



# INDUSTRY CAPABILITY REPORT



## Boat & Ship Building Sector

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January, 2022

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## **1. INTRODUCTION**

Sri Lanka – the resplendent island in the center of the Indian Ocean has a long and a proud history of boat building. It has a great advantage to become the hub for boat manufacturing in the Asian region due to its strategic location, highly trainable workforce and the labour cost advantage.

Sri Lanka has one of the best natural harbours in the Asian region and its commercial port in Colombo is rated among the most economical and efficient which offers a complete service to shippers.

With the dawn of peace in Sri Lanka, expanding tourism industry is opening up a new frontier of leisure and pleasure crafts. Also, the increased interest of the local community in boating activities has created additional market opportunities. The country's leisure sector records growth where whale watching and other leisure activities contributed by the surge in the tourism industry have a positive impact on the boat building industry.

Further, considering the high marine diversity in the country and the influx of fairly high spending tourists, the country has a massive potential for marine (natural) tourism which too will create more market opportunities.

Sri Lanka has the capacity to build and operate boats for yacht chartering and nautical activities. Further, foreign yachts can come to Sri Lankan water and anchor and spend few days in the country as we have attractive on shore activities such as Whale/Dolphin watching, scuba diving, leisure fishing, snorkelling, windsurfing kite surfing and many more around the country throughout the year. Therefore, the country should take full advantage of this emerging trend before losing the competitive advantage to other countries in the region.

Sri Lanka organizes its own BOAT SHOW once in every two years with an objective of providing a forum for the boat building industry to display and promote their respective sectors to potential clients.

## **2. TYPES OF PLAYERS**

Large Scale and SME exporters.

### 3. KEY PRODUCTS AND SERVICES

The range of products offered from Boat Building sector mainly consists of 5 main sectors:

- a) Pleasure boats sector – Luxury sailing and motor yachts, speed cruisers, sports vessels, Kayaks, paddle boats
- b) Commercial boats sector – passenger vessels, work boats, general purpose vessels, house boats, floating restaurants
- c) Fishing boats sector – fishing boats, fisheries research vessels
- d) Naval & Coast Guard Vessels - fast attack crafts, surveillance vessels, sea cadet training vessels, rescue crafts, patrol boats, coast guard vessels
- e) Pre and post production services
  - **Pre-production services** - boat design, lofting, plug making, mould making and supplying of engine, navigation and communication equipment, refrigeration systems, sail makers, and fire and safety equipment.
  - **Post production services** - boat storage and transport devices, diving and fishing equipment, boat and engine maintenance and repairs.

Most of these boat hulls are made out of FRP and other composite material. Larger vessels are built by using aluminium and steel.

#### Ship Building Sector

##### a) Shipbuilding:

- Capable of design and building both Aluminium and Steel hull vessels
- Specializes on High Speed Patrol/ Coast Guard Boats (with speeds surpassing 50 knots) built to indigenous, proven designs
- Technologies to build highly sophisticated offshore support vessels, operated in the Offshore Oil & Gas Industry and Offshore Wind Energy fields
- Building of Cable Laying Vessels for laying of sub-sea telecommunication and power cables worldwide
- Capability to build SOLAS class Passenger Vessels
- Commercial Cargo and Chemical carrying Vessels using emerging propulsion technologies
- Work Boats and Harbour Crafts for ports and other uses

**b) Ship Repairing:**

- Ship repairs for maximum capacity up to vessels with 125,000 dwt within the yard; capable of major repairs, retrofits and conversions - knowhow, facilities, competencies exist for integrated work, with highly developed network of suppliers and service providers. All Classification Society and other Statutory Inspections, Surveys and Testing can be performed in Colombo.
- Rapid Response Afloat Repair Service facilities in any Sri Lankan Port and offshore port limits

**4. SEASONAL VARIATION IF ANY**

There is no significant seasonal variation.

