PRESS COVERAGE 2015 – 2019

EU – SRI LANKA TRADE-RELATED ASSISTANCE

INCREASING SMEs' TRADE COMPETITIVENESS IN REGIONAL AND EU MARKETS
Europe unleashes new trade push on Sri Lanka

- Top Geneva delegation now in Colombo
- $8 m capacity initiative taking off
- EU is Lanka’s single largest market
- Bilateral with EU at $3.2 b in 2014 Jan-Nov

As a new economic era dawned in Sri Lanka, the EU has lost no time and moved fast to enhance its engagement with the country’s global trade platform to advance it to the next level.

Sri Lanka’s trade with EU, the country’s largest export market, crossed $3.2 b in 2014, as revealed yesterday.

“This latest initiative matches very well with our new Government’s vision and is a great start! Therefore on behalf of President Maithripala Sirisena, I extend our thanks to the EC for interacting very quickly with us in this event as well as all our trade initiatives and issues,” said Minister of Industry and Commerce Rishad Bathiudeen.

Bathiudeen was addressing the European delegation from Geneva’s International Trade Centre (ITC) led by ITC Geneva Asia and the Pacific Chief-Office Xuejun Jiang at the EDB in Colombo.

Also present were Department of Commerce DG R.D.S. Kumararatne and other DoC officials. The delegations also included top UNIDO officials from Geneva, among them UNIDO Associate Industrial Development Officer Quality, Standards and Conformity Unit Trade Capacity Building Branch Juan Pablo Diaz-Castillo.

“The Department of Commerce, the Delegation of the European Union in Colombo and the International Trade Centre (ITC) in Geneva are currently in the process of formulating a trade-related capacity building project, which will enhance the overall performance of the export sector of Sri Lanka. The proposed project, which is scheduled to implement from 2016, will be funded by the European Union. Under the Joint Commission’s Working Group on Trade at Brussels meet last year, possible EU assistance for capacity development was inquired into and the EU responded positively,” said Jiang.

He added: “Subsequently a proposal was followed through EU Embassy in Colombo. Now the resulting proposal is in the range of a Euro 2 to 7 million capacity development exercise in Sri Lanka. Sri Lanka has picked ITC as for coordinator for the entire program. Other economic agencies of the country including Government agencies and various trade chambers are stakeholders in this exercise. The concept will be developed and implemented by Geneva’s ITC. The Department of Commerce is the local coordinator of the project. UNIDO is also extending its expertise. The new project is expected to commence within a year from now to span three four years.”
The EU is Sri Lanka’s single largest export market and has also been SL’s second largest trade partner for a long time. Total exports to EU in this year’s January-November provisional exports stood at $ 3.21 b – a huge 32% of the period’s total exports at $ 10.1 b. Total trade with the EU in 2013 was a steady $ 4.95 b, slightly rising from 2012’s $ 4.94 b.

“As I am given to understand by Department of Commerce DG R.D.S. Kumararatne, the European Commission has given Sri Lanka continued and strong support in this project as well as to boost our trade capacity in general,” said Bathiudeen. “I have been also informed that this consultation process only started very recently in October and already the work has moved to next phase. We are also thankful to ITC which is no stranger to my Ministry; ITC has already extended its support to the Ministry in 2012 in its EDB benchmarking test and more recently in 2014 July, formulating the ‘Performance Improvement Roadmap’ for EDB. I am pleased to note that our bilateral trade with EU in 2014 Jan-November stood at $ 3.2 b.”

In 2013, Sri Lanka’s exports to EU stood at $ 3.28 b, rising from 2012’s $ 3.15 b, while imports from the EU fell to $ 1.67 b from 2012’s $ 1.79 b. EU provides Sri Lanka with the GSP facility.
Europe unleashes new trade push on Sri Lanka

The EU has moved fast to enhance its engagement with the country’s global trade platform to advance it to the next levels and Sri Lanka’s trade with EU, the country’s largest export market, crossed $3.2 bn in 2014. "This latest initiative matches very well with the new government’s vision and a great start. I extend our thanks to the EC for interacting very quickly with us in this event as well as all our trade initiatives and issues” said Industry and Commerce Minister Rishad Bathiudeen.

Bathiudeen was addressing the European delegation from Geneva’s International Trade Centre (ITC) led by Xuejun Jiang (Chief Office for Asia and the Pacific, ITC, Geneva) yesterday.

"The Department of Commerce, The Delegation of the European Union in Colombo, and the International Trade Centre (ITC) in Geneva are currently formulating a trade-related capacity building project, which will enhance the overall performance of the export sector of Sri Lanka. The proposed project, which is scheduled to be implemented from 2016, will be funded by the European Union.

Under the Joint Commission’s Working Group on Trade at Brussels meet last year, possible EU assistance for Capacity Development and EU was inquired into and EU responded positively” said Chief Jiang and added: “Subsequently a proposal was followed through EU Embassy in Colombo. Now the resulting proposal in range of 2 to 7 mn EURO capacity development exercise in Sri Lanka.

Sri Lanka has picked ITC for as coordinator for the entire program. Other economic agencies of the country including government agencies and various Trade Chambers are stakeholders in this exercise. The concept will be developed and implemented by Geneva’s ITC. The Department of Commerce is the local coordinator of the project. UNIDO is also extending its expertise. The new project is expected to commence within a year from now to span three four years.”

EU is Sri Lanka’s single largest export market and has also been SL’s second largest trade partner for a long time. Total exports to EU in this year’s January-November provisional exports stood at $3.21 bn—huge 32% of the period’s total exports at $10.1 bn. Total trade with the EU in 2013 was a steady $4.95 bn, slightly rising from 2012’s $4.94 bn.
EU to assist Lanka’s export sector capacity development

The European Union (EU) will be sponsoring a trade-related capacity building exercise to enhance the overall performance of the export sector of Sri Lanka, according to a media release by the Trade and Commerce Ministry.

“The proposed project, which is scheduled to be implemented from 2016, will be funded by the European Union. Under the Joint Commissions’ Working Group on Trade at Brussels last year, possible EU assistance for capacity development was inquired into and the EU responded positively,” International Trade Centre (ITC) Geneva Chief Officer for Asia and the Pacific Xuejun Jiang said.

EU to assist...

He said that 2-7 million euros will be invested in the exercises and that the United Nations Industrial Development Organisation will also be lending its expertise, while the Commerce Department will be the local coordinator.

“Sri Lanka has picked ITC as the coordinator for the entire programme. Other economic agencies of the country, including government agencies and various trade chambers, are stakeholders in this exercise. The concept will be developed and implemented by Geneva’s ITC,” he added.

The new project is expected to commence in 2016 and lasts three to four years. “This latest initiative matches very well with our new government’s vision and is a great start. Therefore, on behalf of President Maithripala Sirisena, I extend our thanks to the European Commission (EC) for interacting very quickly with us in this event as well as all our trade initiatives and issues,” Industry and Commerce Minister Richard Bathiudeen said.

The EU is Sri Lanka’s single largest export market and has been Sri Lanka’s second largest trade partner for a considerable amount of time.

Sri Lanka exported US $ 3.21 billion to the EU from January to November 2014, contributing 32 percent to the country’s total exports of US $ 10.1 billion. Total bilateral trade with the EU in 2013 was US $ 4.95 billion, slightly rising from 2012’s US $ 4.94 billion.
The European Union and the United Nations Launch a Project to Support Trade in Sri Lanka

The European Union today launched a EUR 8 million (LKR 1.3 billion) project that will help Sri Lanka increase its trade competitiveness in regional and European markets.

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Speaking at the launch of the project, Ambassador Tung-Lai Margue said: "Trade is a key factor in stimulating economic development of countries. This project has been jointly designed with the Government of Sri Lanka, and brings together policymakers, government agencies, business leaders, chambers of commerce and apex organisations with the aim of improving competitiveness gaps and expanding international trade."

The Commissioner for International Cooperation and Development Neven Mimica and Minister of Finance Ravi Karunanayake signed the Financing Agreement for the project on 16 March 2016.

Rishad Bathiudeen MP, Minister of Industry and Commerce of Sri Lanka states: “I am pleased to witness the initial EU funding breakthrough that I originally announced in January 2015 after meeting the delegation from ITC led by Geneva Asia and the Pacific Chief Office Mr Xuejun Jiang in Colombo, now becoming a reality. Our consensual government wants to expand global trade by entering into many new and powerful Free Trade Agreements while positioning SMEs, exports and value chains to become growth drivers in their economic development roadmap and in such a context of major transition, this EUR 8 million project is a timely intervention that catalyses Sri Lanka’s accelerated journey towards the upper ranges in global middle income ranks.”

The project will help Sri Lanka integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU GSP Plus scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constraints to market access, especially for small and medium businesses. Specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors.

Ashish Shah, Director of Country Programmes at ITC, said “More than 80% of businesses in Sri Lanka are SMEs, representing 35% of total employment. Strengthening the export capacities of SMEs in sectors with high potential for job creation is therefore a critical contribution to ensuring inclusive growth in Sri Lanka. Through this we will unlock Sri Lankan SMEs’ trade competitiveness and help them reap the benefits of participation in international trade"
UNIDO will support Sri Lanka’s efforts to integrate into the regional and multilateral trading system through a quality programme aimed at the food and spices sectors’ productive chains. This is expected to strengthen the National Quality Infrastructure, enhance the technical capacity and improve compliance with quality and sanitary and phytosanitary requirements.

