other local services and sometimes road closures to accommodate the width of the boats.

Among the proposals in the NES is the development of a specialised waterfront industrial zone, similar to the Export Processing or Free Trade Zones in Sri Lanka. This facility will house boat builders and boating related component manufacturers and like other zones, could share common infrastructure and services needed by the industry, including a boat testing and launching facility. This will attract both new investment in boat facilities and international boat operators requiring services such as boat parking and maintenance.

Growth Potential

The growth of Sri Lanka's tourism industry offers a potential base for the growth of the boat building and services industry. Recreational yachts and boats feature significantly across leading tourism destinations and Sri Lanka is already heading in that direction. Already boats are used for whale and dolphin watching. Other services like diving, angling and other recreational boating activities will pick up rapidly. With a number of marinas planned across popular coastal destinations, including the marina at the new port city, Sri Lanka could see an upsurge in demand for leisure crafts. However, regulation for the registration and use of recreational boating, tours and other related services are currently lacking in Sri Lanka and are urgently needed to ensure the safety and seamless operation of these vessels in Sri Lankan waters.

The region also provides ample growth opportunities, with India, the Maldives, Singapore, Vietnam and Thailand boasting mature or fast-growing yacht markets. In addition, mature markets such as the United States and Europe also holds potential for Sri Lanka's boating industry. "Boat building costs are relatively cheaper in Sri Lanka compared to leading boat manufacturers in the region and even more competitive compared to EU boat building sector. We will have to identify a niche in the sector and offer competitive rates. We can also tap into these market and supply components for boats and yachts. The main opportunities lie in finding new markets and customers for existing products and showing new products in traditional markets, where customers' willingness to upgrade their boat or change product could present new export possibilities," Mr. Herath said.

Successful Partnerships

The success of the boat and ship building sector strategy however depends heavily on the commitment of the stakeholders in implementing the strategy and the diligent monitoring of the progress made in implementation. There is also an urgent need to review the regulatory framework that will put in place a competent public certification and conformity assessment authority to provide the necessary clearances to expedite boat deliveries.

Unlocking the potential for boat industry growth in Sri Lanka will also require a value chain transformation that improves connections with local producers and increase sector coordination. These adjustments will allow the sector to compete both on product quality and on production quantities. This includes collaborating with the universities and educational institutions to develop more training programmes and apprenticeships that promote opportunities for technicians to work in boat building industry in the short terms. In the medium term, help local suppliers achieve international quality standards in boat supplies, which will also help them contribute to export sector growth. Over the long term, collaborations with Sri Lanka's IT sector could lead to the development of maritime software, including optimisation and analysis of hull, machinery and propulsion systems.

Building a brand

Sri Lanka's success in the international market as a boat builder hinges on many factors including regulation, value chain development and technological advancement. Building a brand for Sri Lanka will provide the overarching support the sector needs to make inroads into the international markets. This has been identified as one of three core objectives of the sector and will look to enhance national and international visibility of Sri Lanka's boatbuilding industry by strengthening industry marketing, promotion and branding activities. The process includes the development of a common logo to represent the Sri Lanka boat building sector and development of communications channels.

The formation of a strong industry association has also been proposed to bring the industry under one umbrella, giving the sector collective muscle to lobby for policy reforms and represent Sri Lanka's boat building industry in international marketing efforts.

GAMINI B. HERATH

Managing Director
Boat Building Technology
Institute Lanka (GTE) Ltd.





National Quality Infrastructure of Sri Lanka; a key driving factor to position Sri Lanka in the International Trade

Sri Lanka has aspirations to become a middle-high income country by 2025 by having a highly-competitive economy with a diversity of products and services for local requirements and export markets. An increase on export revenue will only take place by consolidating Sri Lanka's market hold in existing markets and by venturing into and establishing itself in newer markets through new, highly value added and diversified products and services. Sri Lanka's ambitions of becoming South Asia's next regional Trade Hub are therefore anchored to many national development programmes including the implementation of The National Quality Infrastructure (NQI) strategy.

