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THE EVOLUTION OF SERVICE INFRASTRUCTURE

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EDITORIAL

This edition of the Business Lanka magazine addresses an all-important and relative topic that is of vitality in today's rapidly developing world. While developments arise in all aspects of the case, Sri Lanka stands out with a prime focus on its service industry.

Few of the present features, touch on these topics like the "WTO Trade Facilitation Agreement" backed with several important points, and another Key feature being the progress and road ahead for Sri Lanka as a "Maritime Hub".

Economic and Financial advancements being key, this issue focuses on the "Evolution of Service Infrastructure". Giving multiple inside looks, future projections and even insights into the current situation of a plethora of sectors that fall within this service industry.

Included are interviews and information collected through key powerhouses that impact the service infrastructure in revolutionizing and propelling this industry forwards.

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ICT/BPM SERVICE EXPORTS TO LEAPFROG

For decades Sri Lanka has been popular for its tea, apparel, spices, and gems, but today it is popular for its outstanding services in ICT and BPM (Business Process Management).

The local ICT/BPM and Knowledge services space found itself at a turning point nearly a decade ago with the establishment of the Sri Lanka Association of Software and Service Companies (SLASSCOM), an initiative that put the island nation under fresh spotlight on the ever competitive global stage.

The nature of the association, which was founded in 2008 by a handful of ICT/BPM enthusiast who wanted to have a chamber of common interest, remains unique to date as it has grown to become the only chamber where competitors joined hands to uplift one another. The move that was initially executed on the basis of recognizing the local IT enabled Service sector, which grew by leaps and bounds to put Sri Lanka as a service destination on the world map. It essentially unveiled the island nation as a hidden gem for software product engineering and Business Process Outsourced Services.

The agency's dedication and keenness in building a world for itself paved the way for a stronger association that it is today. Having started with a base of mere 10 members, today SLASSCOM has attached to it over 180 member companies. Member organizations of SLASSCOM account for approximately 90 percent of the ICT/BPM industry export revenue. SLASSCOM which is a typical catalyst of growth of the Sri Lankan ICT and BPM industry facilitates trade and business, propagates education and employment, and encourages research and innovation by serving as an invisible guiding hand in supporting the creation of a progressive national policy framework. While it partners with the respective government in formulating policies, legislation, investment promotion and infrastructure development, it also takes the lead in partnering with key stakeholders for promoting the

industry in global and regional markets.

Bringing a global flavor to the local ICT/BPM table are the diverse members of SLASSCOM. While on the helm are a number of local entities, onboard are also an array of top foreign ICT companies such as HSBC HDPL, London Stock Exchange, Virtusa, Microsoft, and Google, to name a few. The joining hands of top IT brands has not only enabled the showcasing of Sri Lanka as a prime destination for ICT/BPM services but also attracted the necessary talent to steer the industry in the direction sought.

The setup of the 'one of a kind' institution witnessed significant progress within just five years of its birth. As export revenue grew from US $ 213 million in 2007 to an US $ 850 million in 2015, its efforts allowed total employment to expand from 33,700 in 2007 to a staggering 75,100 of employees in 2013. Meanwhile, within that said period the number of companies in the industry grew from 170 in 2007 to over 220 in 2013. Today the industry is close to reaching a billion dollar export revenue and provides over 80,000 direct employment and provides 300,000 indirect employment.

The ICT/BPM industry that recorded an export revenue of US $ 50 million 15 years ago, today fetches for the country an average earning of US $ 850 million according to Central Bank data as of 2015. The fast booming sector is inching towards becoming a US $ 1 billion industry, a mark that will be reached by end 2016.

Focused efforts of SLASSCOM along with the government agencies such as the Export Development Board (EDB), Board of Investment (BOI), and the Information and Communication Technology Agency (ICTA) have enabled the ICT/BPM and Knowledge sector to become the fourth largest export revenue earner of the country with over 95 per cent value addition. Determined to ensure that Sri Lanka stays abreast with its regional peers, sector experts foresee for the industry a vision of becoming a US $ 5 billion export sector that would create 200,000 direct jobs and 1,000 startups. Although SLASSCOM is involved in a plethora of activities to further uplift Sri Lanka's ICT/BPM landscape, it essentially plays three key roles. The first is to increase the flow of foreign income, to be a support system for startups, that is to help them take their product overseas which in turn through revenue generation would make them a larger and sustainable entity, and to create capacity and employment.

Aiding this initiative by standing in the forefront is EDB. Being the apex organization for the promotion and development of exports, the agency is in the midst of helping the establishment of 500 startups in the ICT/BPO space.

The budget 2016 saw the allocation of funds to the EDB to kick off startups without the requirement of collateral, the first of its kind to be introduced in the country. Taken into account are the innovative ideas from the graduates and the unique ones from the lot would be considered as bankable projects. The project is initiated with the objective of encouraging entrepreneurship amongst the youth. Keeping an eye on the ever evolving operating environment, EDB, with the assistance of experts would mentor the selected project ideas for a period of three years, and ensure that they are established in a particular market.

However, while the sector has been successful in beating the odds, it is still faced with key challenges that it aims to nip in the bud to ensure smooth sailing in the future.

Increasing the industry workforce as well as retaining existing workforce is top priority. But as a nation Sri Lanka is yet to tackle the brain-drain and migration out of the country.

In this endeavor coming to aid is the ICTA with the setting up of the 'Industry Development Program', which primarily focuses on improving the ICT/BPM industry through 'business promotion', 'industry capacity building', and 'enabling environment' projects. While having supported over 60 entities to date, in 2016, ICTA supported the showcasing of nine companies under the Sri Lankan IT-BPM Destination pavilion at the Connect Expo 2016, in Melbourne. Furthermore, ICTA also engages in meetings with prospective PR agencies and matchmaking consultants in a number of countries to promote international exposure for the domestic ICT Industry overseas and to promote Sri Lanka as a destination for IT and BPM services.

It has been acknowledged by industry players time and again that increasing infrastructure capacity at an affordable cost by way of reducing lease costs for foreign investors and utility costs, namely electricity and internet, is mandatory at this point of time for the ICT/BPM sector. To ensure seamless functioning of the high potential sector, the BOI facilitated an investment of over US $ 1.96 billion through a leading telecom agency in Sri Lanka to improve the island nation's ICT infrastructure. The investment agreement with telecom span a broad scope of ICT infrastructure development encompassing the expansion of 3G and 4G high-speed broadband services alongside further development of the group's fibre optic transmission network, international telecommunications network and digital satellite television infrastructure. The investment to be channeled to the ICT sector is said to be the largest under the BOI to date.

