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SRI LANKA TO TRIPLE RUBBER EXPORTS BY 2025



Sri Lanka's revenue from exports of rubber and rubber-based products has crossed 1 billion U.S. dollars in 2021 and will grow to 3 billion dollars by 2025, local media cited a statement from the Export Development Board (EDB) as reported here Monday.

The EDB was quoted by the local daily The Morning as saying that it intends to increase Sri Lanka's export revenue from rubber and rubber-based products to 3 billion dollars by 2025.

The statement said that a proposed industrial zone in the town of Horana, around 42 km away from Colombo, will help attract rubber manufacturing firms to achieve the target.

"Sri Lanka holds close to a 30 percent share of the global solid tyre market and more than 10 internationally renowned companies manufacturing and exporting products under international brand names," the EDB said.

According to the EDB, over 100 rubber and rubber-based product export companies are based in Sri Lanka, employing 50,000 workers. Sri Lanka's rubber industry provides 300,000 direct and indirect jobs. Sri Lanka produced 78,206 metric tons of rubber in 2020.

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Sri Lanka Export Development Board
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www.srilankabusiness.com

EDB CONFIDENT OF FUTURE PROSPECTS OF EXPORT SECTOR



As the country's exports continue to recover from the COVID-19 pandemic, the Sri Lanka Export Development Board (EDB) remains confident of the future prospects of the country's export sector, with its focus to break into premium markets.

With the EDB assistance, Sri Lanka's merchandise export sector during the first 10-month period of the year grew by 21.2 percent year-on-year to US \$ 10.06 billion, recovering from the pandemic-led fallout in 2020.

The EDB is currently in the process of updating the National Export Strategy (NES) in conjunction with the new developments and disruptions, in an effort to further strengthen the NES.

Joining for a brief discussion with Mirror Business, EDB Chairman and Chief Executive Suresh de Mel shared his views on the export performances, future prospects and key focus areas of the country's export sector. Following are the excerpts from the discussion.

What is your take on the export performance for this year?

We believe that the ups and downs in export are because of the pandemic. Especially, we saw notable fluctuations in the export performance during the first and two lockdowns. However, we don't expect to see such surprises in moving forward, given the success of our vaccination drive.

In this pandemic period, we ensured that our exporters continued their operations. Especially, we facilitated them with curfew permits while also playing our role in facilitating them with the COVID-19 vaccinations. For these tasks, we have set up 14 dedicated help desks within the EDB. Prior to the pandemic, we used to have only one help desk. Considering all the issues, the exporters have performed well. Most of the exporters have received enough orders.



Therefore, we believe that we are on the track to achieve the revised export target of US \$ 15.72 billion for the year, consisting of US \$ 12.14 billion earnings from merchandise exports and US \$ 3.58 billion in service exports.

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What's your view on the organic agriculture policy of the government, in terms of exports?

The whole world is moving towards clean foods but there's no trusted source market in the world to buy genuine clean foods. When the country becomes fully organic, I believe that we can gain the confidence of top premium organic product markets and to supply our organic products at premium prices.

In fact, we should build up market linkages to access top premium markets, when Sri Lanka becomes fully organic, by focusing on marketing in advance. If we stick to this policy and get the organic certification for the whole country, I'm sure that our agriculture industry will have a brighter future.

Currently, the National Organic Control Unit is within the EDB, which issues certifications through a third party globally accepted certification body that is accredited in Sri Lanka. We have assisted so many people to obtain these certifications.

There are spices, vegetables and fruits because it's a premium market with better prices, with value-added products. Moving forward, we can focus on the GI labels, organic certifications and microbiology quality, in order to break into the premium markets with our value-added products.

The EDB together with the Export Agriculture Department early this month invited the cinnamon industry stakeholders (growers, processors, traders and exporters) to become members of the Ceylon Cinnamon GI Association (CCGIA) after securing the geographical indication (GI) label for Ceylon Cinnamon. How is the EDB progressing in facilitating exports of Ceylon Cinnamon with the GI label?