For Sri Lankan goods and services to maintain their current market hold amid increased regional competition, it is vital that Sri Lankan products and services are considered to be synonymous with high quality and safety and compliance with international regulations and standards. A strengthened NQI has the potential to boost the standing of Sri Lankan goods and services but also to provide an enabling environment for SMEs in managing requirements of local and international markets, thereby boosting rural economies of Sri Lanka.

In order for Sri Lanka to be recognized as a regional Trade Hub by 2025, the NQI strategy has identified three priority areas. These include focus on policy, legal framework & regulatory issues and supply side issues & demand side issues. Therefore, the strategy outlines that NQI related policy & regulatory frameworks need to be updated, capacity building needs to be setup, and staff with expertise on NQI development are trained and deployed to implement the plan of action.

A focused intervention in these strategic issues will ensure that the NQI works smoothly to increase the quality, safety and environmental protection in Sri Lanka. As such, stakeholders of

the Sri Lankan NQI have agreed to the vision statement 'A national quality infrastructure at the service of socio-economic development in Sri Lanka'. Adherence and support to this vision and strategic approach will pave the way for a well-established and dynamic NQI in Sri Lanka.

The NQI has identified three strategic objectives. These are, to implement the National Quality Policy together with the National Quality Council as the monitoring body of the NQI, to promote recognition of Sri Lanka's NQI system and to foster a culture of national quality consciousness while improving provision of NQI services to all Sri Lankans.

Stakeholders of NQI in Sri Lanka, look forward to the implementation of this long-awaited strategy, which Sri Lanka's manufacturing and export bases have long been in need of to contribute and cooperate to ensure that the NQI strategy is implemented such that Sri Lankan products and services can reach their optimal potential.

The NQI Strategy:

The goal of Sri Lanka's National Quality Infrastructure (NQI) Strategy is to set quality-related functions on a course to provide high-performance services that allow small and medium-sized enterprises (SMEs), larger companies and exporters to comply with market requirements. It equally aims to build capacities, support the enforcement of Sri Lankan regulations, assist environmental sustainability and ensure consumers are protected through access to quality and safe goods.

The NQI Strategy originates from the need to implement the National Quality Policy (NQP) of Sri Lanka. All key NQI institutions, the private sector, relevant Government institutions and civil society (representatives from universities and technical and vocational education and training institutions) were involved in the consultative and inclusive design process to ensure the final document reflects their diverse ambitions and is fully implementable for the benefit of Sri Lanka.

This Strategy builds upon the findings of an NQI gap assessment, corresponds to a broader vision for the long-term improvement of the quality function, and defines a precise five-year implementation road map (action plan) This NQI Strategy was designed in conjunction with the National Export Strategy (NES) of Sri Lanka.

Sri Lanka's NQI has been developing progressively for many years and has established the main functions required to operate and be internationally-recognized through multilateral agreements. Sri Lanka has all the necessary institutions that form the basis of an NQI: the National Metrology Institute (NMI) of Sri Lanka handles industrial, legal and scientific metrology; the Sri Lanka Standards Institution (SLSI), which formulates standards for Sri Lankan products in line with international standards; and the Sri Lanka Accreditation Board (SLAB), which is the national accreditation body of Sri Lanka. These core institutions, in close coordination with Conformity Assessment Bodies (CABs), have been protecting Sri Lankan consumers and ensuring compliance of Sri Lankan exports.

The following represent the main focus areas of the NQI Strategy :

Reinforce overall institutional coordination in the NQI; Revise the legal framework and initiate the development of RIA and an umbrella legal framework for the NQI; Strengthen managerial and technical capacities of NQI core institutions in line with international best practice; Strengthen and broaden conformity assessment services in Sri Lanka with international recognition; Broaden and coordinate the metrology function; Promote the participation of national technical institutions (SLSI, SLAB, MUSSD) in international technical forums; Develop national standards in line with newly-developing economic sectors; Streamline food safety control in Sri Lanka; Build awareness and understanding about quality in the private sector and the general public.

The strengthening of these strategic points will ensure that the NQI works efficiently to raise the bar of quality, safety and environmental protection in Sri Lanka. The following vision and strategic approach will guide the way for a well-established and effectively functioning NQI. This vision statement and strategic arrangement were agreed by key NQI stakeholders of Sri Lanka.