While the overall strategy of the new government that took over in January 2015 is to adopt a focused approach to differentiation and target markets with planned initiatives for skills development and talent management, SLASSCOM is confident that the industry's e-development agenda is on par with the national strategy as plans to build an innovative and

collaborative environment conducive for growth has been conceptualized and is in the midst of being executed.

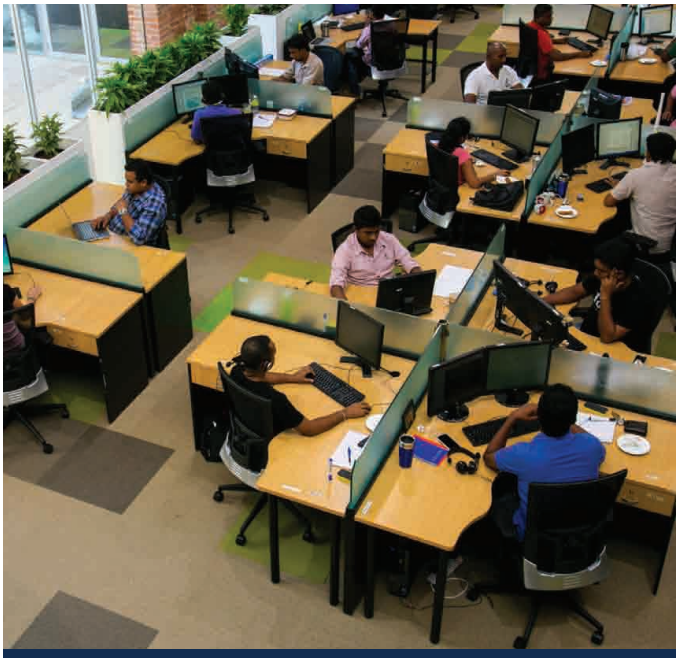
Sri Lanka as a nation has reaped the benefits of having high literacy rates, but is yet to gain a high IT literacy status, an essential factor for the success of the industry's future endeavors. In a bid to uplift this effort, the key stakeholders, including the Federation of Information Technology of Sri Lanka (FITIS), country's representative body for ICT industry, that includes, software, hardware, IT education training and communication, has pledged to increase the IT literacy rate to cross 50 percent in the medium term.

Having partnered the efforts to reach a common goal, SLASSCOM firmly believes that industry targets would be reached by leveraging the nation's core strengths, and with that it would spearhead penetration of fast-growing markets. It is also acknowledged that cost arbitrage has become secondary to value creation and industry knowledge in the decision making process with regard to forging partnerships. According to SLASSCOM, in addition to the potential of serving the Fortune 500 companies, a colossal opportunity exists in the vast untapped markets of Small and Medium Enterprises (SMEs,) public sector, and family run entities which requires a different and more innovative service model.

The Board of SLASSCOM opines that with cloud solutions becoming increasingly more stable and cheaper, opportunity exists for the local ICT/BPM sector to leapfrog into next generation services such as demand based and online big data services.

In an effort to further propel growth in the ICT/BPM industry, conceptualized is a strategic plan that has key elements at the core.

Fulfilling the greater goal of becoming a US $ 5 billion industry, plans are afoot to rebrand the ICT/BPM based on its current competencies and create an attractive proposition to position Sri Lanka as a 'global knowledge destination'. The objective said will be realized through the establishment of a single entity comprising relevant ministries, Board of Investment, Export Development Board, ICTA, and ICT/BPM Associations.



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ORION CITY

COLOMBO'S FIRST IT PARK

Sri Lanka's economy is projected to grow each year and its growth is an ideal goal set by many minds within our nation in all areas of private and public sectors. Service infrastructure being one of the key benefactors towards this goal plays a large role in the collective uplifting and growth of our country's economy and infrastructure.

IT in particular has seen a rapid boom as of recent times in both the export of services and import of commercial international entities setting up shop within our country. Sri Lanka boasts of a wide majority of IT literate employees forming an impressive workforce that hasn't gone unrecognized.

Set to become the most sought after location for IT/ITES in the South Asian region, Orion City commenced in the year 2007 under the skilled view of its Director/CEO Jeevan Gnanam.

ORION CITY IS CURRENTLY COLOMBO'S FIRST IT PARK THAT TRULY LIVES UP TO ITS NAME

Looking closer at the complex in hand, Orion City spans over an impressive 16 acres of land, with 550,000 square feet of it having already been developed. Under the management of St Anthony's Industries Group (Private) Ltd, this private sector venture is already the next biggest step in the development of the Sri Lankan IT infrastructure.

The IT Park boasts of an impressive list of elements drawing in various enterprises, offering its office residents modern facilities such as gymnasiums, shopping malls, swimming pools, food courts and in-house parking facilities, bridging it as an ideal self-contained city.

Two of the biggest companies within the complex that exude the vision of Orion City are Virtusa & Pearson. Orion City continues to add names to its impressive list of occupants that indeed draw central focus to Sri Lanka from many multinational companies looking for end-to-end IT-based infrastructure solutions at one location. When taking global IT giants that have demanding infrastructure requirements, Orion City manages to easily oblige, offering uninterrupted power, backup units, around the clock security, dedicated internet connectivity and a host of other services that alleviate worry, giving the said companies the freedom to focus on their core business.

Virtusa being one of its first occupants calls home to an area of 250,000 square feet within the complex, with its employees having the round the clock 24/7 access to the premises and security. Virtusa being one of the fastest growing global outsourcing companies serving over 2000 companies globally as the leading software vendor in Banking & Financial Services, Telecommunications, Technology and Media, Insurance, Information and Education industries.

Providing a wide variety of education products and services to institutions, individual leaners and governments in over 70 countries, Pearson employs a work force of over 600 employees within the premises over its 55,000 square feet complex.

IN ADDITION TO OFFERING IT FACILITATION TO SOFTWARE DEVELOPMENT AND BPO SERVICE COMPANIES, ORION CITY ALSO TAKES PRECEDENCE IN ASSISTING AND FACILITATION OF STARTUP COMPANIES, EXTENDING THEM "INCUBATION CENTRES" THAT INCLUDE ALL THE REQUIRED INFRASTRUCTURE FACILITIES NECESSARY TO START AN IT/BPO BUSINESS OR ORGANIZATION.

Orion City has also committed itself to the multiplication of IT and BPO sector trained professionals within Sri Lanka by drawing the interest of training institutions for collaborative projects, offering specialized training to BPO/KPO enterprises in multiple fields of out sourcing such as accountancy and law.

This well established and functioning operation of

ABOUT EWIS

EWIS is a Sri Lankan ICT company specialising primarily in software and hardware solutions and services, research and development, manufacturing and IT consulting. The company, established in 1986 was known as East West Information Systems, and has, over the past 30 years, grown to become Sri Lanka's longest serving and oldest IT company, surviving in one of the toughest industry environments.