**5. GEOGRAPHICAL DISTRIBUTION ACROSS THE COUNTRY AND KNOWN CLUSTERS IF ANY**

Production yards are located alongside the coastal belt of the country.

**6. SIZE IN TERMS OF PRODUCTION (VALUE/QUANTITY)**

Due to high divers' nature in this sector, it is hard to determine the size of production.

**7. KEY PLAYERS IN THE SECTOR**

<b>Name of the company</b>	<b>Web site</b>
Colombo Dockyard PLC	<a href="http://www.cdl.lk">www.cdl.lk</a>
Walkers Colombo Shipyard	<a href="http://www.walkersshipyards.com">www.walkersshipyards.com</a>
Neil Fernando & Company (Pvt) Ltd	<a href="http://www.neilmarine.com">www.neilmarine.com</a>
Dhanusha Marine Lanka (Pvt) Ltd	<a href="http://www.dhanushamarinelanka.com">www.dhanushamarinelanka.com</a>
North Sails Lanka (Pvt) Ltd.	<a href="http://www.northsails.com">www.northsails.com</a>
BAFF Polymech (Pvt) Ltd	<a href="http://www.baflk.org">www.baflk.org</a>
Jostein Viksund Design & Mod.Gen (Pvt) Ltd	<a href="http://www.viksundasia.com">www.viksundasia.com</a>
Solas Marine Lanka (Pvt) Ltd	<a href="http://www.solasmarine.com">www.solasmarine.com</a>
Sealanie Boat Yard (Pvt) Ltd	<a href="http://www.sealanieboatyard.com">www.sealanieboatyard.com</a>
A J Fishing Industries (Pvt) Ltd	<a href="http://www.ajfishing.com">www.ajfishing.com</a>
North West Marine Lanka (Pvt) Ltd	<a href="http://www.northwestmarineboat.com">www.northwestmarineboat.com</a>
Cey-Nor Foundation Ltd.	<a href="http://www.ceynor.com">www.ceynor.com</a>
Sri Lanka Navy	<a href="http://www.navy.lk">www.navy.lk</a>

## **8. NUMBER OF PEOPLE EMPLOYED IN THE SECTOR**

There are around 20 to 25 active boat yards around the country producing various types of boats described above providing employment to around 2000 directly and around another 10,000 indirectly.

## **9. GOVERNMENT POLICY AND SUPPORT AVAILABLE IN THE SECTOR**

Boat building industry has been identified as a leading industry and an emerging export sector that continues to boom in Sri Lanka offering a wide variety of products and services to international markets. This sector has also been identified as one of the key visionary sectors in the National Export Strategy 2018 -2022 for Sri Lanka.

Having identified the potential, the Boat Building industry has to contribute to the export earnings, the National Budget 2018 allocated funds to;

1. establish necessary infrastructure facilities required for the boating industry
2. develop a regulatory framework covering the entire value chain of the industry (excluding fishing boats).

EDB initiated work related to the implementation of above 02 budget proposals. Completed the development of Regulatory Framework for the sector and handed over to the implementing agencies; Ministry of Ports & Shipping and Ministry of Industries. Feasibility Study on construction of Breakwater at Kapparithota (Weligama) completed and Environmental Impact Assessment (EIA) is being done. Once the EIA completed project will be handed over to the Ministry of Fisheries for implementation.

The government intends to develop the country as a leading regional aviation, maritime and trading hub in South Asia. Maritime transportation will be developed in order to expand capacity and improve efficiency of existing ports and to build new ports in strategic locations. These projects include;

- I. Colombo International Financial City (<http://colomboportcity.lk/>)
- II. Sri Lanka Ports Authority Development Plan
- III. Ceylon Fishery Harbours Corporation Development Plan

## **10. R&D AND PRODUCT DEVELOPMENT FACILITIES AVAILABLE**

- Boat Building Technology Institute (GTE) Ltd. (BTI)
- **Universities**
  - Colombo International Nautical & Engineering Collage (CINEC)
  - Maritime Campus
  - University of Moratuwa
  - Ocean University of Sri Lanka

## **11. BOAT SHOW SRI LANKA**

Sri Lanka organizes its own boat show “**Boat Show Sri Lanka**”, once in every two years, with an objective of providing a forum for the boat building industry to display and promote their respective sectors to potential clients. Since commencement of the first ever boat show in 2008, Sri Lanka Boat Show opened up a new frontier of fishing, leisure, industrial and commercial vessels and marine tourism.