Firstly, we need to get people to sign up for this and start marketing it that way. There are certain criteria that we have to follow in this. Therefore, we are getting the stakeholders to join this association in order to use the GI label. We have to upgrade the cinnamon exporters and introduce new markets for them to sell with the GI label.

Although there's a market for products with the GI labels, we are not in those markets. So, there has to be a change in our marketplace. In addition to the GI label, we need to focus on microbiology quality and value addition aspects.

What are some of the issues of the country's export sector that hold it from penetrating to new markets?

We have to diversify our focused markets and add more value to our products. However, Sri Lankans need to be more entrepreneurial and they should be able to take risks. However, most seek the government to take risks. Then, they have become traders, instead of entrepreneurs. If they are entrepreneurs, they will add value to the product and export to premium markets, unless they are traders. I don't treat traders as entrepreneurs. They have to be more industrial.

Are you concerned about the complaints regarding export input shortages, due to FX liquidity issues?

Not really, because the exporters can import. If you have enough value addition, then there is no problem.

There have been concerns about the NES being stalled and abandoned. What's the current state of the NES?

It's moving ahead. As certain disruptions are taking place, we have to rethink of some of them and will align them accordingly. We can add more products to the strategy, with the new developments. All of the five products that we are responsible for are being promoted and we have given the responsibility of wellness tourism to the tourism authorities.

SRI LANKA'S APPAREL SECTOR WELL-POSITIONED TO REACH \$8 BN. EXPORT EARNINGS TARGET BY 2025

Sri Lanka's apparel industry expressed confidence in reaching its target of \$8 billion in export earnings by 2025, by implementing the concerted initiatives put in place by the sector, in collaboration with the authorities.

These views were expressed at the 'Sri Lanka Economic Summit 2021', the flagship event of the Ceylon Chamber of Commerce, held this year on 6th and 7th December 2021, under the theme 'Springboard for revival: Opportunity to reset'.

Strengthening backward vertical integration and further improving sustainability credentials are vital in achieving the sector's vision, while enhanced access to key export markets – including within the Asian region – will provide a significant boost in realizing these aspirations, noted the industry.

"At present Sri Lanka accounts for around 1% of the global market share of apparel exports. We are confident that we can reach the industry's target of \$8 billion in export earnings by 2025, by executing the correct strategies," Sri Lanka Apparel Exporters' Association (SLAEA) Chairman and Hirdaramani Group Director, Aroon Hirdaramani said. He made these comments as a panellist at the 'Resetting the Export Portfolio' session of the summit.

"We can gain market share through trade shifts arising from the US – China fallout," Hirdaramani said further. "The pandemic has also strongly increased the preference for near-shoring among buyers, given how COVID-19 caused vast disruptions to global supply chains. Sri Lanka can position as a hub to serve Asia, but this requires preferential and free trade agreements (FTAs) with more countries in the region."

The need for greater trade connectivity was also noted by the other panellists. Dilmah Tea – CEO, Dilhan Fernando highlighted the need for FTAs and a more favourable impression of the country internationally, in order for Sri Lanka to expand and diversify its exports. Spa Ceylon – Co-Founder, Shalin Balasuriya too expressed the need for trade linkages, while also drawing attention to the need for trade facilitation – including reducing red-tape associated with the export process.

While securing new FTAs, the panellists – both representatives from the private sector and Sri Lanka's foreign missions – also voiced the need to retain the existing trade concessions – particularly the GSP+ to the EU.

The panellists, particularly Export Development Board (EDB) – Chairman, Suresh De Mel also emphasised the importance of supporting SMEs in order to increase and diversify exports. In the apparel sector, under the leadership of the Joint Apparel Association Forum (JAAF), initiatives are underway to boost SMEs in the industry.

EDB CONDUCTS COACHING PROGRAM TO ENABLE SMES TO ACCESS EXPORT MARKET



The Sri Lanka Export Development Board (EDB) – Regional Development division implemented an Export Coaching Program as a pilot project for 25 selected, export potential SMEs that are registered under the EDB – New Exporter Development Program and assist them to develop capacities to enter the export market.