Operating primarily in the field of IT, EWIS today has diversified into numerous verticals including peripherals, data printing, security printing and education building solid partnerships with global IT giants such as HP, IBM, Lexmark, Microsoft, Cisco and Oracle.

In 2013, EWIS Colombo Ltd was launched to manufacture quality products at affordable prices for all Sri Lankans. Tagged "Apita Apema Pariganakayak" and utilizing the knowledge, experience and expertise gained from business partners and the talent of this Nation's youth, EWIS revolutionized Sri Lanka's IT industry by commencing Sri Lanka's first and only Original Device Manufacturing (ODM) plant. This state-of-the-art 25,000 square foot plant, located in Sooriyawewa, Hambantota, manufactures over 500 PCs per day including the popular All-in-One-PC, Desktop PCs, Laptops, Notebooks and Tablet PCs and distributes them for sale across the island ensuring that each and every Sri Lankan has the possibility of availing themselves of a device.

UNIVERSITY AND YOUTH COLLABORATION

One of the key features of EWIS is education and empowerment of students through technology, knowledge and equipment. With that in mind, in 2016, EWIS launched a fully equipped Research and Development Centre at the University of Moratuwa.

This **EWIS-UoM Computer Products and Process Development Research Centre**, located at the University premises facilitates a partnership for knowledge sharing, the exchange of data, experience and technical equipment.

This unique partnership also enables EWIS and the University to add value to locally manufactured products and services with the aim of utilizing the talent of our graduates and the 30-year experience of EWIS in the field of Information Technology. Together with the University, EWIS will programme and customize computer devices to suit the local educational environment and curriculum and its ecosystem.

The EWIS-UoM Computer Products and Process Development Research Centre is a collaboration with Intel and Microsoft Sri Lanka, who are 'trusted partners' of EWIS, bringing international expertise and perspective to the company. Students from the University get the opportunity to visit the ODM factory to ascertain vital data on the improvement of its devices etc., and gain hands-on experiences.

UNWAVERING PARTNERSHIPs

EWIS Peripherals (Pvt) Ltd, the sole authorised distributor in Sri Lanka for Lexmark Products, Solutions and Services was appointed their Strategic Partner enabling direct and indirect sales channels through the EWIS distributorship across the country.

EWIS has been a Lexmark partner since its inception in 1991, counting a significant and strong 25-year partnership. EWIS markets the complete range of Lexmark products and solutions with a vision of offering a wide range of innovative solutions in imaging and output management.

EWIS Peripherals is also the distributor for Ricoh Multifunction Copiers, Laser Printers, Production Printers, Digital Duplicators, Facsimile Machines, Projectors, related Parts and supplies, services, support and software.

Additionally, EWIS Peripherals is the distributor for world-renowned Riello UPS products that are designed to protect any critical high-density computer systems in ICT environments and equally protect equipment and manufacturing lines in Industrial environments.

In Sri Lanka, Toppan Forms (Colombo) has set a benchmark by converting conventional p

OUR SCOPE

SRI LANKA'S CONSTRUCTION SERVICES GEARING UP TO COME UNDER INTERNATIONAL SPOTLIGHT

Gaining momentum to partake in the rapid development of emerging Asia and Africa is Sri Lanka's promising construction exports sector, a sphere that is observed to be growing from strength to strength in the recent years.

Over the last several years, the construction market in Sri Lanka has grown more modestly as the country looks to shift toward a services-led economy and more sustainable construction policies.

While the sector has developed by leaps and bounds in terms of technology and skills development, it can be said that the expertise in this field has always flown in the island nation, passing on from one generation to another.

Dating back to the times of the Kings, then Ceylon, has its name etched in history for its immense development, leading to the hydraulic era. And today, it is this very knowledge and expertise that the country exports to its regional peers, making a name for itself.

Taking a short journey to the historic times, the construction of irrigation works of ancient Sri Lanka which was largely based on agriculture, was a major achievement as it ensured water supply in the dry zone thus aiding the country to grow self-sufficient. The constructions of large reservoirs and canals, which exist intact even until present times are an indication of the advanced technical and engineering skills used to create them.

Thus Sri Lanka's skills set in the construction space is an element the nation takes pride in as it is deeply embedded in its roots of development. Having evolved with the times in terms of technology and upgrading of skills set, Sri Lanka's construction service exports stands out not only for its expertise, but also for its cost effectiveness.

Within the construction umbrella, the island nation is popular for its solutions in mini hydro projects, a unique area where the country stands tall. Alongside the said projects, Sri Lanka's expertise is also sought after for hydraulic related construction, architecture, quantity surveying, Mechanic, Electrical and Plumbing services (PEB),civil engineering, general construction and green construction, to name a few.

Green construction, an upcoming concept to the global construction sector itself, is an area that is booming by the day. It essentially refers to both, a structure and the using of processes that are environmentally responsible and resource-efficient throughout a building's life-cycle: from siting to

design, construction, operation, maintenance, renovation, and demolition.

With economic development agendas of nations across the world having incorporated the sustainability factor, green construction is just about to be the next big thing. While the concept of building a structure to complement its surrounding environment is not entirely new, there has been a sharp increase in the demand for green buildings and green retrofits in recent years.

In a bid to stay abreast with the ever evolving operative environment, Sri Lanka's construction sector has pumped in added efforts by way of technological knowhow and skills development to cater to its regional peers in this category via exports. With the island nation having embarked on a number of international projects together with countries such as Japan and China, the existing skills have had the exposure to global expertise, thus facilitating knowledge transfer.

Sri Lanka is best known for its construction services exported to tropical countries similar to itself. Maldives is one such country which has now become an intimate market for Sri Lanka. Due to the geographic closeness, and the lack of construction services and materials in the group of islands, Sri Lanka was quick to grab the opportunity to participate and reap the benefits of the fast paced tourism project expansion in Maldives.