“A national quality infrastructure at the service of socioeconomic development in Sri Lanka ” Looking into the future

In 2020, Sri Lanka will have all NQI services accessible to priority sectors, with international recognition.

In 2023, Sri Lanka's NQI will be operating with a higher level of inter-agency coordination, led by a national quality council (NQC); more active institutional participation in international and regional forums; regulations following RIA; and conformity assessment services used by the public and private sectors and academia, including research, development and innovation.

In the years following the implementation of this Strategy, Sri Lanka will be the leader of quality in the South Asian Association for Regional Cooperation (SAARC); NQI will have a strong planning, coordinating, and monitoring NQC leading a quality promotion agency; NQI institutions will participate and play key roles in international forums; and all conformity assessment schemes / services will be internationally recognized and widely used by SAARC countries and other Asian countries.

The vision will be achieved by addressing the key constraints of the NQI in a comprehensive manner, and through implementing the robust and realistic strategic plan of action (PoA) defined and agreed by NQI stakeholders. In order to plan, work and act towards the coherent vision, it is necessary to reach the following three strategic objectives and 11 operational objectives.

1: Implement the NQP and strengthen the institutional framework of the NQI

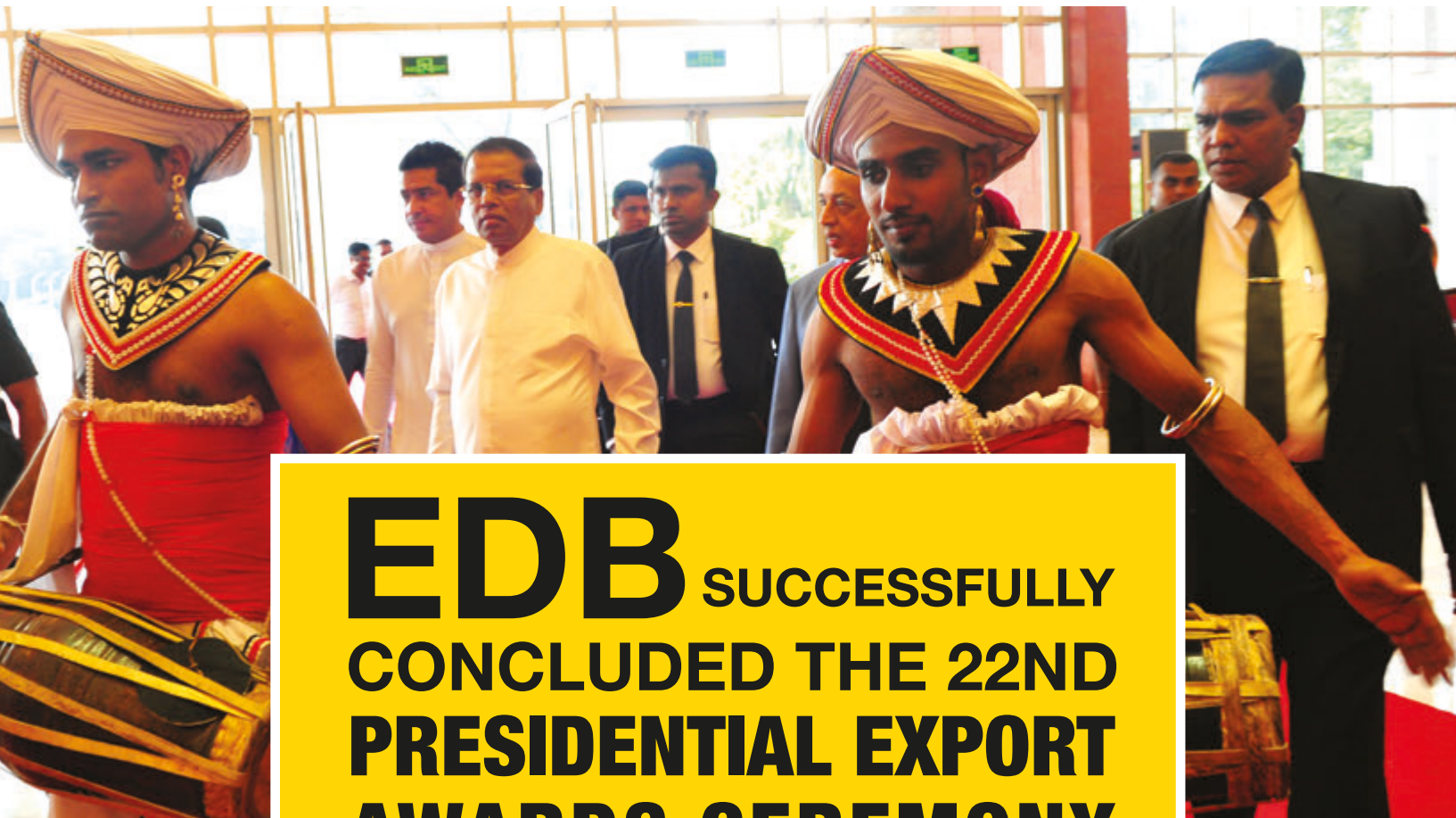
- Reinforce institutional coordination in the NQI by creating the NQC, an interactive information platform and a quality unit (or agency) to promote and facilitate quality-related services
- Revise the legal framework supporting the NQI and enable RIA
- Strengthen managerial and planning capacities in NQI Institutions