A steering committee, co-chaired by the Ministry of Policy Planning and Economic Affairs and the Delegation of the European Union, will provide overall direction to the project. Competent national level agencies and apex business entities will support work-plan development and implementation of activities.
European Union and the United Nations launch project to support trade in Sri Lanka

(Colombo) – The European Union today launched a €8 million (LKR 1.3 billion, US$8.6m) project that will help Sri Lanka increase its trade competitiveness in regional and European markets. The project will be implemented over a period of four years by the International Trade Centre (ITC) and United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

Speaking at the launch of the project, European Union Ambassador to Sri Lanka Tung-Lai Margue said: 'Trade is a key factor in stimulating economic development of countries. This project has been jointly designed with the Government of Sri Lanka, and brings together policymakers, government agencies, business leaders, chambers of commerce and apex organisations with the aim of improving competitiveness gaps and expanding international trade.'
January 2015

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Rishad Bathiudeen Minister of Industry and Commerce of Sri Lanka, said: ‘I am pleased to witness the initial EU funding breakthrough that I originally announced in January now becoming a reality. Our consensual government wants to expand global trade by entering into many new and powerful free trade agreements while positioning SMEs, exports and value chains to become growth drivers in their economic development roadmap and in such a context of major transition. This €8m project is a timely intervention that catalyses Sri Lanka’s accelerated journey towards the upper ranges in global middle income ranks.’

The project will help Sri Lanka integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU’s GSP Plus scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constraints to market access, especially for small and medium businesses. Specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors.

Ashish Shah, Director of Country Programmes at ITC, said ‘More than 80% of businesses in Sri Lanka are SMEs, representing 35% of total employment. Strengthening the export capacities of SMEs in sectors with high potential for job creation was a main focus of the recent World Export Development Forum held in Sri Lanka, and plays a critical contribution to ensuring inclusive growth in the country. At ITC we will help unlock the competitiveness of Sri Lankan SMEs through building productive capacity and supporting trade facilitation reforms.’ UNIDO will support Sri Lanka’s efforts to integrate into the regional and multilateral trading system through a quality programme aimed at the food and spices sectors’ productive chains. This is expected to strengthen the National Quality Infrastructure, enhance the technical capacity and improve compliance with quality and sanitary and phytosanitary requirements.

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Notes for the editor

About ITC – ITC is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the United Nations’ Sustainable Development Goals. For more information, visit www.intracen.org. Follow ITC on Twitter: @ITCnews
EU in the process of revising its development strategy for Sri Lanka

May 30, Colombo: The European Union (EU), in close consultation with the Government, is currently in the process of revising its development strategy for Sri Lanka, a joint EU-Sri Lanka statement said Monday.

The Working Group on Cooperation under the framework of the European Union-Sri Lanka Joint Commission concluded its meeting in Colombo on 30 May 2016. Joint Press Release issued following the meeting said it was held in a "positive, open and constructive atmosphere."

The meeting was co-chaired by Jorge dela Caballeria, Head of Unit for South Asia and South East Asia - Directorate General for International Cooperation and Development of the European Commission and M.I.M Rafeek, Secretary of the Ministry of National Policies and Economic Affairs of Sri Lanka. Senior officials from the European Union and other ministries of Sri Lanka also participated in the meeting.

The visiting delegation led by Mr. Caballeria also met with the Deputy Minister of Foreign Affairs, Dr. Harsha de Silva.

At the conclusion of the working group, Mr. Caballeria said the EU, in close consultation with the Government, is currently in the process of revising its development strategy for Sri Lanka.

Besides a continuing focus on Integrated Rural Development, the country strategy will also support the Government's plans for Reconciliation and Governance, according to the official.

"We hope that the new priorities will assist the Government in the implementation of the UNHRC Resolution on Sri Lanka, encompassing the areas of accountability and transitional justice, resettlement and durable solutions, governance and reconciliation," Mr. Caballeria said.

Mr Rafeek said "The Government of Sri Lanka appreciates the assistance received from the EU for the development of the country and its citizens and hopes that EU will continue to assist the Government in achieving its medium term target of becoming an upper middle income country."

During the meeting the two sides discussed new opportunities for assistance. In line with the priorities of the Government of Sri Lanka, it was agreed that the focus of EU's development strategy for Sri Lanka up until 2020 would be expanded.

The EU will continue to support Integrated Rural Development in Sri Lanka in order to foster inclusive economic growth and sustainable development, while reducing poverty and addressing global issues such as climate change. The EU will also assist Sri Lanka in the field of Reconciliation and Democratic Governance to support the Government in addressing the
root causes of the conflict, promote lasting reconciliation and democratic, accountable governance.

Both parties agreed on a series of actions for follow-up. The Working Group will report its conclusions to the EU-Sri Lanka Join Commission planned to be held in Brussels in early July. The next meeting of the EU-Sri Lanka Working Group on Cooperation will take place in Brussels within twelve months.

Over the last decade, the EU has been one of the leading international donors, providing support for conflict affected people, the reconstruction of houses post-tsunami, and grassroots development, aimed at helping the poorest people in Sri Lankan society. Last week, the EU provided EUR 200,000 (Rs. 32.8 million) to assist the populations most affected by the recent floods and landslides. The EU has set aside up to EUR 210 million (approx. Rs. 34 billion) for Development Cooperation with Sri Lanka up to 2020.

Earlier this year during his visit to Sri Lanka, EU Commissioner for International Cooperation and Development, Mr. Neven Mimica, signed two Financing Agreements with the Government of Sri Lanka, one in support of Integrated Rural Development in Uva and Central Provinces (EUR 30 million) and a second providing Trade Related Assistance (EUR 8 million). The EU is also in the process of exploring the most effective ways to financially support Sri Lanka's national development strategies, including poverty reduction, and promote sound and transparent public finances.
EU TO PROVIDE LKR 38 BILLION FOR DEVELOPMENT COOPERATION WITH SRI LANKA


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The visiting delegation led by Mr Caballeria also met with the Deputy Minister of Foreign Affairs, Dr. Harsha de Silva. The EU and Sri Lanka have enjoyed diplomatic ties that span more than 40 years. Over the last decade, the EU has been one of the leading international donors, providing support for conflict affected people, the reconstruction of houses post-tsunami, and grassroots development, aimed at helping the poorest people in Sri Lankan
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At the conclusion of the working group, Mr Caballeria said “The EU, in close consultation with the Government, is currently in the process of revising its development strategy for Sri Lanka. Besides a continuing focus on Integrated Rural Development, the country strategy will also support the Government’s plans for Reconciliation and Governance. We hope that the new priorities will assist the Government in the implementation of the UNHRC Resolution on Sri Lanka, encompassing the areas of accountability and transitional justice, resettlement and durable solutions, governance and reconciliation”.

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EU, ITC to boost competitiveness of Sri Lankan SMEs

The European Union is to fund a project to help increase the competitiveness of Sri Lankan small and medium-sized enterprises, and increase exports with the help of the International Trade Centre (ITC).

The project, for which the EU is giving 8 million euro (Rs1.3 billion), was discussed during a meeting between Chargé d’Affaires of the Delegation of the European Union to Sri Lanka and the Maldives Paul Godfrey and Executive Director of the ITC Arancha González held today in Colombo.

“Central to the meeting was the upcoming launch of a trade project, which sets out boost Sri Lanka’s potential as a regional and international trading partner,” an EU statement said.

Increasing exports and trade is a vital part of the government's strategy for economic growth and job creation in Sri Lanka,” Godfrey said. “The EU is working with ITC to support those aims by bringing international experience and best practice to Sri Lanka to identify ways in which the country can fulfil its potential as an important trading partner in the region and beyond.”

The project, which will be implemented by ITC, has been developed in close partnership with the government of Sri Lanka under the leadership of the Department of Commerce.

A joint agency of the World Trade Organization (WTO) and the United Nations, ITC is the only international organisation fully dedicated to supporting the internationalisation of SMEs.

ITC will help Sri Lanka integrate policies and WTO regulatory reforms, and ensure the country’s SMEs make the most of the potential opportunities resulting from the EU’s Generalised Scheme of Preferences Plus, the EU said.

“The project, is implemented in partnership with UNIDO, which will address compliance standards and efficiencies in-cross border procedures,” the statement said.

“It will also increase the competitiveness of value chains in the spice, food, information technologies and business process outsourcing sectors.”

“Sri Lanka has risen steadily to become a regional trade and business hub,” González said. “This support from the EU will enable us step up work on trade policy, trade facilitation, quality and value-chain development to boost the competitiveness of Sri Lankan SMEs.”
EU, ITC to help boost Sri Lanka’s trade competitiveness

The European Union is to fund a project to boost Sri Lanka’s potential as a regional and international trading partner. The Rs.1.3 billion (EUR 8 million) project will be implemented by International Trade Center (ITC) with Sri Lanka’s Department of Commerce.

Expressing confidence in the project’s ambitions, Chargé d’Affaires of the Delegation of the European Union to Sri Lanka and the Maldives, Paul Godfrey stated, “Increasing exports and trade is a vital part of the government’s strategy for economic growth and job creation in Sri Lanka. The EU is delighted to be working with ITC to support those aims by bringing international experience and best practice to Sri Lanka to identify ways in which the country can fulfil its potential as an important trading partner in the region and beyond.”