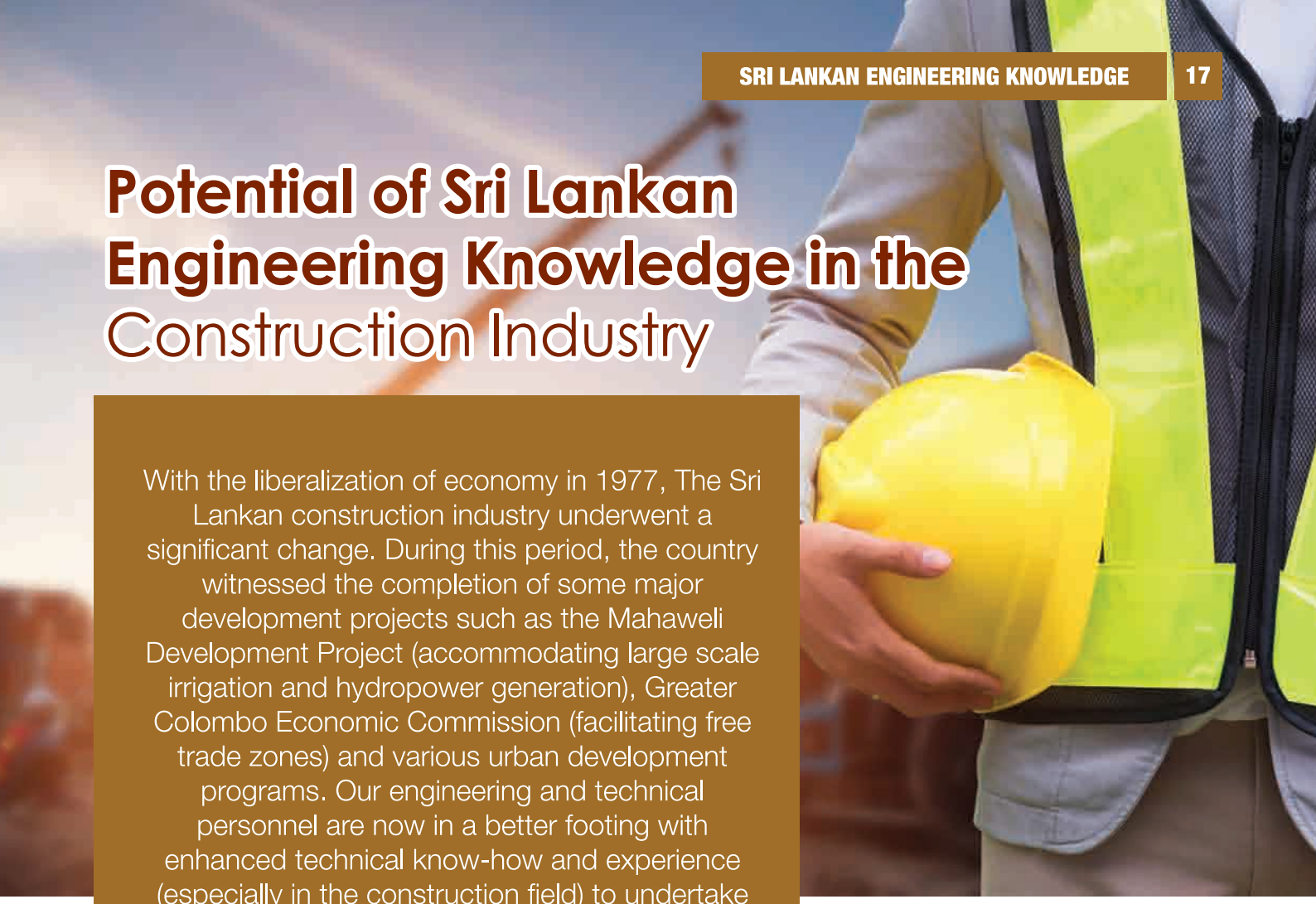
The island nation has etched a name for itsself by being heavily involved in a plethora of construction projects in the Maldives, and other tropical nations such as Bangladesh and Myanmar. However, over the years it has expanded its boundaries to cater to the Middle East, to a small extent in India, and as of late been exploring the newly emerging markets of Africa. As for potential markets, Sri Lankan constructors are eying the region of East Africa and in that particularly, Kenya, Uganda, and in Asia, the countries such as Nepal and Cambodia, to export its construction services.

As the foundation for the uplifting of this sector has been laid, the government has been taking additional efforts to exert a further push. Plans are afoot to expand investment in developing the skills of construction workers so that they can be deployed at international project sites. While challenges remain in exporting skills to markets that avail of the service of Sri Lanka, the government has expressed that it looks forward to engage in a dialogue with partnering countries for relaxing laws pertaining to construction labour exports on project basis.

Furthermore, the Export Development Board (EDB), the apex organization for the promotion and development of exports, has continued to play a key role in showcasing Sri Lanka's potential in the areas of construction services to the world. It is due to the steady promotional efforts of the agency that Sri Lankan construction sector has managed to expand in new markets such as Myanmar.

In line with the government's determination in making Sri Lanka a service led economy, the EDB, together with key stakeholders, is on the active lookout for potential markets to help make construction services a key export revenue earner to the national economy.

Potential of Sri Lankan Engineering Knowledge in the Construction Industry



With the liberalization of economy in 1977, The Sri Lankan construction industry underwent a significant change. During this period, the country witnessed the completion of some major development projects such as the Mahaweli Development Project (accommodating large scale irrigation and hydropower generation), Greater Colombo Economic Commission (facilitating free trade zones) and various urban development programs. Our engineering and technical personnel are now in a better footing with enhanced technical know-how and experience (especially in the construction field) to undertake projects of similar nature.

We can categorically state that Sri Lankans are generally dedicated and capable of accomplishing set targets.

The public housing program, implemented in the period from 1978 to 1994 and being reactivated at present, resulted in significant progress in housing construction. In recognition of our achievements and contribution to this sector, the year 1986 was declared as International Year of Shelter and Housing (IYSH) by the United Nations, on the initiative of Sri Lanka.

With rapid growth of the industry, the government has incorporated the following bodies, in order to regulate and maintain quality parameters and standards of the industry:

- Construction Industry Development Authority
- Chamber of Construction Industry
- National Construction Association of Sri Lanka

Further, with the conclusion of the civil war in 2009, larger private sector participation in infrastructure and industrial development with foreign participation has been witnessed.

Also, with the intention of achieving the status of 'knowledge hub' for Sri Lanka by the year 2016, state universities were geared to produce KSAM-graduates (i.e. graduates with knowledge, skills, attitude, and mindset), with high employability and communication skills in English. Most of the graduates falling into this category would be able to find gainful employment with high perks.

Since of late, the Export Development Board (EDB) of Sri Lanka is venturing into new arenas and is hoping to serve the world community with the aim of mutual benefit. As such, we are happy to note that several public sector and private sector institutions are now keen on offering services to undertake engineering projects.

We wish to append below several areas of work thus envisaged, offering comprehensive services designed to develop infrastructure in the following areas of work:

- Major civil works, construction of buildings, civil engineering and infrastructure work for industrial parks, housing schemes, storm water drainage, waste water treatment and irrigation systems
- Port construction and building of revetments and breakwaters
- Erection of communication towers
- Headworks for irrigation and hydropower generation
- Fabrication of containment structures such as silos, oil tanks, and petroleum storage facilities
- Ship repairing and dry-dock engineering
- Architectural, civil engineering and building construction consultancy work

- All civil engineering works involved in bridge and tunnel engineering, airport construction, factory turnkey projects, high-rise buildings and auxiliary services such as Heating, Ventilation and Air Conditioning (HVAC), project management, green buildings, soil conservation, hydro projects, telecommunication, steel construction etc.