The program consisted of three phases and in the first phase, the companies were evaluated by an interview panel comprising of EDB officers, and the 25 most suitable SMEs for the coaching program were selected from 70 applications received. In the second phase, individual coaching sessions on Export Marketing Planning were conducted by a selected team of EDB officers who were trained by the International Trade Centre (ITC) in 2019/2020 as Export Marketing Planning (EMP) coaches.

During these sessions, SMEs were guided by the EDB officers to develop their export marketing plans and the SMEs were appraised of export audit, exploring opportunities in the export market, and strategic decision making on export market-entry options. Later, export marketing plans and action plans were developed by each individual company by their own through the guidance of EDB officers and submitted to the EDB during the second phase and feedback was provided to improve their plans.

As the final phase, a market-pitching program was held on 10 December virtually (due to COVID-19 health guidelines) where the selected SMEs presented their export marketing plans with details of their funding requirements to obtain the services that are identified as key to expand their business internationally such as Market Intelligence, Product Development, Quality improvement, Capacity Development, Packaging, and Marketing and Branding to an external evaluation panel. The panel was represented by International Trade Centre National Expert Dr. Dayaratna Silva, University of Colombo Faculty of Management and Finance Professor B. Nishantha, and Sri Lanka Institute of Marketing Senior Vice President Nuwan Gamage.

Accordingly Export Marketing Plans presented by Unicorn Tyre Retreads Ltd., Kandrick Tea Beverages Lanka Ltd., Nature's Wellness Ltd., Ceylon Dhee Ayurveda Ltd., Gamma Chemicals, Hela Coco Energy Ltd., Healthy Foods Lanka Ltd., Kadadasi, Liven, Nature Wins Ltd., Navigata Foods Ltd., Pranaya & Tilma Lanka Ltd. were selected as the Best Export Marketing Plans at the market-pitching program held at the EDB on 10 December.

It has been observed that a large number of Sri Lankan SMEs are offering unique products to the international market but do not get adequate attention from the buyers due to lack of proper export marketing planning for targeting and positioning products in niche markets. Therefore, it has become a priority of the EDB to recognise the export-ready SMEs, guide them to develop their export marketing plans and assist them to develop capacities and competencies to promote products in potential markets to attract international buyers. EDB plans to continue this program in order to provide opportunities to more SMEs to enter the export market which is much needed at this time to bring more foreign exchange to the country.

BRAND “CEYLON CINNAMON” WITH “BORN IN SRI LANKA” TAG PROMOTED IN MELBOURNE



“Born in Sri Lanka – Ceylon Cinnamon” was the title of a virtual event conducted last week in Melbourne, with the participation of a panel of experts and businessmen in the field, for the promotion of Ceylon Cinnamon in the Australian states of Victoria, South Australia and Tasmania. The purpose of the event was to reinvigorate the market enthusiasm for Ceylon Cinnamon in Australia by bringing forth the new information on various export products of Ceylon Cinnamon manufactured in Sri Lanka and the process of their export to Australia with special focus on the Australian regulations and market dynamics.

The presenters provided an array of information and insights on the topic. It was highlighted that Sri Lanka as the largest producer and exporter of the ‘true Cinnamon’ to the world with more than 80% of world Cinnamon production, has earned 56% of the total earnings of \$335Mn from all the spices in 2020 from Cinnamon. The current Cinnamon production capacity of 21,000Mt with export quantity of 19,000Mt has the potential for expansion up to 25,000 - 30,000Mt a year and the nation branding of Sri Lankan spices with the main focus on Cinnamon provides a significant impetus in this direction.

Cont. >>>

Cassia, which is inferior in quality, produced by other countries has become the major competitor for Ceylon Cinnamon in the international market. Presentations were made by Assistant Director EDB Inoka Wanasinghe and General Manager of HDDE Sumith Ponnampuruma while Consul General Kapila Fonseka and Director Market Development of EDB Anoma Premathilaka delivered the opening remarks.

It was revealed that only a quarter of Cinnamon consumption in Australia is from Ceylon Cinnamon and there is a tremendous potential of growth for Ceylon Cinnamon in the Australian market. Speaking about the Australian standards and regulatory requirements, International Business Development Manager of the Victorian Chamber of Commerce and Industry Eddie Zhao explained about Australia's strict bio-security rules. He stated that some products may be subjected to import conditions while some may require submission of supporting documentation to the relevant Australian authorities and some may even require import permits. The Australian Department of Agriculture, Water and Environment which is the responsible authority in this regard can be reached through its website www.awe.gov.au.