A joint agency of the World Trade Organization (WTO) and the United Nations, ITC is the only international organization fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs). The ITC will help Sri Lanka to integrate policies and WTO regulatory reforms and ensure the country’s SMEs make the most of the potential opportunities resulting from the EU’s Generalised Scheme of Preferences Plus.

The project is implemented in partnership with UNIDO, which will address compliance standards and efficiencies in cross border procedures. It will also increase the competitiveness of value chains in the spice, food, information technologies and business process outsourcing sectors. “Sri Lanka has risen steadily to become a regional trade and business hub. The ITC is proud to be working in partnership with the Government to support Sri Lankan businesses achieve this objective. This support from the EU will enable us step up work on trade policy, trade facilitation, quality and value chain development to boost the competitiveness of Sri Lankan SMEs,” ITC Executive Director Arancha González said.

The European Union and Sri Lanka have diplomatic ties that span more than 40 years. Over that time, the EU has provided more than EUR 760 million in aid to Sri Lanka, making it one of the leading international donors to the country.

In the period up to 2020, the EU will provide EUR 210 million focused on continued support for development in the poorest rural areas and on national reconciliation.
The European Union and the United Nations launch a project to support trade in Sri Lanka

Nov 15, Colombo: The European Union today launched a Euro 8 million (Rs. 1.3 billion) project that will help Sri Lanka increase its trade competitiveness in regional and European markets. The project will be implemented over a period of four years by the International Trade Centre (ITC) and United Nations Industrial Development Organization (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

Speaking at the launch of the project, Ambassador Tung-Lai Margue said: “Trade is a key factor in stimulating economic development of countries. This project has been jointly designed with the Government of Sri Lanka, and brings together policymakers, government agencies, business leaders, chambers of commerce and apex organizations with the aim of improving competitiveness gaps and expanding international trade.”

The Commissioner for International Cooperation and Development Neven Mimica and Minister of Finance Ravi Karunanayake signed the Financing Agreement for the project on 16 March 2016.

Rishad Bathiudeen MP, Minister of Industry and Commerce of Sri Lanka states: "I am pleased to witness the initial EU funding breakthrough that I originally announced in January 2015 after meeting the delegation from ITC led by Geneva Asia and the Pacific Chief Office Mr Xuejun Jiang in Colombo, now becoming a reality. Our consensual government wants to expand global trade by entering into many new and powerful Free Trade Agreements while positioning SMEs, exports and value chains to become growth drivers in their economic development roadmap and in such a context of major transition, this EUR 8 million project is a timely intervention that catalyses Sri Lanka’s accelerated journey towards the upper ranges in global middle income ranks.”

The project will help Sri Lanka integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU GSP Plus scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constraints to market access, especially for small and medium businesses. Specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors.

Ashish Shah, Director of Country Programmes at ITC, said "More than 80% of businesses in Sri Lanka are SMEs, representing 35% of total employment. Strengthening the export capacities of SMEs in sectors with high potential for job creation is therefore a critical contribution to ensuring inclusive growth in Sri Lanka. Through this we will unlock Sri Lankan SMEs’ trade competitiveness and help them reap the benefits of participation in international trade."
UNIDO will support Sri Lanka’s efforts to integrate into the regional and multilateral trading system through a quality program aimed at the food and spices sectors’ productive chains. This is expected to strengthen the National Quality Infrastructure, enhance the technical capacity and improve compliance with quality and sanitary and phytosanitary requirements.

A steering committee, co-chaired by the Ministry of Policy Planning and Economic Affairs and the Delegation of the European Union, will provide overall direction to the project. Competent national level agencies and apex business entities will support work-plan development and implementation of activities.
EU-Sri Lanka launch EUR 8mn project for SME trade competitiveness

The European Union has launched a 8 million euro project that will help Sri Lanka increase its small and medium enterprise trade competitiveness in regional and European markets.

“This project has been jointly designed with the Government of Sri Lanka, and brings together policymakers, government agencies, business leaders, chambers of commerce and apex organisations with the aim of improving competitiveness gaps and expanding international trade,” Tung-Lai Margue, ambassador of the European Union to Sri Lanka, said.

The project will be implemented over a period of four years by the International Trade Centre (ITC) and United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

It will help integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU GSP Plus scheme and greater regional integration.

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“More than 80 percent of businesses in Sri Lanka are SMEs, representing 35 percent of total employment. Strengthening the export capacities of SMEs in sectors with high potential for job creation is therefore a critical contribution to ensuring inclusive growth in Sri Lanka,” Ashish Shah, director of Country Programmes at ITC, said.

“Through this we will unlock Sri Lankan SMEs' trade competitiveness and help them reap the benefits of participation in international trade.”

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A steering committee, co-chaired by the Ministry of Policy Planning and Economic Affairs and the Delegation of the European Union, will provide overall direction to the project. Competent national level agencies and apex business entities will support work-plan development and implementation of activities.
EU, UN launch Rs. 1 billion project to boost SL trade

The Sri Lankan Government has joined forces with the European Union in embarking on a four-year, 8 million Euro (Rs. 1.3 billion) project, geared towards increasing Sri Lanka’s trade competitiveness in regional and European markets.

The project will be implemented by the International Trade Centre (ITC) and United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

Meanwhile, a steering committee co-chaired by the Ministry of Policy Planning and Economic Affairs and the Delegation of the European Union will provide overall direction to the project. Competent national level agencies and apex business entities will also support work-plan development and implementation of activities.

Minister of Industry and Commerce Rishad Bathiudeen noted that the project has been designed with four expected results in mind: The design and implementation of a coherent trade strategy for export competitiveness, inclusive of policies, regulatory reforms and trade negotiations, as shaped by the World Trade Organisation, regional integration process and EU GSP+ Scheme; enhanced efficiency of cross-border procedures and SMEs’ capacity to comply with cross-border procedures for exporting to SAARC and EU markets; improved compliance and quality infrastructure services to meet quality and SPS requirements in the regional and EU markets; and increased SME competitiveness in export-oriented sectors (spices, food and ITO/BPO industry).

“These expected outcomes are very much complementary to Sri Lanka’s state of development, and economic needs. As a South Asian growth economy, and as a recent entrant to the lower middle income ranks, the ‘Social Market Economic Model’ as envisioned by the new unity government of Sri Lanka led by President Maithripala Sirisena and Prime
Minister Ranil Wickremesinghe is expected to power Sri Lanka’s next stage of economic development,” he added at a media briefing last evening announcing the project.

The Commissioner for International Cooperation and Development Neven Mimica and Minister of Finance Ravi Karunanayake signed the Financing Agreement for the project on 16 March 2016, which Bathiudeen explained is a part of wider economic reforms by the Government.

“In order to accelerate our GDP growth further, the new unity government is planning to introduce major reforms across many sectors which may be introduced as ‘3rd Generation Economic Reforms’. These reforms are targeted at generating one million jobs; enhancing income levels; developing rural economies; ensuring land ownership to rural and estate sectors, the middle class and government employees; and creating a wide and strong middle class,” he explained.

“To achieve these targets the Government needs to create the background needed to enter the global value chain; encourage our small and large-scale farmers, as well as entrepreneurs to participate in the global economy; encourage competitive international organisations to invest in Sri Lanka; and bring about the digitisation of the economy.”

Focus on spices, food and IT

The project is expected to help Sri Lanka integrate WTO policies and regulatory reforms so as to make the most of the potential opportunities from the EU GSP Plus scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constraints to market access, especially for small and medium businesses.

Furthermore, specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors, which have been identified as having the highest export potential.

“Trade is about helping Sri Lankan spice farmers to integrate into the spices value chain. Trade is about the tourism focused communities in Sri Lanka being able to benefit from inclusive tourism. Trade is about the technology entrepreneur in Colombo and in the provinces who seeks to export BPO and IT services. And trade is about the Sri Lankan exporter of apparel, rubber products and processed foods who seek to be more competitive in international markets,” stated ITC Director of Country Programmes Ashish Shah.

With more than 80% of businesses in Sri Lanka falling into the SME category, and representing 35% of total employment, Shah added that strengthening the export capacities of SMEs in sectors with high potential for job creation was critical in ensuring inclusive growth in the country.

“Sri Lanka is ranked as the most liberalised economy in South Asia. It is not therefore surprising that this project is focused on helping this country take advantage of this conducive environment and strong potential for trade. But in order for trade to thrive it must be more inclusive. Trade is at the heart of the recently agreed sustainable development goals. It affects people’s ability to find decent work, to afford healthcare, access to education and address climate change. Ultimately trade is about delivering higher incomes and opportunities for the people and families who depend on their businesses to survive.”

Regional goals
The overall trade between Sri Lanka and the EU has increased to 4.7 billion Euros in 2015, up from 3.8 billion in 2014 - an increase of 24%. The European Union continues to be the number one market for Sri Lanka’s exports, accounting for approximately 32% of Sri Lanka’s total exports. However, apart from the obvious bilateral benefits between the EU and Sri Lanka regional gains are also being eyed.

“Trade is a key factor in stimulating the economic development of countries. This project has been jointly designed with the Government of Sri Lanka and brings together policymakers, Government agencies, business leaders, chambers of commerce and apex organisations with the aim of improving competitiveness gaps and expanding international trade,” said Ambassador and Head of Delegation of the European Union to Sri Lanka and the Maldives, Tung-Lai Margue.