We also wish to highlight the following resumes, in supporting our capabilities and credibility:

- Performance of our engineering education sector has been recognized and accredited by the Washington Accord which is an international accreditation agreement for professional engineering academic degrees between the bodies responsible for accreditation in its signatory countries. Established in 1989 the signatories as of 2014 are Australia, Canada, Taiwan, Hong Kong, India, Ireland, Japan, Korea, Malaysia, New Zealand, Russia, Singapore, South Africa, Sri Lanka, Turkey, the United Kingdom and the United States. This significant achievement is in sequence to various measures such as strong theoretical education background, Research and Development (R&D) works, and in-plant training undertaken by the country's higher education institutions.

- At present, over two hundred thousand Sri Lankan engineers, professionals, and skilled technicians are working under tiresome conditions effectively, in various parts of the world. It is a time-proven factor that they perform well, meeting the aspirations of their employers with good reputation, dedication, efficiency and resilience, with adaptability to any environment.

When the country is faced with problems in reconstruction and rehabilitation following devastating tsunami and war, our engineering services sector played the prominent role and normalcy was restored at a rapid pace.

It is noteworthy to mention that technology and engineering practices are under constant review and change. Coherent policies, methodologies and approaches are needed to mitigate and overcome problems arising from the ever increasing material cost and fast-dwindling resources. Appropriate steps are being taken by our regulatory bodies so that our workforce and facilities can be mobilized to engage in the situation as per the demand.

Author : Engr. G. R. Amarasooriya, MIIESL

16TH WEDF

Envisioning the business growth with sixth sense and foresight

The business leaders and strategists from all corners of the globe were welcomed with warmth to the shores of Sri Lanka as the country hosted the World Export Development Forum 2016 on the 12TH and 13th of October. The event marked a moment of pride for the island nation, as it was for the first time that the country has had the honour of hosting the event.

The event which is organized annually by the International Trade Centre (ITC) was co-hosted this year by the Ministry of Development Strategies and International Trade of Sri Lanka through the Sri Lanka Export Development Board (EDB). This year's event was aptly themed as the 'Trade for Success: Connect, Compete, Change'. The event which was held at the Bandaranaike Memorial International Conference Hall (BMICH) created a forum where they could share their insights on pressing trade issues and countering the challenges that they encounter.

The event is a testament to the recognition that the nation has received from the international community for the irreplaceable role that it has played in the regional economy. The country has undergone rapid development during the post war era and established itself as a logistics hub.

WEDF 2016 saw the participation of over 650 business leaders, policymakers, Heads of trade, investment support institutions and international trade officials from more than 50 countries.

The event which became an undisputed success was inaugurated by chief guest His Excellency, the President of Sri Lanka Maithripala Sirisena and other distinguished personalities from all corners of the globe. Hon. Prime Minister of Sri Lanka Ranil Wickremesinghe, Hon. Minister of Development strategies and International Trade of Sri Lanka, Malik Samarawickrama led the line-up of high-profile speakers from the host nation. They were joined by an impressive list of international delegates led by Mrs. Arancha Gonzalez - Executive Director of the ITC, Hon. Mr. Wang Shouwen – Vice Minister of the Ministry of Commerce of China, Mr. Vikrom Kromadit, Thailand's biggest industrial-park developer and CEO of Amata, Mr. Eben Sermon – Vice President for Greater Europe, Middle East and Africa (EMEA) at eBay Inc. and many more.

Other notable dignitaries and business leaders included Hon. Mr. Péter Szijjártó - Minister of Foreign Affiars & Trade and Dr. Petra Pana - Deputy State Secretary for Foreign Economic Affairs, both representing Hungary's Ministry of Foreign Affairs & Trade, Dr. Mrs. Shamshad Akhtar, Executive Secretary of The United

Nations Economic and Social
Commission for Asia an

differentiation between large firms and small firms if not managed systematically.

The forum discussed possible ways of overcoming these challenges which included making information on standards and technical regulations accessible to firms, encouraging and enabling firms to adopt standards and proactively comply with technical regulations, strengthening technical infrastructure, etc.

The forum also identified Standards as a business enabler and business development tool that provides a gateway to international markets. Voicing his thoughts at the session, Mr. Malik Fernando, Director, Dilmah Tea asserted that the best way to navigate the standards requirement was to over-meet them. He emphasized that for Dilmah, the implications for their intellectual property value and brand value would be enormous if they were found to be deficient.

Mr. Kolin Low, Regional Manager, International Organization for Standardization explained that ISO has done a lot of work to make these accessible to SMEs. He noted that the dedicated SME page on their official website has specifications on all the guidelines and publications required for SMEs to help implement ISO standards of particular importance.
It was also agreed that standards should be perceived in the context of Sustainability whereby the world is increasingly looking for sustainability standards.

THE NEW TOURISM DESTINATION

Sri Lanka is no longer the war torn land it once was. The sandy shores of the island have become a sanctuary where travellers around the world can relish their time away from the monotony of routine life. Tourists have continued to arrive during the last three decades despite the civil war that plagued the shores of Sri Lanka. The post war era experienced a resurgence in the Tourism industry as the island became a safe haven where tourists can experience the authenticity of Sri Lankan culture, wild life and its scenic charm.

Mr. Hiran Cooray, Chairman, Jetwing Sri Lanka attributes Jetwing's survival during the civil war down to authenticity of the experience of coming to Sri Lanka. A significant challenge lies in expanding and becoming a bigger tourist destination.

The panel recognized the vital role that the informal market has to play in providing authentic experiences such as homestays. From the hotel industry perspective, formal and informal sectors should intertwine and complement each other in order to make it a truly fulfilling experience to the traveller. Mr.Cooray, noted that Jetwing has done its part to recreate and promote authentic experiences e.g. by re-cultivating paddy land, providing water buffalo, giving training to cultivate the land and recreating 'authentic' Sri Lankan experiences.

Food is also another key part of the authenticity – string hoppers, curry, Indian Ocean fish etc. It is important that these are not undervalued and provided to tourists in abundance. It was also highlighted that Sri Lanka's uptake: after civil war has been increased from 1 million to 3 million tourists per annum.Tourism yield has increased due to USP in crafts, food etc.The Panel discussed that tourism policy should not only seek to increase the 'value added' for people visiting, but also simulate and retain the wealth coming in to benefit all local stakeholders.