Proprietor of the Citro Essential Australia Upul Kularatne briefed about his personal experience in importing Cinnamon products from Sri Lanka to Australia. He advised potential new importers and exporters to obtain consultations from custom clearance agents in Australia and enhance the knowledge regarding the Australian bio security requirements prior to commencing their trade with Australia.

Highlight of the event was the demonstration by the Sri Lankan singing chef in Australia Don Sherman to prepare traditional Sri Lankan cuisine using Ceylon Cinnamon as an ingredient. Promoting Ceylon Cinnamon among Australian tourists would enhance its popularity as a gastronomy destination.

Importers in Australia, exporters in Sri Lanka, members of the Consular Corps and the Sri Lankan media fraternity participated in the webinar which was jointly organized by the Consulate General of Sri Lanka in Melbourne and the Export Development Board of Sri Lanka, in collaboration with the Australia Sri Lanka Chamber of Commerce and the Australia Sri Lanka Business Council. This was another one of the series of trade promotional events organized by the Consulate General.

GEM INDUSTRY EYES \$ 1 B IN EXPORTS NEXT YEAR



Despite only being able to achieve \$ 321 million in gem and jewellery industry exports as of mid-December 2021, the industry has now set an ambitious goal of \$ 1 billion worth of exports for the year 2022, The Sunday Morning Business learns.

Sharing their insights, State Ministry of Gem and Jewellery-Related Industries Secretary S.M. Piyatissa stated that the industry was only able to achieve \$ 321 million by mid-December as people were unable to attend international trade fairs. This was due to the closure of countries as a result of the Covid-19 pandemic, he further noted.

“The Covid-19 pandemic prevented us from meeting our targets, but in 2022 we are hoping to achieve \$ 1 billion. Therefore, we will be adapting to the new normal and conducting online exhibitions, etc. to achieve the target,” Piyatissa said.

He added that with the expected revival of tourism in Sri Lanka for the next year, local sales of gems and jewellery are also expected to increase compared to sales in 2021.

In mid-May this year, the Sri Lankan gem and jewellery industry was ranked as the worst affected industry, with exports declining more than 50%.

Speaking to us in May, Sri Lanka Gem and Jewellery Association (SLGJA) Chairman Ahsan Riffai explained that this was because the industry had not received much support from the Government, and the most impacted players in the industry were the small-scale operators and small and medium enterprises (SMEs).

Cont. >>>

'The pandemic has to settle and the borders have to open, since unlike other businesses, gem and jewellery enterprises are dependent on the buyer and seller contact, which is affected due to the pandemic," he said, expressing his concerns.

According to the official website of the Export Development Board (EDB), the export value of the gem and jewellery industry for the year 2020 was approximately \$ 148.35 million, after a downfall from 2019 which had a total export value of \$ 313.82 million.

At present, Sri Lanka is one of the most noteworthy countries in the world when it comes to gems and jewellery, despite its small size. The entire industry employs approximately 600,000 people, including miners, cutters and polishers, dealers, jewellery designers, manufacturers and craftsmen, and marketing resources.

The main gemstones found in Sri Lanka include sapphire, alexandrite, cat's eye, padparadscha, aquamarine, and moonstone, amongst which the blue sapphire is the most widely-known coloured gemstone. Generally, all precious and semi-precious gemstones other than diamonds are referred to as coloured stones.

Meanwhile, a gazette notification for ordering gems up to \$ 3,000 received the approval of the Ministerial Consultative Committee on Industries on 6 December at the committee meeting held in Parliament.

It was discussed that these steps have been taken to promote the gem and jewellery industry as tourism has been subjected to restrictions given the prevailing Covid-19 pandemic situation. The gazette notification has also reduced the 0.5% fee charged by the Gem and Jewellery Authority to 0.25%.