## **12. INFRASTRUCTURE/LOGISTICS REQUIRED/ AVAILABLE FOR THE SECTOR**

Boat Building industry lacks infrastructure facilities for manufacturing (especially vessels over 20 Meters in length and between 9 and 12.5 meters wide), berthing (anchorage /marinas), launching and testing (slipways/launching pads) and dock facilities for repairing purposes. Sri Lanka has veteran rubber technologists and trained workforce.

## **13. AVAILABILITY OF TECHNOLOGY AND SKILLED LABOUR**

Boat Building Technology Improvement Institute (BTI) conducting training programmes for Boat Building.

### **Training Courses**

- Introduction to Boat Building
- Fiberglass Technology & Repair
- FRP Technology for Boat Building
- Advanced Composite Technology
- Naval Drafting
- Auto CAD for Designing Boats
- Introduction to Lofting & Plug Making
- Introduction to Mould Making
- Introduction to Welding Techniques
- Advanced Welding Techniques
- Inboard Marine Engine Operation, Maintenance & Repairing
- Inboard Marine Engine Installation
- Fish Preservation & System Designing
- General Electrical & Marine Electrical

#### 14. TOTAL EXPORTS OF PRODUCTS IN SELECTED CATEGORIES OF THE SECTOR

(Value in US\$ - Mn)

Code	Description	2016	2017	2018	2019	2020	2021
H.8901	Cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods	51	71.5	23.8	3.7	0.69	32.87
H.8903	Yachts and other vessels for pleasure or sports; rowing boats and canoes	10.46	22	0.72	1.25	1	3.55
H.8902	Fishing vessels; factory ships and other vessels for processing or preserving fishery products	1.82	1.81	2.15	1.25	0.62	1.30
H.8906	Other vessels, including warships and lifeboats other than rowing boats	1.47			0.09	0.08	0.08
H.8907	Other floating structures (for example, rafts, tanks, coffer dams, landing stages, buoys and beacons)	0.02	...	0.05	0.69		0.01
H.8905	Light vessels, floating docks; floating or submersible drilling or production platforms		0.77	0.02	58.5	0.01	
H.8904	Tugs and pusher craft	0.01	1.01				
	<b>Total:</b>	<b>64.8</b>	<b>97.0</b>	<b>26.7</b>	<b>65.4</b>	<b>2.39</b>	<b>37.81</b>

#### 15. GROWTH IN LAST 5 YEARS IN EXPORTS AND MAIN IMPORTING COUNTRIES

(Value in US\$ - Mn)

Code	Description	2017	2018	2019	2020	2021
H.8901	<b>Cruise ships, excursion boats, ferry boats, cargo ships, barges and similar vessels for the transport of persons or goods</b>	<b>71.45</b>	<b>23.79</b>	<b>3.7</b>	<b>0.69</b>	<b>32.87</b>
	Iraq					31.88
	India		0.01			0.91



