



EDB

EXPO NEWS

MONTHLY BULLETIN

VOLUME 20 | ISSUE NO. 08

AUGUST 2020

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MINISTER BANDULA GUNAWARDENA MEETS EDB OFFICIALS



Trade Minister Bandula Gunawardena made his inaugural visit to the Sri Lanka Export Development Board (EDB) since assuming office and met the key officials of the institution.

During his maiden discussion with the EDB's top management, the Minister proposed the establishment of a coordination mechanism between the EDB and the new state ministries appointed by the government on various product and industry sectors with the objective of enhancing their export potential. "Sri Lanka's exports have remained static at US\$ 10 to 11 billion mark and thus, it is necessary to adopt an out-of-box mindset to increase the country's exports with a special emphasis on SMEs", he noted. He also urged the Board to establish 1000 Export Processing Villages nationwide by incorporating them as limited liability companies with the EDB providing seed capital similar to the model of Dambadeniya Export Development Village which was initiated in the 80's. He assured to get funds for this initiative from the government.

Meanwhile, the Minister pledged to immediately revive the Export Development Council of Ministers which has not met for more than 20 years. The EDB Act 1979 provides for a council of ministers, headed by President, comprising ministers in charge of trade, shipping, industries, agriculture, finance, etc. Gunawardena was optimistic that bringing this abandoned mechanism back into life could resolve the issues faced by the exporter community expeditiously, as it enables high-level, cross-government consideration towards exports.

EDB Director General Chitranjali Dissanayake briefed the Minister about the board's activities, future plans and the progress of the National Export Strategy (2018-22). Addressing the media afterwards, Gunawardena expressed his satisfaction on the recovery of exports, with merchandize exports in July earning US\$ 1090.18 million, recording a gain of 11.31% compared to July 2019 amidst unfavourable global market conditions. He attributed this recovery to the pragmatic leadership of President Gotabaya Rajapaksa and the government in terms of managing the COVID-19 situation exceptionally well, enabling the country's economic activities to return into normalcy.

The meeting was attended by the officials of the Trade Ministry, EDB Chairman Prabhash Subasinghe and EDB directors.

SRI LANKA EXPORT PROMOTION VISION FORUM



Trade Minister Dr. Bandula Gunawardena declared that it is only through increasing exports the Sri Lankan economy, which has been challenged by foreign debt servicing, can be salvaged to realize a better future for the country's next generation.

He expressed these sentiments at the Sri Lanka Export Promotion Vision Forum, organized by the Sri Lanka Export Development Board (EDB) in collaboration with the Ministry of Trade on August 29, at NSBM Green University. The forum was the first large-scale, public meeting the minister had with the nation's exporter community since assuming duties.

"A three-pronged strategy based on market diversification, product diversification, and shifting towards high-technology sectors is needed to achieve a significant increase in exports", Gunawardena stated.

He opined that a substantial amount of borrowing via sovereign bonds during the previous government has put the economy under severe stress with a large number of bullet payments falling due over the coming years. Meanwhile, the minister revealed that President Gotabaya Rajapaksa has gazetted the Export Development Council of Ministers in terms of the EDB Act, which has not been convened for more than 20 years, resolving a longstanding impediment in terms of addressing the issues of exporters expeditiously.

Gunawardena assured the exporters that the government would take prompt action to provide solutions to the difficulties faced by export industries with regard to sourcing raw materials from overseas due to the recent restrictions imposed on imports. He also pledged to establish an EXIM bank in the mold of a development bank in Sri Lanka like in other countries to facilitate access to capital for entrepreneurs. During the event, the representatives of the industry associations pointed out that the Department of Commerce, which currently comes under the purview of the Ministry of Foreign Affairs, must be brought within the authority of the Trade Ministry. Minister agreed with the suggestion and promised to draw it to the government's attention.

A large number of exporters took part in the forum and the event was also graced by State Ministers Lasantha Alagiyawanna and D.V. Chanaka, Trade Ministry Secretary Badra Jayawardena, EDB Director-General Chitanjali Dissanayake, and BOI Director General Sanjaya Mohottala.

EDB CHIEF WELCOMES REACTIVATION OF "EXPORT DEVELOPMENT COUNCIL"

The Export Development Board (EDB) yesterday welcomed the Government's decision reactivate the Export Development Council (EDC), noting that it will be a game-changer in the post-COVID-19 economic transformation of Sri Lanka.

"Reactivating the EDC is an incredible news to the export community. For several years we have never had this type of a functioning body or a cohesive methodology to resolve our problems related to exports. The new EDC will work in tandem with the national export strategy and be a game-changer for the economy," EDB Chairman Prabhash Subasinghe told.