“Trade brings about mutual benefits. Given the scope of the project we do not aim for bilateral benefits between EU and Sri Lanka alone, but we hope that regional benefits may be reaped as well.”

At present only about 5% of existing Sri Lankan SMEs export, with the prospect of competing with big global players a daunting prospect for many businesses. From a regional perspective, cheaper labour is available in countries such as Bangladesh and Laos, while Singapore and Malaysia offer higher productivity. Margue believes that Sri Lanka’s competitive advantage may lie with its private sector.

“The transformation of Sri Lanka to upper middle income status requires a rebalancing of the economic growth model to being a more open, private sector-led one, which is able to develop and sell higher value goods and services in global and domestic markets.

With the EU and SL working closely on trade-related issues such as the EU’s recent lifting of a Sri Lankan fisheries ban, and the expected reinstatement of GSP+ to Sri Lanka, Margue hopes for more of the same going forward.

“Trade is about mutual benefits, as I mentioned before, and as such I fully expect that doing business with Sri Lankan enterprises will not only open new markets in the EU but will also enable EU SMEs to link with local business and grow together.”
EU funds Euro 8 million to enhance trade competitiveness in SMEs

The European Union on Tuesday launched a Euro 8 million EU- Sri Lanka trade related assistance project in Sri Lanka to increase Sri Lanka’s trade competitiveness of SMEs in the regional and European markets.

The four year EU funded project has been designed with the objectives of achieving mainly four results which include to have a coherent trade strategy for export competitiveness, including policies and trade negotiations as shaped by the WTO regional integration process, EU GSP+ scheme and to enhance efficiently of cross border procedures and SMEs’ capacities to comply with cross-border procedures for exporting to SAARC and the EU.

Other two objectives of the project are to improve compliance and quality infrastructure services to meet quality and SPS requirements in the regional and EU markets and to increase SME competitiveness in export –oriented sectors such as spices, food and IT/BPO industry. European Union’s Ambassador and Delegation Head to Sri Lanka and the Maldives, Tung-Lai Margue said trade is a vehicle that brings about economic benefits to any country.

“Be it in Sri Lanka, trade brings about mutual benefits. Under the project, Sri Lanka will have the opportunity to garner both bi-lateral and regional benefits in a big way.”

According to him over 80 % of businesses in Sri Lanka are in the SME sector category representing 35% of the total employment. The project will be implemented by the International Trade Centre (ITC) and United Nations Industrial Development Organization (UNIDO) in collaboration with the Sri Lankan Department of Commerce.
EU extends £ 8m to spur trade

As Sri Lanka sees its exports decline and the export basket stagnant, the European Union has stepped in to provide an 8M Euro facility to support trade improvement in Sri Lanka.

The European Union yesterday lunched the 8M Euro project (Rs 1.3B approximately) to help Sri Lanka re-emerge as a major exporter not only to the EU but also to the regional and other world markets.

The four-year project will be implemented by the International Trade Centre and the United Nations Industrial Development Organization in collaboration with the Sri Lanka Department of Commerce.

The project is expected to help Sri Lanka realize its expectations to improve GDP growth to seven per cent in the near future, as well as double the per capita income by improved productivity and employment.

Trade was identified as a key factor in economic growth, poverty reduction and employment by Ambassador and Head of Delegation of the European Union to Sri Lanka and to the Maldives Tung-Lai Margue.

He said that SMEs in Sri Lanka needed to be empowered to greater export volumes, which could benefit the country.

According to him the 8M Euro facility will focus on Food, Spices and ITO/BPO industries in the country.

He said that Sri Lanka’s export basket has not expanded since the 1990s and that the global market share of the country has fallen considerably.

Thanking the European Union for its 8M Euro facility, Minister of Industry and Commerce highlighted the importance of exports as the country was witnessing a declining trend since the recent past.

He said that Sri Lanka hopes to increase its exports with the assistance of the European Union and highlighted economic growth of the country depended on the achievement of improved trade.

Further, he thanked the European Union for lifting the ban on Sri Lankan fisheries exports to the EU and said that the country hoped for a favourable response regarding the GSP+ application submitted by the government.
Trade liberalisation the key to export growth, more foreign investments

Though Sri Lanka is keen to pursue economic growth and the efforts are commendable, more needs to be done to boost exports and attract foreign investment for which trade liberalisation is required.

This was stated by Tung-Lai Margue, Ambassador and Head of Delegation of the European Union to Sri Lanka and to the Maldives when he addressed the launch of EU-Sri Lanka Trade-related Assistance; increasing SMEs Trade Competitiveness in Regional and EU Markets in Colombo this week.

The EU has launched a EUR 8 million (Rs. 1.3 billion) project to help Sri Lanka increase its trade competitiveness in regional and EU markets. The project will be implemented by the International Trade Centre (ITC) and the United Nations Industrial Development Organisation (UNIDO) in collaboration with the Sri Lankan Department of Commerce.

He said that trade is the vehicle for economic balance for everyone while noting that it is a key factor in stimulating economic development of countries. The project has been jointly designed with Sri Lanka and brings together policymakers, state agencies, business leaders, chambers of commerce and apex organizations with the aim of improving competitiveness gaps expanding international trade.

Statistics show that since the 1990s Sri Lanka’s export market hasn’t changed much while its global market share has fallen. Only 5 per cent of existing local companies are involved in exports, he said adding that Sri Lanka is a small island competing with many global players. “As a lower middle income country and aspiring to become a higher middle income country there should be competitive advantages that Sri Lanka could offer,” he said.

Looking at a regional perspective, he said cheap labour is available in Bangladesh, Cambodia and Laos and these countries too are competing in the garment industry. To achieve upper middle income bracket the country requires a private sector-led rebalance of economic growth which is able to offer higher value for goods and services for domestic and global markets.

The project will help Sri Lanka integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU, GSP + scheme and greater regional integration and also address compliance standards and efficiencies in cross border procedures. Specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors.
EU-Sri Lanka Trade Assistance launched

The European Union recently launched a EUR 8 million (LKR 1.3 billion) project that would help Sri Lanka to increase its trade competitiveness in regional and European markets.

The project will be implemented over a period of four years by the International Trade Centre (ITC) and the UN Industrial Development Organization (UNIDO) in collaboration with Sri Lanka Department of Commerce.

The Financing Agreement for this project was signed by Finance Minister Ravi Karunanayake and Commissioner for International Cooperation and Development NevenMimica on 16th March this year.

The project will help Sri Lanka to integrate WTO policies and regulatory reforms to make the most of the potential opportunities from the EU GSP Plus scheme and greater regional integration. It will also address compliance standards and efficiencies in cross border procedures, which are key constrains to market access, especially from SMEs. Specific attention will be given to enhancing value chains in the spice, food and IT Business Process Outsourcing sectors.

A steering committee, co – chaired by the Ministry of National Policies and Economic Affairs and the Delegation of the EU will provide the overall direction to the project.
EDB to prepare National Export Strategy

The Export Development Board (EDB) has initiated action on the preparation of a National Export Strategy (NES) for the next five years. The EDB is empowered by the Sri Lanka Export development Act to prepare a national Export strategy.

The initial consultative meeting was held recently at the EDB chaired by Sujeewa Senasinghe, State Minister of International Trade who is the designated navigator for NES. The NES is a collaborative effort of the state and private sectors to provide a detailed and prioritized five-year action-oriented framework for the development of trade and competitiveness particularly for the benefit of the Small and medium sector SME in Sri Lanka. The strategy will provide a clear direction for sustainable export-led growth to make Sri Lanka a key trade hub in the Indian Ocean.

The main objective of the initial meeting was to discuss the NES objectives and agree on the next milestones. An aggregated set of detailed strategies with realistic and measurable action plans will be prepared. Detailed strategies for the development of product and service areas and key trade support areas such as trade promotion, trade intelligence, trade financing, quality and enterprise competency development will be prepared.

Mrs. Indira Malwatte, Chairperson and Chief Executive of EDB, Mrs. Chandani Wijayawardena, Secretary, Ministry of Development Strategies and International Trade and Dr.Saman Kalegama, Managing Director, Agency for International Trade, Ministry of Development Strategies and International Trade were among the thirteen members of the consultative team and the NES coordinated by the Policy and strategic planning division of the EDB.

Technical assistance for the NES is provided by the International Trade Centre (ITC), based in Geneva and financially supported by the European Union.
Five year National Export Strategy in the pipeline

The Export Development Board (EDB) has initiated action for the preparation of a National Export Strategy (NES) for the next five years, empowered by the Sri Lanka Export Development Act.

The initial consultative meeting was held recently at the EDB chaired by State Minister of International Trade Sujeewa Senasinghe, who is the designated navigator for NES.

The NES is a collaborative effort of the State and private sectors to provide a detailed and prioritised five-year action-oriented framework for the development of trade and competitiveness particularly for the benefit of the Small and Medium Enterprises (SME) sector in Sri Lanka. The strategy will provide a clear direction for sustainable export-led growth to make Sri Lanka a key trade hub in the Indian Ocean.
The main objective of the initial meeting was to discuss NES objectives and agree on the next milestones. An aggregated set of detailed strategies with realistic and measurable action plans will be prepared, along with detailed strategies for the development of product and service areas and key trade support areas such as trade promotion, trade intelligence, trade financing, quality and enterprise competency development.