'IN-FOCUS SESSIONS'

The first day of the conference also hosted two 'In-focus' sessions presented by highly successful business entrepreneurs in the region, offering the audience valuable insight into practical business cases. The first session discussed Trade Facilitation and Logistics in Regional Integration, while the second focused on how Young Entrepreneurs Enable Innovation.

DAY 02

‘HOW-TO’ WORKSHOPS

Day two of the conference presented ‘How-to’ workshops, taking on timely and beneficial trade topics for Small and Medium Scale Enterprises (SMEs). The sessions were categorized across the main focus groups, Young Entrepreneurs – From Ideas to Markets for the millennials that are venturing out on their own, Services for Women Entrepreneurs targeted at the growing number of females who are exploring new business avenues, a workshop on How to go Digital that focused on the importance of digital marketing and awareness for new businesses, and Managing Logistics in the Supply Chain for efficient and lean business processes. ITC’s very own trade experts presented these sessions.

The culmination of the conference was the highly anticipated Business-to-Business (B2B) Meetings set to expedite business opportunities and partnerships across borders. A total of 136 Sri Lankan companies registered for the B2B meetings, with a total of 116 international high-potential buyers registered to participate across sectors such as tourism, information and communication technology (ICT), apparel and manufacturing. Almost 1000 B2B meetings were facilitated at WEDF 2016, resulting in beneficial trade-led ties and export opportunities for Sri Lanka and the region. Field and factory visits were facilitated to Sri Lanka’s Export Processing Zones in Katunayake and Biyagama, as well as Colombo’s progressive IT Park – Orion City for interested foreign delegates.

An exhibition on the theme of “Best of Sri Lanka” was held parallel to the main conference at the same venue, with 35 of the most elite brands in Sri Lanka displaying the best of local products and services from apparel to rubber, from ICT / BPO to Gem & Jewellery. Sri Lankan enterprises such as Brandix Apparel Ltd, MAS Holdings, Akbar Brothers, Ceylon Tea Services, Camso Loadstar, Virtusa, 99X Technology, Gem Paradise and H.D.De Silva & Sons demonstrated local capabilities on a global platform.

WEDF 2016 also paved the way for Sri Lanka to affirm its commitment to ‘**SheTrades**’ – the ITC’s initiative that aims at linking one million women entrepreneurs to the market by 2020. ITC Executive Director Mrs. Arancha González accepted the pledge from EDB Chairperson Mrs. Indira Malwatte and Women’s Chamber of Industry of Commerce (WCIC) Chairperson Rifa Mustafa at the Colombo Stock Exchange.

Adding a touch of Sri Lanka to the conference, the country hosted the delegates to a ‘**Sri Lankan Night**’, demonstrating the nation’s rich culture and heritage to the participants. A grand **boat show** at Dikkowita was also organized to entertain visiting dignitaries.

Having for the first time initiated a powerful collaboration between the public and private sectors of Sri Lanka, WEDF 2016 became one of the benchmark events of the country’s history, concluding successfully on October 13th, 2016. The 17th edition of WEDF will be hosted in Hungary in October 2017.

International Trade Centre

ITC SME TRADE ACADEMY

THE ITC SME TRADE ACADEMY OFFERS A RANGE OF SHORT AND ADVANCED COURSES AVAILABLE ON VARIETY OF TOPICS, INCLUDING SME COMPETITIVENESS, IMPROVING TSI SERVICES, SECTOR DEVELOPMENT, AND TRADE INTELLIGENCE.

ITC online courses boost skills and knowledge of small and medium-sized enterprises.

Taking an online course through the International Trade Centre's (ITC) SME Trade Academy is a good way of improving skills and knowledge.

Impact levels of the courses offered by the SME Trade Academy were perceived to be 'very high', according to a survey of former students. All of the respondents answered that they had improved their skills and knowledge, 95% answered that they were able to apply the skills gained in online courses at their workplace, and 97% answered that they are currently using their new skills to better serve their clients. With 42% of participants coming from the private sector and 89% of these working for small and medium-sized enterprises (SMEs), the ITC Trade Academy is reaching its target audience.

Post-course evaluations have also found that for 47% of participants, this had been their first online learning experience. In addition, of those with past experience in online learning, 83% reported that the SME Trade Academy's online courses were 'better' than those that they had taken previously.

Conducted in June 2016, this survey is the first of a series of biannual surveys to assess the impact of courses offered by the ITC SME Trade Academy. The survey will allow ITC to better understand the identity and expectations of its course participants and help refine the platform and offer courses even more aligned to the needs of participants.

ITC's emerging distance learning programme offers a series of online courses and access to educational material on a range of trade related topics. The programme aims to provide staff in trade support institutions, enterprises - particularly SMEs - and trade policy specialists with access to pragmatic, topical online courses and learning material in support of skills development.