**EDB Chairman
Prabhash Subasinghe**

Trade Minister Bandula Gunawardena on Saturday revealed that President Gotabaya Rajapaksa has gazetted the establishment of an Export Development Council of Ministers in terms of the EDB Act No.2 (1). The EDC is subject to any general or special directions given by the Cabinet of Ministers, and is responsible for the formulation and implementation of National Export Development (NES) policies and programs.

The EDC will be chaired by President Gotabaya Rajapaksa, and comprise ministers in charge of the subjects of trade, shipping, industries, agriculture, plantation industries, textile industries, fisheries, finance, foreign affairs, planning and rural industries. "This (EDC) will be a game-changer for the export community," Subasinghe said, adding that he believes President Rajapaksa will guide Sri Lanka's economy through directions given to EDC while also attending to the inter-ministerial coordination.

Renewing EDB's confidence that exports will continue to grow in the post-COVID era, Subasinghe said the move amplifies the importance of the sector in economic revival.

Noting that this is also the first policy move by the new Trade Minister Bandula Gunawardena, the EDB Chairman commended his efforts for suggesting EDC for the development of the sector going forward.

"We are optimistic and anticipate that the steady growth trend in exports would continue in the last quarter as well," Subasinghe said.

Proving the country's resilience and rebound amidst the COVID-19 impact, merchandise exports in July crossed the \$ 1 billion mark, an achievement last enjoyed in January this year. Sri Lanka witnessed a continuous pick up in exports as against \$ 587 million in May and \$ 906 million in June. Soon after the pandemic erupted exports in April fell to \$ 277.4 million. Merchandise export target for 2020 is \$10.75 billion.

THE V SHAPE RECOVERY OF EXPORTS FURTHER UP IN JULY

Export Performance in July 2020 and January – July 2020

Sri Lanka's exports have surpassed the \$ 1 billion mark in July after six months time period where a similar achievement was only recorded in January during this year.

Export Development Board (EDB) Chairman Prabhash Subhasinghe mentioned, "We have witnessed a phenomenal increase in exports in July 2020 with a new record for the year. Sri Lanka's strategic location, its reliable manufacturing and export base and proactive and rapid action by the Sri Lankan Government to control Covid 19 have fulfilled our global customers needs. This is the reason for our remarkable recovery in exports, compared to when the crisis hit us. However, we need to be cautiously optimistic as we move towards year end due to the possible resurgence of Covid 19 in the US and European markets."

As per the Customs statistics, earnings from merchandise exports recorded double digit growth rate of 11.31% in July 2020 to US\$ 1,090.18 Mn compared to July 2019. Moreover, earnings from merchandise exports in July 2020 increased by 20.3 % compared with the value recorded in June 2020.

This strong performance is consistent with the gradual lifting of restrictions due to Covid 19 pandemic within the country and globally. Increases in exports were recorded as; Europe Region (21.17%), South Asia(11.47%) and Middle East (8.91%) in July 2020 compared to July 2019.

Being the largest single export destination, United States of America has absorbed US\$ 256.09 Mn worth of exports in July 2020 recording a 5.67% increase in comparison to US\$ 242.36 Mn absorbed in June 2020.

Graph I : Monthly Export Performance 2019, Jan-July 2020



Sources : Central Bank of Sri Lanka, Sri Lanka Customs & Sri Lanka Export Development Board

Export Performance of Major Sectors in July 2020

Export earnings from tea in July 2020 which made up 12% of merchandise exports increased by 17.63% y-o-y to US\$ 130.93 Mn and the export volume was also increased by 11.24% in July 2020 compared to July 2020. In addition, export earnings from tea recorded 1.39% increase in June 2020 in comparison to June 2019. The expansion was mainly due to higher demand for tea from Turkey and Russia.

Earnings from all the major categories of Coconut based products increased in July 2020 compared with July 2019 and a notable performance in export of Coconut Oil, Copeat & Activated Carbon.

In addition, Export earnings from Rubber & Rubber finished products have increased by 8.78% y-o-y to US\$ 85.08 Mn in July 2020 with strong performance in exports of Gaskets, Washers, Seals etc. of Hard Rubber. However exports of Industrial & Surgical Gloves of Rubber have slightly declined by 1.73% y-o-y to US\$ 43.74 Mn in July 2020.

Export earnings from Spices and Essential Oils have increased significantly in July 2020 compared with June 2019 with significant increase in cinnamon (63.6%) & pepper (46.3%). Further export earnings from Spices and Essential Oils were increased by 30 % in July 2020 in comparison to June 2020.