2: Achieve wider international recognition of Sri Lanka's NQI system

- Strengthen conformity assessment service provision
- Strengthen MUSSD to have their CMCs internationally recognized
- Strengthen NQI institutions and support participation in international forums
- Expand SLAB accreditation services and increase international recognition
- Review national technical regulations to cover exclusively: environmental and health and safety requirements, consumer protection, and justice

3: Improve provision of NQI services to all Sri Lankans and foster a national quality culture

- Assemble existing food safety units into a dedicated NFA
- Establish standardization committees and standardization units for key sectors
- Increase the knowledge, skills and qualifications in technical and quality aspects for the industry, non-NQI institutions and the general public



EDB SUCCESSFULLY
CONCLUDED THE 22ND
PRESIDENTIAL EXPORT
AWARDS CEREMONY





The 22nd Presidential Export Award Ceremony (PEA) organized by the Sri Lanka Export Development Board (EDB) was successfully held on 18th September 2018 under the patronage of His Excellency the President of Sri Lanka at the Bandaranaike Memorial International Conference Hall (BMICH), Colombo with the participation of several Cabinet Ministers, State Ministers and a large number of exporters. The award winners were presented a prestigious PEA Trophy with a Certificate and they have the privilege to use the “Award Logo” as a marketing tool for 3 years.

The Presidential Export Awards initiated by the EDB in 1981, is the most prestigious award presented to exporters who have made a significant contribution to the export effort of the country. This year's ceremony was to recognize and salute the exporters for their excellence in the financial year from April 2017 to March 2018 and the awards symbolize the national recognition of the exporters, particularly in non-traditional goods and services.

A total of 58 award winners comprised 11 Overall Award, 38 Sectoral Awards for Highest Foreign Exchange Earned and 9 Awards for Emerging Exporters.

Out of the 11 Overall Awards presented this year, there were three new Overall Awards namely “Exporting Conglomerate of the Year” to recognize the best exporting conglomerate for their export excellence, “Globally Operated Highest Foreign Exchange Earner”, to recognize foreign exchange earnings from overseas operations and “Most Globally Outreached Sri Lankan Brand” to recognize the efforts and achievements of Sri Lankan indigenous Brands in the overseas markets.

Apart from the above three Overall awards, the “Exporter of the Year”, “Employment Provider in the Export Industry”, “Sri Lankan Export Brand”, “Woman Exporter of the Year” “Contributor to Sustainable Development in Exports” “Net Foreign Exchange Earner”, “Market Diversified Exporter” and “Contributor from the Regions to the Export Supply Chain” Overall Awards were also presented by H. E. the President.