The above-mentioned Gazette Notification No. 2165/2 containing regulations made by the Minister of Industries under the National Gem and Jewellery Authority Act No. 50 of 1993 was thus approved by the Committee.

Similarly, continuous measures are taken to expand the Sri Lankan gem and jewellery industry. One such measure was undertaken by the Government last year, with the removal of the 14% income tax on the industry.

Furthermore, a decision was also held to remove the barriers that had obstructed the release of uncultivated lands with gem deposits belonging to plantation companies and to take control of these lands for the benefit of the mining industry.

Earlier this year, President Gotabaya Rajapaksa also instructed officials to expedite the construction works of the proposed Gem Trading Complex and Training Centre at Demuwawatha, Ratnapura.

SRI LANKA CUSTOMS - RATES OF EXCHANGE EFFECTIVE FROM 27.12.2021 TO 02.01.2022

	Country	Country Code	Currency	Currency Code	Rate of Exchange (Rs.)
1	Australia	AU	Dollar	AUD	146.9207
2	Bahrain	BH	Dinar	BHD	538.4094
3	Bangladesh	BD	Taka	BDT	2.3682
4	Brazil	BR	Brazil Real	BRL	35.7683
5	Brunei	BN	Brunei Dollar	BND	149.3685
6	Canada	CA	Canadian Dollar	CAD	158.3519
7	China	CN	Renminbi	CNY	31.8668
8	China	CN	Offshore	CNH	31.8403
9	Czechoslovakia	CZ	Koruna	CZK	9.1724
10	Denmark	DK	Kroner	DKK	30.9181
11	Egypt	EG	Pound	EGP	12.9217
12	Euro Zone		Euro	EUR	229.9067
13	Ghana	GH	Cedi	GHS	33.1698
14	Hongkong	HK	Dollar	HKD	26.0295
15	Hungary	HU	Forint	HUF	0.6216
16	India	IN	Rupee	INR	2.7054
17	Indonesia	ID	Rupiah	IDR	0.0143
18	Iran	IR	Riyal	IRR	0.0048
19	Japan	JP	Yen	JPY	1.7753
20	Jordan	JO	Dinar	JOD	286.3176
21	Korea	KR	Won	KRW	0.1711
22	Kuwait	KW	Dinar	KWD	670.8056
23	Macau	MO	Pataca	MOP	25.2581
24	Malaysia	MY	Ringgit	MYR	48.3504
25	Maldives	MV	Rufiya	MVR	13.1306
26	Mauritius	MU	Rupee	MUR	4.6241
27	Myanmar	MM	Kyat	MMK	0.1142
28	Nepal	NP	Rupee	NPR	1.6862
29	New Zealand	NZ	Dollar	NZD	138.3846
30	Nigeria	NG	Naira	NGN	0.4937
31	Norway	NO	Kroner	NOK	22.9986
32	Oman	OM	Riyal	OMR	527.2638
33	Pakistan	PK	Rupee	PKR	1.1373
34	Papua New Guinea	PG	Kina	PGK	57.8548
35	Philippines	PH	Peso	PHP	4.0563
36	Poland	PL	Zloty	PLN	49.6349
37	Qatar	QA	Riyal	QAR	55.7422
38	Russia	RU	Rouble	RUB	2.7683
39	Saudi Arabia	SA	Riyal	SAR	54.0610
40	Seychelles	SC	Rupee	SCR	15.2696
41	Singapore	SG	Dollar	SGD	149.3685
42	South Africa	ZA	Rand	ZAR	12.9558
43	Sweden	SE	Krona	SEK	22.3409
44	Switzerland	CH	Francs	CHF	221.1441
45	Taiwan	TW	Dollar	TWD	7.3142
46	Thailand	TH	Baht	THB	6.0534
47	U.A.E.	AE	Dirham	AED	55.2672
48	United Kingdom	GB	Sterling Pound	GBP	272.1509
49	America	US	Dollar	USD	202.9992
50	Zambia (Old)	ZM	Kwacha	ZMK	0.0391
51	Zambia (New)	ZM	Kwacha	ZMW	12.2688
52	Zimbabwe	ZW	Dollar	ZWD	0.5349

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