EDB Chairperson and Chief Executive Indira Malwatte, Ministry of Development Strategies and International Trade Secretary Chandani Wijayawardena and Ministry of Development Strategies and International Trade Agency for International Trade Managing Director Dr. Saman Kelegamawere among the 13 members of the consultative team and the NES coordinated by the policy and strategic planning division of the EDB.

Technical assistance for the NES is provided by the International Trade Centre (ITC), based in Geneva and financially supported by the European Union.
First symposium for National Export Strategy today

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) are conducting the First National Symposium for Sri Lanka’s National Export Strategy (NES) with more than 150 public and private sector representatives to plan the next export growth cycle of the country. The development of an NES is a central component of the ‘EU – Sri Lanka Trade-related Assistance: Increasing SMEs’ Trade Competitiveness in Regional and EU Markets’ project which is funded by the European Union and implemented by the International Trade Centre.

The Prime Minister’s economic policy statement emphasizes that new strategies are required to undertake necessary reforms to increase, diversify and introduce innovation in exports development, aimed at increasing revenue, creating employment and reducing Sri Lanka’s trade deficit.

The NES will assist Sri Lanka’s economic vision of strengthening the competitiveness of the country’s private sector to accomplish inclusive and sustainable growth.

The consultative process will lead public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. The NES will concentrate on a number of priority sectors and key trade support functions, selected based on a quantitative and qualitative analysis of Sri Lanka’s export competitiveness, to ensure a prioritized focus.

The First National Symposium will unveil the design process for the NES and provide a platform for public and private stakeholders to discuss their strategic vision for Sri Lanka’s export growth. The two days of consultation will confirm the export performance diagnostics and define the main strategies for the NES, including priority sectors and the selection of trade functions. Following this initial event, additional meetings will be held in Colombo and regional provinces to outline specific sector level actions plans.

Background

The ‘EU – Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets’ will be implemented over a period of four years. The objective of the project is to intensify trade competitiveness of Sri Lankan SMEs in regional and EU markets and support Sri Lanka’s inclusive trade-led growth and regional integration, thereby contributing to poverty alleviation.
AVRUDU HOPE FOR EXPORT ECONOMY

By Ishara Gamage

Sri Lankan Government plans to establish two different task forces and a new set of IMF backed incentives to boost the country’s vulnerable external sector, Prime Minister Ranil Wickremesinghe said on Thursday (6).

Addressing the first national symposium for Sri Lanka’s National Export Strategy (NES) in Colombo he said that high public debt and balance of payment crisis were the Sri Lanka’s biggest problems at the moment.

The PM’s economic policy statement also emphasizes that new strategies are required to undertake necessary reforms to increase, diversity and introduce innovation in exports development, aimed at increasing revenue, creating employment and reducing Sri Lanka’s trade deficit.

"We have to be self-sufficient with foreign exchange earnings to build a solid middle class and settle high external debts," he said.

PM also said that Sri Lanka's foreign exchange earnings were unable to fulfil growing import demand, therefore Sri Lanka has to depend highly on high cost commercial borrowings.

"National Export Strategy and the national economic framework have to be the same. We have to have a highly competitive social market economy. Whatever the markets you must be competitive. It might be import substitutes or finding new export markets through innovation. There were no halfway housings. We must go ahead," he said.
According to PM, the government will create one common task force to promote foreign direct investments (FDI) and exports and another to promote tourism.

These proposed task forces will provide necessary policy direction, guidelines and supervision to the government. These task forces will cover the Export Development Board (EDB), Board of Investment (BOI), Sri Lanka Tea Board and all other export related agencies.

The government also plans to introduce a new set of well-focused incentives to attract foreign and Sri Lankan Diaspora investments to the country.

PM said that the government and the IMF have already finalized these incentives targeting to attract both foreign and Sri Lankan Diaspora investments to the country.

"We must introduce an efficient and easygoing mechanism for foreign investors to invest in Sri Lanka as well as take their money back without any problems or too many taxes. Secondly, in the next three years Sri Lankans must re do themselves. We were inviting our entire Diaspora citizenry to bring back their money to Sri Lanka especially inviting to invest a few millions, it might be Rs 100 million in North and East .We can provide necessary tax breaks for machinery imports , legislative support with new acts and amendments and government assurance to them," PM Wickremesinghe said.

He said that his government is ready to provide total Sri Lankan entrepreneur opportunities to all enthusiastic investors but shouting and threatening can't get anything done in this government.

The NES will assist Sri Lanka’s economic vision of strengthening the competitiveness of the country's private sector to accomplish inclusive and sustainable growth.

The consultative process will lead public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. The NES will concentrate on a number of priority sectors and key trade support functions, selected based on a quantitative and qualitative analysis of Sri Lanka’s export competitiveness, to ensure a prioritized focus.

The development of an NES is a central component of the ‘EU – Sri Lanka Trade-Related Assistance: Increasing SMEs’ Trade Competitiveness in Regional and EU Markets' project which is funded by the European Union and implemented by the International Trade Centre.
National Export Strategy Symposium begins today


More than 150 public and private sector representatives to plan the next export growth cycle of the country will participate.

The First National Symposium will unveil the design process for the NES and provide a platform for public and private stakeholders to discuss their strategic vision for Sri Lanka’s export growth.

The two days of consultation will confirm the export performance diagnostics and define the main strategic orientations for the NES, including priority sectors and the selection of trade functions.

Following this initial event, meetings will be held in Colombo and the regions to define specific sector level actions plans.

The NES will support Sri Lanka’s economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth.

The consultative process will lead public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. The NES will focus on a number of priority sectors and key trade support functions, selected based on a quantitative and qualitative analysis of Sri Lanka’s export competitiveness, to ensure a prioritized focus.

EDB Chairperson Indira Malwatte said the NES initiative will support Sri Lanka’s economic vision of strengthening public private dialogue and partnering with the nation’s private sector, to achieve the country’s economic objectives and goals.
Developing a National Export Strategy

Sri Lanka’s First National Symposium to Develop a National Export Strategy was held at the ‘Temple Trees’ recently on April 6 and 7. The event was conducted by the Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board.

The Government’s vision is for Sri Lanka to be the next economic success story in Asia. Thus, exports play a vital role, if not the only option available for the country. Although the fundamental aspects have been discussed at almost all forums and throughout the past decades, Sri Lanka has not been able to reap the benefits of exports for a number of limitations.

"We are in the process of transforming from a debt – financed public investment and import substitution economy to a private sector led export and FDI led development strategy"

Sri Lanka’s growth since independence had a high level of volatility with the annual growth rate averaging at around 4.7%. Above 7% growth has been witnessed during short spells, especially during 2010 to 2012, following the end of the conflict. Exports too witnessed a high growth during this period. However, it has declined steadily from 27% of GDP in 2000 to 13.4% of GDP by 2015. Also the expected FDI rate was 4.5% of GDP, but this is in reality, it was only 1.4%

Post conflict Sri Lanka had a significant level of optimism in terms of export growth, which was short lived. Therefore, achieving sustained high growth is a serious challenge. The Government has taken this challenge on board and is working on a multifaceted economic policy framework which will integrate to create an enabling environment for long term growth and the benefits will trickle down to all levels of the society, building long term sustainability and economic prosperity to all.

We are in the process of transforming from a debt – financed public investment and import substitution economy to a private sector led export and FDI led development strategy. Given the size of the small market of 21 million people in the country, the growth potential for Sri Lanka inevitably lies in global integration. To benefit from opening itself up for trade, Sri Lanka’s products and services will need to not only successfully compete domestically, but also in the highly competitive international market. Global trading environment is changing rapidly with global production networks and global value chains. These developments are a result of product fragmentation; cross border dispersion of component production/assembly. Each country specializes in a particular stage of production sequence and trade the value added components which ultimately result in final product.

"It is imperative that Sri Lanka finds new markets and carve out easy market access"
Integration into the Global Production Network is vital for Sri Lanka to switch to export oriented industrialization where economies of scale could be reaped and more foreign exchange earned. Export growth cannot be achieved through traditional export markets as demand is slack in these countries. The slow growth of exports is also due to the very little diversification of the product basket. Therefore, it is imperative that Sri Lanka finds new markets and carves out easy market access. The deepening of the existing FTA with India and Pakistan and working out new FTA’s with growing Asian countries such as China and Singapore will create access to a market of over three billion. Sri Lanka’s agreements with these countries will give companies located in Sri Lanka preferential access to a large market. Broadening and deepening the India-Sri Lanka FTA via the proposed Economic and Technology Co-operation Agreement (ETCA) will certainly assist Sri Lanka to address most of the current problems it is facing in fully utilizing the FTA.

"The Government’s vision is for Sri Lanka to be the next economic success story in Asia"

The ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many other existing procedural barriers and delays in Indian ports of entry.

For export promotion FDI’s will support and enhance the supply capacity of and make the best use of market access gained via FDI’s. These are the avenues for new business and quality products. Making this transition from debt-financial public investment and import substations to private sector led export and FDI – based development strategy remains challenging. But it is the only option available for Sri Lanka. In this context developing of a national strategy for exports is a key component of the development agenda of the Government.

The strategy will be designed to provide a prioritized five year action oriented framework for trade development and competitiveness. It will focus on a number of priority sectors, selected based on quantitative and qualitative analysis of Sri Lanka’s export competitiveness to ensure prioritized focus. It will also support the economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth. A number of international organizations such as the World Bank, ComSec, Harvard, CID (Centre for International Development) and ADB have undertaken several studies and identified different sectors as promising and future visionary sectors to boost export growth.