	Netherlands	0.12	0.04	0.44	0.69	0.07
	Thailand			1.34		
	French Polynesia			0.97		
	United Kingdom			0.94		
	Maldives	...	0.19	0.01		
	Other Markets	71.33	23.55			
<b>H.8903</b>	<b>Yachts and other vessels for pleasure or sports; rowing boats and canoes</b>	<b>21.98</b>	<b>0.72</b>	<b>1.25</b>	<b>1</b>	<b>3.55</b>
	Kenya			0.39		1.3
	France			0.11	0.28	0.84
	Netherlands	0.3	0.02	0.02	0.03	0.75
	Seychelles	0.02		0.17	0.39	0.19
	Germany		0.05	0.07		0.12
	Norway	0.07	0.12	0.06	0.16	0.1
	Canada		0.03	0.02	0.02	0.08
	Other Markets	21.6	0.5	0.41	0.11	0.18
<b>H.8902</b>	<b>Fishing vessels; factory ships and other vessels for processing or preserving fishery products</b>	<b>1.81</b>	<b>2.15</b>	<b>1.25</b>	<b>0.62</b>	<b>1.3</b>
	Norway	0.18	0.51	0.38	0.56	0.78
	Madagascar	0.2	0.22			0.27
	Mauritius	0.04	0.13	0.22		0.19
	Tanzania, United Republic of		0.05	0.01	0.01	0.06
	Korea South (Korea, Republic of)	0.02	0.08	0.02	0.04	
	Seychelles	0.65	0.49	0.56		
	Somalia			0.03		
	Other Markets	0.72	0.67	0.02		
<b>H.8906</b>	<b>Other vessels, including warships and lifeboats other than rowing boats</b>			<b>0.09</b>	<b>0.08</b>	<b>0.08</b>
	United Arab Emirates					0.07

	India					0.01
	Netherlands			0.09	0.08	
<b>H.8907</b>	<b>Other floating structures (for example, rafts, tanks, coffer dams, landing stages, buoys and beacons)</b>	...	<b>0.05</b>	<b>0.69</b>		<b>0.01</b>
	Netherlands					...
	Marshall Islands					...
	Somalia					...
	Maldives		...	0.69		
	Seychelles	...		...		
	Qatar		0.05			
	United Arab Emirates	...				
<b>H.8905</b>	<b>Light vessels, fire floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks; floating or submersible drilling or production platforms</b>	<b>0.77</b>	<b>0.02</b>	<b>58.46</b>	<b>0.01</b>	
	India				0.01	
	Japan			58.46		
	Bangladesh		0.02			
	Maldives	0.77				
<b>H.8908</b>	<b>Vessels and other floating structures for breaking up</b>		...			
	France					
<b>H.8904</b>	<b>Tugs and pusher craft</b>	<b>1.01</b>				
	Maldives	1.01				
		<b>97.01</b>	<b>26.73</b>	<b>65.43</b>	<b>2.39</b>	<b>37.81</b>

## 16. POTENTIAL FOR EXPANSION IN THE SECTOR

With the increasing demand in fisheries, tourism, defence and oil industry in the global market, the Boat building sector in Sri Lanka, as a high-quality product manufacturer has a potential for further expansion. Considering the high marine diversity and the influx of fairly high spending tourists, the country also has a massive potential for nautical tourism. Also Yacht building, Chartering and Yacht Operation in the region and beyond has now become an attractive industry in Sri Lanka.

## 17. STRENGTHS AND WEAKNESSES OF THE SECTOR

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• The Strategic location of the country</li><li>• Island surrounded by the sea</li><li>• Rapid expansion of the tourism industry</li><li>• Potential for nautical tourism</li><li>• Potential to host international yachting and nautical tourism events</li><li>• Proven expertise in manufacturing quality products</li><li>• State of the art training center</li><li>• Growing interest in boating activities in Sri Lanka</li><li>• Rapid development in port related constructions</li><li>• Modernization and development of the fisheries industry</li></ul>	<ul style="list-style-type: none"><li>• Slow technological transfers</li><li>• Lack of marina infrastructure in the country to test products and for launching &amp; berthing</li><li>• Absence of permanent skilled work force as they are seeking better salary jobs in overseas.</li><li>• Cumbersome and inappropriate registration procedure (yachts locally registered or foreign owned, should have a freedom to move freely everywhere in the country)</li></ul>

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