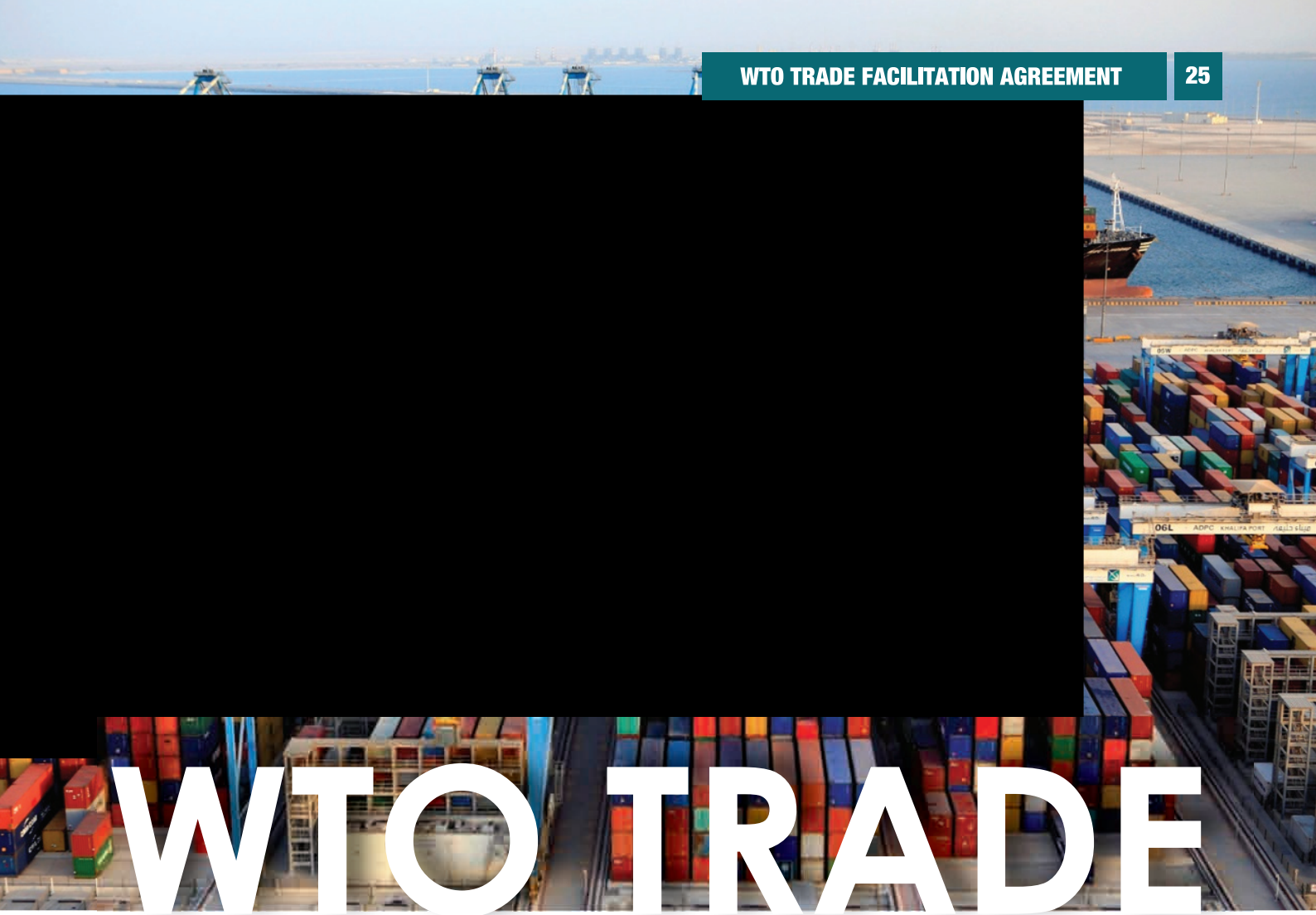
ITC'S TUTORED ONLINE COURSES ARE SEGMENTED IN THREE CATEGORIES:

01 Short Courses (2 weeks' duration)

02 Advanced Courses (5 to 8 weeks)

03 Certificate Programmes (up to 8 months).

The course catalogue is constantly enriched by ITC and developed first Certificate Programme. Tutors include both ITC subject matter experts and external, guest experts who often are globally recognized references in their topic of expertise.



WTO TRADE FACILITATION AGREEMENT

A POTENTIAL CATALYST FOR ECONOMIC GROWTH IN SRI LANKA

S. Rajendran
Master in International Customs and Law, University of Canberra

THE WTO TRADE FACILITATION AGREEMENT (TFA)

Trade facilitation became a topic of discussion at the WTO in December 1996 at its Ministerial Conference in Singapore, when members directed the Council for Trade in Goods to undertake exploratory and analytical work, on the simplification of trade procedures in order to assess the scope for WTO rules in this area.

After several years of exploratory work, WTO members formally agreed to launch negotiations on trade facilitation in July 2004 and established the Negotiating Group on Trade Facilitation (NGTF) in October 2004. Hundreds of proposals made by members were submitted for consideration by the Negotiating Group.

After almost ten years of streamlining and revisions, the members concluded negotiations and the proposals became part of the final text of the Trade Facilitation Agreement agreed by the Members at the Ninth Ministerial Conference held in Bali, Indonesia in December 2013. Sri Lanka had been actively contributing to the negotiation process during this period.

A Protocol of Amendment to incorporate the Trade Facilitation Agreement into the Marrakesh Agreement establishing the WTO, was adopted by the members in November 2014.

SCOPE AND OBJECTIVES OF THE TFA

According to the World Trade Report 2015, although traditional trade barriers such as tariffs have come down, and innovations in transportation and communications technology have shrunk the distance between nations, trade costs remain high, particularly in developing countries. High trade costs isolate developing countries from world markets, limiting their trade opportunities and impending growth. High trade cost also appear to disproportionately affect small and medium-sized enterprises (SMEs), time-sensitive products and goods produced in global value chains. Trade procedures that are more cumbersome than necessary and delay in the movement, release and clearance of goods constitute a significant part of these trade costs.

Trade facilitation is intended to relieve these bottlenecks at the border. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It represents an important milestone by creating a multilateral framework for reducing trade costs and provides greater legal certainty to the changes in measures and procedures.It also has provisions for special and differential treatment that allow capacity-constrained developing and least-developed countries flexibility in terms of timelines in implementing the provisions of the TFA and provides for technical assistance and capacity building to enable such countries to fully implement the provisions of the TFA. It also sets out measures for effective cooperation between customs and other appropriate agencies involved in clearance of goods at the borders.

STRUCTURE OF THE TFA

The TFA contains 3 Sections divided into 24 Articles with provisions for expediting the movement, release and clearance of goods, including goods in transit. It also contains provisions for technical assistance and capacity building for developing and least-developed countries to implement the provisions of the Agreement. It further sets out measures for effective cooperation between customs and other appropriate border control agencies on trade facilitation issues.

SECTION I is the key part of the Agreement which has 12 Articles with approximately 42 technical measures for trade facilitation.Articles 1–5 of the Agreement provide for crucial steps in promoting transparency and predictability in laws, regulations, procedures and practices related to border clearance processes.

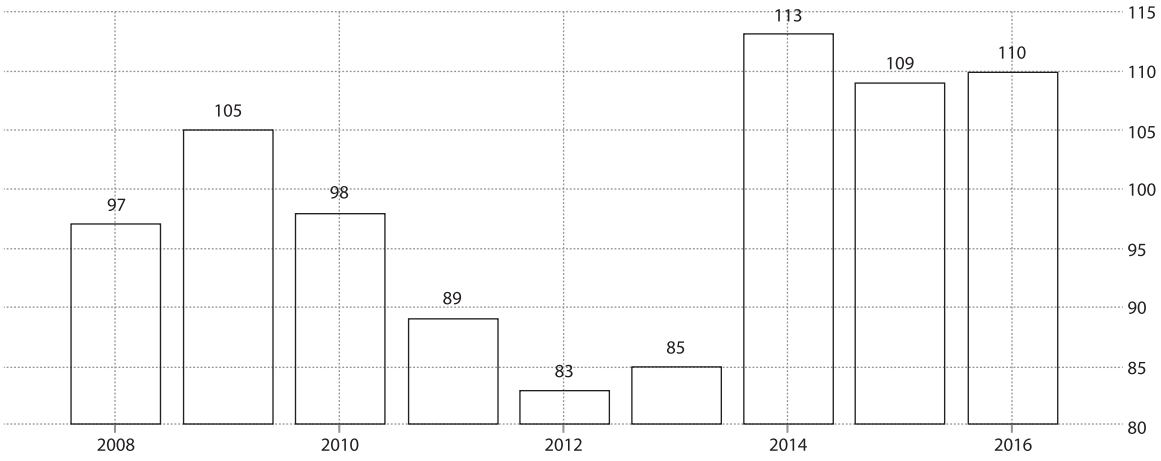
Similarly, Articles 6–11 of the Agreement focus on simplification, harmonization and automation of customs and other border agencies procedures and documentation with a view to expedite the clearance processes at borders. Article 12 provides for customs cooperation and encourages voluntary compliance of the traders by sharing information on best practices.