"Post conflict Sri Lanka had a significant level of optimism in terms of export growth, which was short lived"

Key competitiveness constraints and opportunities at the National level and along the identified priority sectors, value chains, including selected service sectors, as well as cross-sectoral fundamental areas in institutional infrastructure for export promotions, logistics etc. will also be looked at. This National endeavour is spearheaded by the Sri Lanka Export Development Board under the strategic guidance of my Ministry (MODSIT) and of course with the total involvement of the private sector.

The International Trade Centre has joined hands with us in developing the strategy by providing a combination of advisory and capacity building inputs and specialized expertise to ensure the NES is of the highest quality and validated by the relevant authorities in Sri Lanka. Sri Lankan companies, especially SME’s generally lack the knowledge and experience required to adopt and adapt new technologies and thereby develop new/higher value added products and services to address domestic and international market opportunities. Thus, they are unable to access the global value chains which may offer them the opportunity to sell their products and services in the global market. It is evident that we cannot tackle all the
challenges in isolation. Therefore, we need to come on to one platform where we can have a holistic approach.

"Broadening and deepening the India-Sri Lanka FTA via the proposed Economic and Technology Co-operation Agreement (ETCA) will certainly assist Sri Lanka to address most of the current problems"
Export strategy for long-term growth

Prime Minister Ranil Wickremesinghe kicked off the first-ever national symposium to carve out Sri Lanka’s national export strategy on Thursday. Over 150 public and private sector representatives who will plan the next export growth cycle of the country are participating in the two-day event.

The development of an National Economic Strategy is a central component of the ‘EU-Sri Lanka trade-related assistance: Increasing SMEs trade competitiveness in regional and EU markets’ project, which is funded by the European Union and implemented by the International Trade Centre.

After two consecutive years of export decline, this initiative by the Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) is crucial for the nation and will hopefully set a positive economic path for the coming years.

Sri Lankan exports painted a bleak picture over the last couple of years, dipping by 5.6% to $10.5 billion in 2015 while last year the dip was 2.2% to $10.3 billion. In 2014, exports were up 7%. The symposium unveiled the design process for the NES and provided a platform for public and private stakeholders to discuss their strategic vision for Sri Lanka’s export growth.

The Government stated that it hopes to support Sri Lanka’s economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth. The consultative process will lead public sector institutions and private sector enterprises to design a common plan for growing and diversifying Sri Lanka’s export products.

The Prime Minister’s Economic Policy Statement emphasised that new strategies were required to undertake necessary reforms to increase, diversify and introduce innovation in export development. This would in turn increase revenue, create employment opportunities and reduce Sri Lanka’s trade deficit.

Exports will play a pivotal role if the Government’s vision of making Sri Lanka the next economic success story in Asia is to become reality. Historically though, Sri Lanka has not been able to reap the benefits of the exports due to a number of limitations, with an average growth rate of 4.7% post-independence. According to government officials, exports have declined steadily from 27% of the GDP in 2000 to 13.4% by 2015.

With the emphasis clearly on FDI, Sri Lanka must now be able to compete on the global stage in terms of exports with value addition being a key factor to success. FTAs with countries such as India and China will open the doors for our local companies to a market exceeding three billion consumers. Exposing local products to the global market will not only significantly increase the scope for exports but will also naturally improve the marketability of Sri Lankan products as its survival will be dependent on it. If Sri Lanka’s exports are to see a significant improvement, companies need to also build capacity and competitiveness of their exports, which would mean attracting significant Foreign Direct Investment (FDI) into manufacturing and service industries.
However, if trade agreements are to be optimally utilised, then they need to have a broader impact. In a world facing a globalisation backlash, it is no longer enough to simply be part of the herd. The Government has to now focus on an economic policy framework that can not only benefit long-term growth but also visibly affect all levels of society for the better.
Malik outlines national export strategy

- This is the message from Minister of Development Strategies and International Trade Malik Samarawickrama on Sri Lanka’s first two-day National Export Strategy Symposium which concluded yesterday.

The Government’s vision is for Sri Lanka to be the next economic success story in Asia. Thus, exports play a vital role, if not the only option available for the country. Although the fundamental aspects have been discussed at almost all forums and throughout the past decades, Sri Lanka has not been able to reap the benefits of exports for a number of limitations.

Sri Lanka’s growth since independence had high level of volatility with the annual growth rate averaging at around 4.7%. Above 7% growth have been witnessed during short spells, especially during 2010 to 2012, following the end of the conflict.

Exports too witnessed a high growth during this period. However, it has declined steadily from 27% of GDP in 2000 to 13.4% of GDP by 2015. Also the expected FDI rate was 4.5% of GDP, but this is in reality, it was only 1.4%.
Post-conflict Sri Lanka had a significant level of optimism in terms of export growth, which was short lived. Therefore, achieving sustained high growth is a serious challenge.

The Government has taken this challenge on board and working on a multifaceted economic policy framework which will integrate to create an enabling environment for long term growth and the benefits will trickle down to all levels of the society, building long term sustainability and economic prosperity to all.

We are in the process of transforming from a debt-financed public investment and import substitution economy to a private sector led export and FDI led development strategy.

Given the size of the small market of 21 million people in the country, the growth potential for Sri Lanka is inevitably lies in global integration. To benefit from opening itself up for trade, Sri Lanka’s products and services will need to not only successfully compete domestically, but also in the highly competitive international market.

Global trading environment is changing rapidly with global production networks and global value chains. These developments are a result of product fragmentation; cross border dispersion of component production/assembly. Each country specialises in a particular stage of production sequence and trade the value added components which ultimately result in final product.

Integration into the Global Production Network is vital for Sri Lanka to switch to export oriented industrialisation where economies of scale could be reaped and more foreign exchange earned.

Export growth cannot be achieved through traditional export markets as demand is slack in these countries. The slow growth of exports is also due to the very little diversification of the product basket.

Therefore, it is imperative that Sri Lanka finds new markets and carve out easy market access.

The deepening of the existing FTA with India and Pakistan and working out new FTAs with growing Asian countries such as China and Singapore will create access to a market of over three billion.

Sri Lanka’s agreements with these countries will give companies located in Sri Lanka preferential access to a large market.

Broadening and deepening the India-Sri Lanka FTA via the proposed Economic and Technology Cooperation Agreement (ETCA) will certainly assist Sri Lanka to address most of the current problems it is facing in fully utilising the FTA.

The ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many other existing procedural barriers and delays in Indian ports of entry.

For export promotion FDIs will support and enhance the supply capacity of and make the best use of market access gained via FDIs. These are the avenues for new business and quality products. Making this transition from debt-financial public investment and import substations to private sector led export and FDI-based development strategy remains challenging. But it is the only option available for Sri Lanka.

In this context developing of a national strategy for exports is a key component of the development agenda of the Government. The strategy will be designed to provide a prioritised
five year action oriented framework for trade development and competitiveness. It will focus on a number of priority sectors, selected based on quantitative and qualitative analysis of Sri Lanka’s export competitiveness to ensure prioritised focus. It will also support the economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth.

A number of international organisations such as the World Bank, ComSec, Harvard, CID (Centre for International Development) and ADB have undertaken several studies and identified different sectors as promising and future visionary sectors to boost export growth.

Key competitiveness constraints and opportunities at the National level and along the identified priority sectors, value chains, including selected service sectors, as well as cross-sectoral fundamental areas in institutional infrastructure for export promotions, logistics, etc. will also be looked at.

This national endeavour is spearheaded by the Sri Lanka Export Development Board under the strategic guidance of my Ministry (MODSIT) and of course with the total involvement of the private sector.

The International Trade Centre has joined hands with us in developing the strategy by providing a combination of advisory and capacity building inputs and specialised expertise to ensure the NES is of the highest quality and validated by the relevant authorities in Sri Lanka. Sri Lankan companies, especially SMEs, generally lack the knowledge and experience required to adopt and adapt new technologies and thereby develop new/higher value added products and services to address domestic and international market opportunities. Thus, they are unable to access the global value chains which may offer them the opportunity to sell their products and services in the global market.

It is evident that we cannot tackle all the challenges in insolation. Therefore, we need to come on to one platform where we can have a holistic approach.
Development Strategies Ministry and EDB conduct symposium on ‘NES’

with ISHARA GAMAGE

After a plethora of expert reports, studies and analyses of Sri Lanka's external sector economy, the country is once again in the process of introducing a new version of the National Export Strategy (NES) to tackle its growing external sector vulnerabilities.

This time around it is mostly the nation's liberal market-oriented United National Party (UNP) backed government policy makers (i.e. President Maithripala Sirisena backed Sri Lanka Freedom Party or SLFPers promote relatively different home grown economic policy agendas) have hired or consulted world renown economic /management strategy makers such as the US Harvard University Group, McKinsey & Company, International Monetary Funds (IMF), World Bank and Commonwealth Secretariat expertise to draft the NES and train foreign exchange earning sector bureaucrats in the Board of Investment (BOI), Export Development Board (EDB) and Sri Lanka tourism.

However, the NES initiative is an 8 million Euro Project, funded through the EU-Sri Lanka Trade Related Assistance programme following a request made by the Sri Lankan Government, at the EU-Sri Lanka Joint Commission in Brussels.