Cont. >>>

Earnings from exports of Apparel & Textiles and Rubber & rubber-based products grew significantly during the month of July 2020 owing to higher demand for personal protective equipment (PPE) such as face masks, protective suits, surgical gloves, etc.,. PPE related exports have recorded US\$ 115.1 Mn in July 2020.

Export earnings from Apparel & Textiles increased by 16.16 % to US\$ 467.04 Mn during the month of July 2020 compared with US\$ 402.04 Mn recorded in June 2020. However, 1.37% decline recorded in July 2020 in comparison to July 2019.

Table 1: Merchandise Export Performance

Values in US\$ Mns

Product	2019 Jan- July	2020 Jan- July	% Growth	2019 July	2020 July	% Growth
Apparel & Textiles	3226.11	2403.70	-25.49	473.52	467.04	-1.37
Tea	796.26	702.59	-11.76	111.31	130.93	17.63
Rubber & Rubber Based Products	535.32	434.25	-18.88	78.21	85.08	8.78
Coconut & Coconut based Products	370.35	356.39	-3.77	56.30	74.78	32.82
Diamonds, Gems & Jewellery	175.28	85.51	-51.22	17.49	14.35	-17.95
Electrical & Electronic Products	228.00	176.25	-22.70	32.63	32.15	-1.47
Spices, Essential Oils & Oleoresins	170.69	155.71	-8.78	26.60	41.22	54.96
Food & Beverages	220.96	218.42	-1.15	27.90	62.14	122.72
Seafood	163.98	117.59	-28.29	20.39	18.47	-9.42
Ornamental Fish	9.15	7.82	-14.54	1.13	1.44	27.43
Vegetables	18.39	15.53	-15.55	2.46	2.69	9.35
Fruits	23.75	20.23	-14.82	3.30	3.38	2.42
Other Export Crops	17.15	49.69	189.74	2.76	10.54	281.88
Cut Flowers & Foliage	11.65	7.72	-33.73	1.56	1.08	-30.77
Boat Building	63.61	1.64	-97.42	0.27	0.28	3.70
Petroleum Products	196.70	205.82	4.64	31.04	35.17	13.31
Other Manufactures	681.77	493.67	-27.59	92.51	109.44	18.30
Total	6,909.12	5,452.53	-21.08	979.38	1090.18	11.31

Sources: Sri Lanka Customs / Sri Lanka Export Development Board

January – July 2020

Total export earning for January to July 2020 was US\$ 5,452.53 Mn compared to US \$ 6,909.12 Mn recorded in a similar period of the previous year – a decline of 21.08 %. However the gap created due to covid in April 2020 is further decreased. This is a 72.5% achievement of Revised Merchandise Export Target of US\$ 7,521 Mn in 2020.

Major Exports such as Apparel & Textiles (US\$ 2403.70 Mn), Tea (US\$ 702.59Mn) and Coconut & Coconut Based Products (US\$ 356.39Mn) and Rubber & Rubber based products (US\$ 434.25Mn) recorded decrease of 25.49%, 11.76%, 18.88% and 3.77% respectively during Jan-July 2020 compared to the similar period of previous year. Petroleum & Other Export crops recorded positive growth rates during the period.

The export sectors that shows a positive growth at disaggregate level includes export of Gaskets, Washers, Seals etc. of Hard Rubber, Coconut cream, Coconut Milk, Coconut Vinegar, Coconut Shell Charcoal, Mattress Fiber, Pineapples, Arecanuts, Tamarind, Ginger, Essential oils, lemons, Sweet Potatoes and Lentils etc.

Sri Lanka's Trade Performance in Major Markets

The top five export destinations during the period Jan-July 2020 were United States of America (US\$ 1,403.54 Mn), United Kingdom (US\$ 461.7 Mn) India (US\$ 339.4 Mn), Germany (US\$ 312.6 Mn) and Italy (US\$ 233.5 Mn).

In addition, Exports to EU Region recorded an increase of 21.67% to US\$ 356.64 Mn in July 2020 compared with July 2019. Meanwhile, exports to United Kingdom as the largest trading partner in the EU Region recorded an increase of 18.66 % to US\$ 100.1 Mn in July 2020 compared with July 2019. In addition exports to UK has increased by 53.08% in July 2020 compared to June 2020.

Further, exports to Germany, Italy, Belgium, Netherlands, Canada, China, Japan and Turkey have also shown better performance during this period.