SECTION II of the Agreement contains 10 Articles with special and differential treatment (SDT) provisions that allow developing and least-developed countries flexibility in implementing the provisions of the Agreement. To benefit from SDT, each member country will have to identify individual technical measures that the country will implement when the TFA enters into force, and identify measures for which additional time and technical assistance or capacity building support required to implement, and notify such measures to the WTO with timelines for implementation.

SECTION III of the Agreement contains 2 articles with provisions to establish and maintain a National Trade Facilitation Committee (NTFC) to ensure effective implementation of all of the provisions of the Agreement through enhanced coordination and cooperation of all the stake-holders.

ENTRY INTO FORCE OF THE TFA

The TFA will enter into force once two thirds of the total number of members (164) ratify the Agreement. 100 members have already ratified the Agreement and when 10 ·n



SOURCE: WWW.TRADINGECONOMICS.COM | WORLD BANK

According to the evolution of container ships, it is clear that we as a nation have an ideal opportunity to invest in infrastructure developments specially being a country surrounded by the ocean. In this scenario today Colombo has to compete with already largely developed ports where they have also attracted the current shipping industry related investors towards them. Therefore, policy makers have to think differently to upgrade infrastructure along with improvement on Ease of Doing business, simplified/lower tax structures, productivity improvements in all connected authorities, Hi-Tec automation, online transitions and payments etc., and also should immediately remove all non-value added barriers, which will directly create business interests within the investors / tr

system within the country requires urgent attention with proper rail road connectivity with Ports. However implementation of any additional cost by way of any means by the Government will further deteriorate the situation. Trade is like a tree. We need to treat them with lot of attention. Look after them, protect them and enable them to grow freely. As much as Humans cannot survive without trees, an economy cannot survive without trade.

According to the current world economic conditions, our economic growth too will be extremely challenging in the coming years. Therefore, we must act fast at double the speed. Fast tracked programs for SME's on knowledge building, identifying their growth potentials and supporting them will be immediate opportunities that will create additional opportunities. The best is that we address the trade barriers that we know well.

ARPICO

Dr. Sena Yaddehige
Chairman - Richard Pieris & Co Plc

RICHARD PIERIS NATURAL FOAMS RECEIVES THE

"MOST OUTSTANDING EXPORTER OF THE YEAR" AWARD

At the recently concluded 24th annual NCE Export Awards, organized by the National Chamber of Exporters of Sri Lanka, Richard Pieris Natural Foam Ltd was crowned as the Most Outstanding Exporter of the Year 2016. On the head of the company's triumph at the awards ceremony, Mr Januka Karunasena- Chief Executive Officer of Richard Pieris Natural Foams spoke about the impact the award would have upon the company, the future direction of the company as well as about the industry itself.

With the introduction of the rubber tree to Colonial Ceylon, rubber became one of the most prominent livelihoods for Sri Lankans. Along with tea and coconut, rubber is even now, a prominent sector in the island's plantation industry. Richard Pieris Natural Foams Limited, a BOI company, that adds value to rubber based products is a member of highly diversified Richard Pieris & Company Plc.

The company manufactured its first mattress in 1952 and since then, has dedicated itself to manufacturing 100% natural latex based products. Mr Karunasena stated that despite the success that the company is now enjoying, its past was not without difficulties. Prior to 2010, the company, along with its sector companies experienced less potential for growth due to a number of factors including the condition of the market, production and operational problems, leadership and vision for the industry etc. Active leadership of our group Chairman Dr. Sena Yaddehige and his decision to re-structure the business and extend group synergy made clear way forward for the business to engage in a journey to achieve the goal of being the outstanding leader of exports in the country. The business with the new management has explored new markets and has innovated and introduced new products establishing Arpico Natural Latex as one of the leading companies in the global luxurious latex mattress industry.

The "Most Outstanding Exporter of the Year" award, as a third party evaluation, will play a large role in the company's future.
Mr Karunasena stated that the process involved a 360° evaluation, during which, not just the turnover of the company was taken into consideration. He explained that, in addition to the year-on-year growth of the company and the profitability, its triple bottom line- profits, social and environmental sustainability- also factored in to their success.

2016 marks the first year in which RPNF has won the prestigious award. Further to several awards in the category levels as well as winning the most Innovative exporter award in the year 2014. Expressing his opinion, Mr Karunasena stated, “It is a very high level encouragement for the internal staff and a credible validation o

Private Sector

Receiving support from the government, private companies have undertaken initiatives to develop certified organic projects and bolster demand for their products in the international market. Besides large plantations, there are many small growers involved in organic crop production under the supervision of certified export companies.

Sri Lankan companies engaged in organic production strictly follow globally accepted sustainable organic farming principles, being socially just, economically viable, environmentally friendly, culturally sensitive and transparently accountable within their farmer communities.

Many companies have adopted the Fairtrade concept within organic production to ensure the socio-economic standards of small organic farming communities. One such example is Bio Foods, a Fairtrade registered exporter and initiator of the SOFA project, which has already been recognised as one of the best sustainable models in Sri Lanka.
Another is Lanka Organics, which is the first company in the world to have achieved a Fairtrade certificate for exporting varieties of spices.

Inter-Sector Collaborations

Successive governments have worked towards developing the sector, and government officials have been coordinating with stakeholders in order to promote the organic industry. The recent initiatives taken by the Sri Lankan government towards a gradual turnaround from the use of imported agrochemicals to locally produced organic and biofertilisers will also accelerate the country's movement in the direction of organic agriculture.

Furthermore, the private sector has been facilitating the growth of the organic movement and collaborating with national movements like LOAM.

In the research sector, universities and government research institutions are sharing their experiences and findings with the key stakeholders. A number of universities have also initiated various courses on organic agriculture and some have integrated organic agriculture into their syllabi to educate farmers and spread greater awareness.
Lobbying was a major reason behind the development of the sector and integration of organic agriculture to the National Agricultural Policy in 2001 was one of the many notable contributions. The guidelines for certification, which were prepared in 2005, were also a result of lobbying by NGOs in the country.

GO DEEPER WITH THE NEXT ISSUE...