The project is implemented by the International Trade Centre (ITC) a joint agency of the World Trade Organization and the United Nations and it will be implemented over a period of four years.
The objective of the project is to increase trade competitiveness of Sri Lankan SMEs in regional and EU markets and support Sri Lanka’s inclusive trade-led growth and regional integration, thereby contributing to poverty alleviation.

The European Union (EU) Mandate

According to EU observations, since the 1990s Sri Lanka's export product basket has not changed much, while the nation's global market share has fallen. Aligning with this is the fact that only about 5% of existing local companies engage in exports.

Addressing the recently concluded first national symposium for Sri Lanka’s NES in Colombo, Ambassador of the EU to Sri Lanka and the Maldives, Tung-Lai Margue said that even though the Government wishes to double its current exports which stood at a little more than 10 billion US dollars to over 20 billion US dollars in the medium/long term, it has so far proved to be difficult. As a matter of fact exports in 2016 remained stagnant compared to 2015.

Sri Lanka’s world export share declined from 0.08% in 2001 to 0.06% in 2014.

In 2015, Sri Lanka’s exports fell by 5.6% to US $ 10.5 billion and last year the fell were 2.2% to US $ 10.3 billion. Domination of traditional exports is a major obstacle and 42% of exports coming from three traditional sectors like Apparel, Tea and Rubber. In 2016, out of its total export revenue, almost 5 billion US dollars was from the textile and garment sector and this ratio has remained the same for several years.

Even in the textile and garment sector, there were 10 to 15 players dominating the market.

Therefore, the EU intention, through this project is to support Sri Lanka’s economic growth by launching a series of initiatives which includes support to design and implement a coherent trade strategy for export competitiveness, support for trade policy development and regulatory reforms, enhancement of Sri Lanka’s WTO trade negotiations capacity, support Sri Lanka’s regional integration process and help Sri Lanka maximize the use of the EU GSP+ scheme when it is granted.

GSP+ has the potential to benefit the country far beyond zero duty access to the EU. The rules of origin criteria that need to be complied with to qualify for GSP+ requires that majority of the raw material and other inputs needed to be of local origin, thus giving opportunities for new companies to become suppliers to the existing manufacturing businesses or encouraging manufacturers to engage in backward integration, thus spurring more economic activity and the creation of jobs in Sri Lanka. The country will also be able to attract foreign investors to set up manufacturing operations here to export to the EU and benefit from zero duty access.

The EU lifting the fisheries ban has also already enabled Sri Lanka to strongly increase its fisheries exports which amounted to approximately USD 170 million in 2016 with enormous potential to grow even further.

The NES project also expects to enhance Sri Lanka’s efficiency with cross-border procedure and help Small and Medium Enterprises (SMEs) to increase their exports to SAARC and EU markets.

This project will also allow Sri Lanka to improve its compliance with Sanitary and Phyto-Sanitary Standards (SPS) to access both the regional and EU markets.

Finally this project will contribute to enhance the value chain performance of Sri Lankan SMEs and improve their access to regional and EU markets.
The EU ambassador believes that diversification is a key to Sri Lanka's export success. Therefore, if Sri Lanka is to substantially increase its export revenue as it wishes to, then diversifying to new sectors is the key to success.

Similarly, he believes that diversification of markets is also a priority for Sri Lanka. Among the EU countries the UK is currently an important market for Sri Lanka and with Brexit becoming a reality, Sri Lanka will immensely benefit if it also focuses its attention especially on accessing non-traditional markets among the EU countries and mitigate the negative impact of Brexit.

**The Government's Clarion Call**

Addressing the symposium, Prime Minister Ranil Wickremesinghe said the widening Balance of Payments (BoP) and the scheduled repayment of the colossal foreign debt were major challenges in the Sri Lanka's US$ 80 billion worth economy.

He said that Sri Lanka's foreign exchange earnings such as exports earnings, tourism earnings and foreign remittances were totally insufficient to undertake the countries' growing import demand and foreign debt repayment. So, the country has to depend on high cost commercial borrowings. Up to now Sri Lanka's foreign debt stock is around US$ 36 billion and there were repayments until year 2038. The PM said the Government's intention is to repay the loans before the maturity period.

Therefore, the Government plans to introduce two different task forces and a new set of IMF-backed incentives to boost the country’s vulnerable external sector.

According to the Premier, the Government will create one common task force to promote foreign direct investments (FDI) and exports and another to promote tourism.

These proposed task forces will provide necessary policy direction, guidelines and supervision to the Government. These task forces will cover the Export Development Board (EDB), Board of Investment (BOI), Sri Lanka Tea Board and all other export related agencies.

The Government also plans to introduce a new set of well-focused incentives to attract foreign and Sri Lankan Diaspora investments to the country. PM said the Government and the IMF have already finalized these incentives targeting to attract both foreign and Sri Lankan Diaspora investments to the country.

"We must introduce an efficient and easygoing mechanism for foreign investors to invest in Sri Lanka as well as take their money back without any problems or too many taxes. Secondly, in the next three years Sri Lankans must re-do themselves We were inviting our entire Diaspora community to bring back their money to Sri Lanka especially inviting to invest a few millions, it might be Rs 100 million in North and East. We can provide necessary tax breaks for machinery imports, legislative support with new acts and amendments (such as new anti-dumping law, new Exchange Control Act, etc.) and government assurance to them", Wickremesinghe said.

He said the Government was ready to provide Sri Lankan entrepreneur opportunities to enthusiastic investors but shouting and threatening won't be able to get anything done in this Government.

The PM's economic policy statement also emphasizes that new strategies that were needed to undertake necessary reform to increase, diversify and introduce innovation in exports development aimed at increasing revenue, creating employment and reducing Sri Lanka's trade deficit.
"We have to be self-sufficient with foreign exchange earnings to build a solid middle class and settle high external debt, and for this National Export Strategy and the National Economic Framework have to be the same. We have to have a highly competitive social market economy. Whatever the markets are, you must be competitive. It might be import substitutes or finding new export markets through innovation. There are no halfway housings. We must go ahead", he said.

Development Strategies and International Trade Minister Malik Samarawickrama said that Sri Lanka was embarking on an ambitious set of economic changes, where innovation and entrepreneurship will be key drivers of export competitiveness for economic growth. The country's policy seeks to rebalance its economic growth model to be more outward oriented, private sector-led, knowledge intensive and one that will successfully develop and make available higher value goods and services.

International Trade State Minister, Sujeewa Senasinghe said the Government's approach is based on the principle that the public sector facilitates the development of the export sector engaging the private sector in strong public-private dialogues (PPDs) while at the same time encouraging the private sector to own and drive the export sector.

He said that today Sri Lanka has become a rapidly emerging growth centre in Asia, with one of the most vibrant economies in the South Asian region. The Asia and Pacific region accounts for nearly two-thirds of global growth. Developments in the region are therefore central to the global economic outlook and for formulating policies around the world. Sri Lanka being placed strategically in the Indian Ocean has given natural advantages to link with the global value chains.

**Exporters’ Voice**

Speaking at the occasion CEO of Brandix Lanka Ltd, Ashroff Omar said that Sri Lanka's exports per capita is less than US$ 500 and it was US $ 6,600 in Malaysia, US $3,000 in Thailand, US $6,900 in Singapore and US $8,000 in Israel.

However, he said almost all Sri Lanka's peer countries too were facing difficulties with declining exports during the last five years.

He stressed the importance of increasing exports up to a US $ 50 billion level as quickly as possible.

Omar suggested the Government to streamline the investment approval process by limiting a maximum of a three-week pending period and urged the banking sector to simplify their project loan approval process rather than heavily depending on collateral base lending.

He accepted that even though eight years had lapsed after the war, the local export performance and investment were not up to expected levels.

**Conclusion**

Sri Lanka's coalition government currently focusing on many IMF - backed economic policy reforms, involving a massive economic transformation to increase revenue, reduce government debt burden, strengthening BoP, increase exports, foreign direct investments and finally, global trade integration through proposed Free Trade Agreements and Economic Zones.
There is no doubt that the country needs perfectly structured strategies to achieve these objectives. It also requires dedicated effort from various levels within the government, private sector, chambers of commerce, consumer organizations, trade unions and other members of civil society, as per EU, the donor community and the citizenry.

Pic by Dumindu Wanigasekara
The Minister of Development Strategies and International Trade Malik Samarawickrama announced that the upcoming National Strategy for Exports (NSE) would include a prioritized five-year action oriented framework for trade development and competitiveness.

The minister pointed out that in order to remain competitive in international markets, Sri Lankan exporters should plug in to global production networks and global value chains. In addition, he asserted that exporters need to diversify their product ranges and focus on non-traditional foreign markets due to the sluggish demand in traditional markets.

The minister made these comments via a special statement issued following Sri Lanka's first National Export Strategy Symposium held last week. It is notable that the gross domestic products (GDP) to exports ratio has been steadily declining since 2000.

Exports stood at 27 per cent of GDP in 2000 but had decreased to 13.4 per cent of GDP by 2015. Moreover, the expected FDI rate was 4.5 per cent of GDP, but the real FDI rate stood at a mere 1.4 per cent of GDP.

The upcoming NSE would focus upon a number of priority sectors, selected based on quantitative and qualitative analysis of Sri Lanka's export competitiveness to ensure prioritized focus. Recent studies carried out by World Bank (WB), ComSec, University of Harvard, Centre for International Development (CID) and Asian Development Bank (ADB) would be taken into consideration in identifying priority sectors.