The selection for the awards was done by an eminent panel headed by a former Judge of the Supreme Court. The panel comprised of senior officials from the Ministry of Strategic Development & International Trade, the Department of Commerce, Ceylon Chamber of Commerce, Federation of Chambers of Commerce and Industry of Sri Lanka, National Chamber of Exporters and the National Chamber of Commerce of Sri Lanka.

PRESIDENTIAL EXPORT AWARD WINNERS - 2017



Exporting Conglomerate of the Year
MAS Holdings (Pvt) Ltd





PRESIDENTIAL EXPORT AWARD WINNERS - 2017



Woman Exporter of the Year
Senika Holdings (Pvt) Ltd



Sri Lankan Export Brand
Akbar Brothers (Pvt) Lts



Contributor to Sustainable Development in Exports
Brandix Apparel Limited

PRESIDENTIAL EXPORT AWARD WINNERS - 2017



Most Globally Outreached Sri Lankan Brand
Dilmah Ceylon Tea Company PLC



Market Diversified Exporter
Camso Loadstar (Pvt) Ltd





PRESIDENTIAL EXPORT AWARD WINNERS - 2017



Contributor to the Regions
to the Export Supply Chain
MAS Intimates (Pvt) Ltd



Employment Provider in the Export Industry
Brandix Apparel Limited



Globally Operated Foreign Exchange Earner
Brandix Apparel Limited

PRESIDENTIAL EXPORT AWARD WINNERS - 2017



Exporter of the Year
MAS Intimates (Pvt) Ltd



Net Foreign Exchange Earner
MAS Intimates (Pvt) Ltd

GO DEEPER WITH THE NEXT ISSUE

WOMEN IN BUSINESS

World Scenario on Women Entrepreneurship

In current scenario, due to modernization, urbanization, globalization and, uplift of educational facilities, with increasing awareness, women are now seeking gainful employment in several fields.

Women entrepreneurship movement can gain by providing encouragement, appropriate awareness, training, environment and support. This would definitely enhance their socioeconomic status which is a pre-requisite of women's empowerment.

The basic qualities required for entrepreneurs and the basic characters of women reveal that much potential is available

among women on their entrepreneurial ability. Today, more than ever, women are becoming active participants and full characters of the development process. The role of the women in development, must be analyzed and understood within the historical, cultural, social and political contexts of each nation and region. The current situation is changing the public policy as women are mobilizing to enhance their community's development, obtaining greater access to decision-making structures and actively formulating policy and legislation.



Sri Lankan Women

In 2016, women in Sri Lanka form around 51.8% of a total estimated population of 21 million. However, out of the total economically active population of 8.5 million persons, only 33.4% are women.

Thus, almost 70% of the labour force constitutes economically inactive women.

This is in spite of free education, skills training available for girls is generally in the area of beauty culture, dressmaking, cookery and hairdressing.

The Constitution of Sri Lanka believes that women are equal citizens entitled to all the privileges that men can gain themselves of.

All persons are equal before the law and are entitled to the equal protection of the law. Furthermore, no citizen shall be discriminated against on the grounds of race, religion, language, caste, sex, political opinion, place of birth or any such grounds.

The main agriculture sectors of tea, rubber and coconut employ more women in labour positions as pluckers, tappers and coir workers respectively, while an insignificant number occupy management positions. The garment sector engages more women workers but fewer women in management

positions. Sri Lanka's biggest foreign exchange earners are migrant employees among whom, women involve a large percentage, mainly in the form of domestic labour and negligible numbers represent managerial positions.

Major Obstacles faced by Sri Lankan Women: Lack of access to Finance, Markets, Trainings, Infrastructures & Technology, Legal restrictions, Cultural barriers and Low level of experience

As per the distribution of employed population by main industry & gender second quarter 2013 as per the Sri Lanka Labour Force Survey;

The highest percentage of women is in the service sector accounting for 39.5% of the labour force.

A "Women Entrepreneur" cell was inaugurated for EDB to actively be a partner for promoting women to be engaged in export development.

Major Industry Group	Sri Lanka (%)	Gender	
		Men	Women
Sri Lanka	100%	100%	100%
Agriculture	31.5	29.5	35.3
Industry	26.2	26.7	25.1
Services	42.4	43.8	39.5



9:41

100%



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