Export of Services

The services exports estimated by EDB which includes ICT/BPM, Construction, Financial services, Transport & Logistics and Wellness Tourism show exports of US \$ 2,044.6 Mn for the period of Jan-July 2020 compared to US\$ 2,364.7 Mn recorded in the corresponding period of the previous year. However, estimated service exports declined by 13.53% during the period of Jan-July 2020 compared with the corresponding period of previous year.

SLINTEC AND EDB JOIN HANDS TO EXPORT COVID-19-RELATED PRODUCTS

COVID-19 has created unexpected market opportunities for medical-related industries around the globe, providing openings for innovative entrepreneurs to exploit. While no doubt the crisis suppressed the exports of certain sectors, it also shed a light on emerging opportunities for domestic exporters to capitalize on; in particular PCR testing components and anti-microbial coatings. The Sri Lanka Institute of Nanotechnology (SLINTEC) and the Sri Lanka Export Development Board (EDB) took advantage of this timely opportunity to enhance the export production capacity of such nascent sectors. Both SLINTEC and the EDB entered into an agreement through which the EDB supports SLINTEC to obtain FDA registration and CE certifications for their innovative, export-ready Covid-19 product range.



Exploiting COVID-19-related market opportunities, SLINTEC ventured to innovate and commercialize two new products with high export potential: SLINTEC Swabs and SLINTEC Sterile. A spike in global testing has increased the demand for test kits and the widely administered PCR test kit requires a nasal swab for sample collection. SLINTEC has reverse engineered COVID-19 testing swabs and has been producing them in-collaboration with the Medical Research Institute of Sri Lanka, the Lady Ridgeway Hospital, and Hi-Fashion Holdings Pvt limited. SLINTEC sterile is an antimicrobial nanocoating that can be applied on numerous surfaces without tarnishing its aesthetical appearance. This technology can eradicate microorganisms on the coating applied surface as well as the surrounding air with its protective effect lasting up to six months. The product can be commercialized via hotels, hospitals, airports, residential houses, offices, and supermarkets. SLINTEC, with its export production capabilities for Swabs and Sterile, has identified interested buyers in the European and US markets. The last bridge to gap was to obtain FDA (US market) and CE (EU markets) certifications for export market compliance.

Seeking assistance to bridge that final gap, SLINTEC reached out to the EDB with a proposal to obtain assistance for market compliance certifications. The EDB National Quality Infrastructure (NQI) Advisory Committee has been a leading driving force of the Sri Lanka NQI strategy – a vital trade support function of the Sri Lanka National Export Strategy (NES). Given its strong alignment to the NES objectives of strengthening foreign market entry compliance requirements and the critical need to adapt to Covid-19 market needs, SLINTEC's proposal was approved by the committee members. Through the provisions of the NES 2020 budget, then Ministry of Industrial Exports and Investment Promotion allocated a 5-million-rupee financial assistance to the EDB to facilitate this timely endeavour with SLINTEC.

SCHEDULE
RATES OF EXCHANGE
EFFECTIVE FROM 31.08.2020 TO 06.09.2020

	Country	Country Code	Currency	Currency Code	Rate of Exchange (Rs.)
1	Australia	AU	Dollar	AUD	136.8727
2	Bahrain	BH	Dinar	BHD	499.1578
3	Bangladesh	BD	Taka	BDT	2.2186
4	Brazil	BR	Brazil Real	BRL	33.7843
5	Brunei	BN	Brunei Dollar	BND	137.8255
6	Canada	CA	Canadian Dollar	CAD	143.5010
7	China	CN	Renminbi	CNY	27.3462
8	China	CN	Offshore	CNH	27.3617
9	Czechoslovakia	CZ	Koruna	CZK	8.4735
10	Denmark	DK	Kroner	DKK	29.9173
11	Egypt	EG	Pound	EGP	11.8576
12	Euro Zone		Euro	EUR	222.6922
13	Ghana	GH	Cedi	GHS	32.6135
14	Hongkong	HK	Dollar	HKD	24.2811
15	Hungary	HU	Forint	HUF	0.6254
16	India	IN	Rupee	INR	2.5463
17	Indonesia	ID	Rupiah	IDR	0.0128
18	Iran	IR	Riyal	IRR	0.0045
19	Japan	JP	Yen	JPY	1.7621
20	Jordan	JO	Dinar	JOD	265.4161
21	Korea	KR	Won	KRW	0.1588
22	Kuwait	KW	Dinar	KWD	615.2890
23	Macau	MO	Pataca	MOP	23.5696
24	Malaysia	MY	Ringgit	MYR	45.0515
25	Maldives	MV	Rufiya	MVR	12.1721
26	Mauritius	MU	Rupee	MUR	4.7341
27	Myanmar	MM	Kyat	MMK	0.1406
28	Nepal	NP	Rupee	NPR	1.5933
29	New Zealand	NZ	Dollar	NZD	125.1021
30	Nigeria	NG	Naira	NGN	0.4937
31	Norway	NO	Kroner	NOK	21.1468
32	Oman	OM	Riyal	OMR	488.7665
33	Pakistan	PK	Rupee	PKR	1.1242
34	Papua New Guinea	PG	Kina	PGK	54.0077
35	Philippines	PH	Peso	PHP	3.8830
36	Poland	PL	Zloty	PLN	50.4883
37	Qatar	QA	Riyal	QAR	51.6730
38	Russia	RU	Rouble	RUB	2.5091
39	Saudi Arabia	SA	Riyal	SAR	50.1746
40	Seychelles	SC	Rupee	SCR	10.5246
41	Singapore	SG	Dollar	SGD	137.8255
42	South Africa	ZA	Rand	ZAR	11.0753
43	Sweden	SE	Krona	SEK	21.5899
44	Switzerland	CH	Francs	CHF	207.1326
45	Taiwan	TW	Dollar	TWD	6.4107
46	Thailand	TH	Baht	THB	6.0208
47	U.A.E.	AE	Dirham	AED	51.2312
48	United Kingdom	GB	Sterling Pound	GBP	248.7928
49	United States of America	US	Dollar	USD	188.1800
50	Zambia (Old)	ZM	Kwacha	ZMK	0.0362
51	Zambia (New)	ZM	Kwacha	ZMW	9.7015
52	Zimbabwe	ZW	Dollar	ZWD	0.4959

THE ROAD TO MEASURING SRI LANKA'S LOGISTICS ECONOMIC FOOTPRINT



Against a transformative and competitive regional backdrop, Sri Lanka aspires to become South Asia's logistics hub. The leading impetus to this ambitious vision is Sri Lanka's National Export Strategy (NES); and its prominence to the logistics industry. Directly employing roughly over 50,000 people industry-wide, the sector has an ambitious vision to grow from a traditional transshipment hub to a regional logistics center. Recognized as one of the fastest-growing transshipment hubs in the world, Sri Lanka offers a unique package of innovative multi-modal logistics services.

Sanctioned by the NES as a priority action item, is a dire need for accurate logistics industry data. Spearheading a project to accommodate this national demand is the Department of Census and Statistics (DCS) and The Export Development Board (EDB); along with technical input from the EDB's Advisory Committee on Logistics. Collaboratively, the stakeholders will front an activity to establish a special data unit at the DCS to gather and analyze logistics sector data, with the prospect of determining the economic contribution of logistics to Sri Lanka's economy. Contemporary industry data can also raise the possibility of positively influencing the Logistics Performance Index (LPI). The LPI is a tool widely used in global logistics research for country benchmarking, comparison, and as a mechanism for analyzing intra-country logistics performance. Sri Lanka currently ranks at 94, among 160 nations.

In a highly competitive industry, logistics market giants confront stiff competition on pricing and speed. As such, industry leads traditionally guard their fleet data from the prying eyes of competitors. Given this backdrop of data sharing insecurity, a state-led national initiative, spearheaded by the DCS and EDB is bridging a gap to foster a collaborative atmosphere of transparent data sharing; between the industry and government institutes. The value addition of this project will undoubtedly spill over to the private sector. When the macroeconomic broad strokes are canvassed, service providers will be capacitated to pursue more data-driven decisions.

The proposed data unit – endorsed by the NES Logistics Sector Strategy - is steered with technical guidance from the EDB's Advisory Committee on Logistics. Members of the Advisory Committee recently met with senior officials and statisticians from the DCS to provide technical insight on finetuning the data collection methodology. Given its institutional forte in managing socio-economic data, the DCS will produce a range of logistics industry-related economic indicators; i.e. the logistics contribution to GDP. Collaboratively the stakeholders have agreed on a range of the deep-dive data parameters, which include (but not limited to) services such as warehousing, clearing, freight forwarding, air cargo, 3PL, port operators, and terminal operators. Preliminary discussions have also been ongoing to assess the possibility of leveraging the data management skills of the University of Moratuwa, Department of Transport and Logistics Management to produce actionable insights from raw data. On finalizing the data parameters, the DCS will reach out to logistics service providers and industry associations to facilitate the data collection exercise.



EDB

SRI LANKA EXPORT DEVELOPMENT BOARD



ISSN 2579-1680

EXPO NEWS

MONTHLY INFORMATION BULLETIN FOR SRI LANKAN EXPORTERS

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