The minister added that the SME sector has great potential to contribute to the island's foreign trade by accessing Global Value Chains (GVC). However, he pointed out that the lack of knowledge and experience required to adopt and adapt new technologies to develop high value added products and services was the major constraint for SMEs to break into GVCs.

He stated that the NSE would create one platform where all these issues can be addressed, allowing the government to take a holistic approach in addressing these issues. The minister pointed out that the NSE would play a vital role in transforming the Sri Lankan economy from a debt – financed public investment and import substitution economy to a private sector-led export and Foreign Direct Investment (FDI) led economy.
Development Strategies Ministry and EDB conduct symposium on ‘NES’

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) conducted the first national symposium for Sri Lanka’s National Export Strategy (NES) with more than 150 public and private sector representatives to plan the next export growth cycle of the country.

The development of an NES is a central component of the ‘EU – Sri Lanka trade-related assistance: Increasing SMEs trade competitiveness in regional and EU markets’ project which is funded by the European Union and implemented by the International Trade Centre. The first national symposium unveiled the design process for the NES and provided a platform for public and private stakeholders to discuss their strategic vision for Sri Lanka’s export growth. The two days of consultation confirm the export performance diagnostics and define the main strategic orientations for the NES, including priority sectors and the selection of trade functions. Following this initial event, meetings will be held in Colombo and the regions to define specific sector level action plans.

The NES will support Sri Lanka’s economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth. The consultative process will lead public sector institutions and private sector enterprises to design a common and
agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. The NES will focus on a number of priority sectors and key trade support functions, selected based on a quantitative and qualitative analysis of Sri Lanka’s export competitiveness, to ensure a prioritized focus.
The Prime Minister’s economic policy statement emphasized that new strategies are required to undertake necessary reforms to increase, diversify and introduce innovation in export development, aimed at increasing revenue, creating employment and reducing Sri Lanka’s trade deficit.

Malik Samarawickrama, Minister of Development Strategies and International Trade, considers that “Sri Lanka is embarking on an ambitious set of economic changes, where innovation and entrepreneurship will be key drivers of export competitiveness for economic growth. The country’s policy seeks to re-balance its economic growth model to be more outward oriented, private sector – led, knowledge intensive, and one that will successfully develop and make available higher value goods and services. The NES will place specific focus on ensuring these priorities are implemented rapidly by the relevant public and private institutions at sector and regional levels, and in close coordination with development partners”.

Sujeewa Senasinghe, State Minister of International Trade, expressed that “Sri Lanka has become a rapidly emerging growth centre in Asia in the current international economic context, with one of the most vibrant and dynamic economies in the South Asian Region. Liberal market oriented policies have accelerated the development process and opened new vistas for investment and business opportunities in the country. The government’s approach is based on the principle that the public sector facilitates the development of the export sector engaging the private sector in strong public private dialogue (PPDs) while at the same time encouraging the private sector to own and drive the export sector.

As the navigator having a direct and a considerable bearing on the success of the National Export Strategy (NES) process, I believe that the NES will serve as a road map to increase exports and value creation while linking our economy into global value chains, thus ensuring sustainable development with greater prosperity for the people of Sri Lanka.”

Indira Malwatte, Chairperson and Chief Executive of EDB said, “The steady advancement of worldwide market demands for more specialised products, evolving supply conditions and emergence of modern technology, highlights the significance of developing a strategic vision for export development. The Government of Sri Lanka has embarked on developing and promoting exports of the country, giving it the highest priority, to increase and consolidate foreign exchange earnings, which will create new employment, build skills and capacities and attract export driven investments which will result in enhanced economic and social benefits and improved life styles for all Sri Lankans. The NES initiative will support Sri Lanka’s economic vision of strengthening public private dialogue and partnering with the nation’s private sector, to achieve the country’s economic objectives and goals.”

Harin de Silva, Chairman of the Exporters’ Association of Sri Lanka said, “The EASL has continuously campaigned for greater engagement between government and private sector. We fully support the endeavor of developing and implementing a National Export Strategy (NES) for Sri Lanka. We look forward to building a durable public-private coordination to drive export growth and for the successful implementation of the NES, which will also be driven directly by private sector inputs.”

The Ambassador of the European Union to Sri Lanka and the Maldives, Tung-Lai Margue said, “Sri Lanka has been identified as a ‘Market of the future; by Euromonitor and as a key trade partner in South East Asia. The national export strategy will help strengthen Sri Lanka’s ability to maximize the benefits of greater trade exposure in regional and EU markets. The EU’s Trade-Related Assistance to Sri Lanka project aims to boost the country’s trade competitiveness, while also contributing to socio-economic development.”
National exports strategy key to development agenda: Minister

Following is the message by Minister of Development Strategies and International Trade Malik Samarawickrama, delivered to mark Sri Lanka’s First National Export Strategy Symposium held at the Temple Trees.

The government’s vision is for Sri Lanka to be the next economic success story in Asia. Thus, exports play a vital role, if not the only option available for the country.

Although the fundamental aspects have been discussed at almost all forums and throughout the past decades, Sri Lanka has not been able to reap the benefits of exports for a number of limitations.

Sri Lanka’s growth since independence had a high level of volatility with the annual growth rate averaging at around 4.7 percent. Above 7 percent growth have been witnessed during short spells, especially during 2010 to 2012, following the end of the conflict.

Exports too witnessed a high growth during this period. However, it has declined steadily from 27 percent of GDP in 2000 to 13.4 percent of GDP by 2015. Also the expected FDI rate was 4.5 percent of GDP, but this in reality was only 1.4 percent.

Post conflict Sri Lanka had a significant level of optimism in terms of export growth, which was short lived. Therefore, achieving sustained high growth is a serious challenge. The government has taken this challenge on board and working on a multifaceted economic policy framework which will integrate to create an enabling environment for long term growth and the benefits will trickle down to all levels of the society, building long term sustainability and economic prosperity to all.

Transformation

We are in the process of transforming from a debt – financed public investment and import substitution economy to a private sector led export and FDI led development strategy. Given the size of the small market of 21 million people in the country, the growth potential for Sri Lanka is inevitably lies in global integration. To benefit from opening itself up for trade, Sri Lanka’s products and services will need to not only successfully compete domestically, but also in the highly competitive international market.

Global trading environment is changing rapidly with global production networks and global value chains. These developments are a result of product fragmentation; cross boarder dispersion of component production/assembly. Each country specializes in a particular stage of production sequence and trade the value added components which ultimately result in final product.

Integration into the global production network is vital for Sri Lanka to switch to export-oriented industrialization where economies of scale could be reaped and more foreign exchange earned.

Export growth cannot be achieved through traditional export markets as demand is slack in these countries. The slow growth of exports is also due to the very little diversification of the
product basket. Therefore, it is imperative that Sri Lanka finds new markets and carve out easy market access.

**Access to large markets**

The deepening of the existing FTA with India and Pakistan and working out new FTA’s with growing Asian countries such as China and Singapore will create access to a market of over three billion. Sri Lanka’s agreements with these countries will give companies located in Sri Lanka preferential access to a large market. Broadening and deepening the India-Sri Lanka FTA via the proposed Economic and Technology Co-operation Agreement (ETCA) will certainly assist Sri Lanka to address most of the current problems it is facing in fully utilizing the FTA. The ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many other existing procedural barriers and delays in Indian ports of entry.

**Challenging strategy**

For export promotion FDIs will support and enhance the supply capacity of and make the best use of market access gained via FDI’s. These are the avenues for new business and quality products. Making this transition from debt-financial public investment and import substations to private sector led export and FDI – based development strategy remains challenging. But it is the only option available for Sri Lanka.

In this context developing of a national strategy for exports is a key component of the development agenda of the government.

The strategy will be designed to provide a prioritized five-year, action-oriented framework for trade development and competitiveness. It will focus on a number of priority sectors, selected based on quantitative and qualitative analysis of Sri Lanka’s export competitiveness to ensure prioritized focus. It will also support the economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth.

A number of international organizations such as the World Bank, ComSec, Harvard, CID (Centre for International Development) and ADB have undertaken several studies and identified different sectors as promising and future visionary sectors to boost export growth. Key competitiveness constraints and opportunities at the national level and along the identified priority sectors, value chains, including selected service sectors, as well as cross-sectoral fundamental areas in institutional infrastructure for export promotions, logistics etc. will also be looked at.

This national endeavor is spearheaded by the Sri Lanka Export Development Board under the strategic guidance of my Ministry (MODSIT) and of course with the total involvement of the private sector.

The International Trade Centre has joined hands with us in developing the strategy by providing a combination of advisory and capacity building inputs and specialized expertise to ensure the NES is of the highest quality and validated by the relevant authorities in Sri Lanka.

**SME glitches**

Sri Lankan companies, especially SME’s generally lack the knowledge and experience required to adopt and adapt new technologies and thereby develop new/higher value added products and services to address domestic and international market opportunities. Thus, they
are unable to access the global value chains which may offer them the opportunity to sell their products and services in the global market.

It is evident that we cannot tackle all the challenges in isolation. Therefore, we need to come on to one platform where we can have a holistic approach.
January 2015

Press cuts

Publication: Daily Mirror, Sri Lanka
Date: 8 April 2017
Sri Lanka launches new plan to develop export strategy

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) this week conducted the first National Symposium for Sri Lanka’s National Export Strategy (NES) with more than 150 public and private sector representatives to plan the next export growth cycle of the country. The development of an NES is a central component of the “EU – Sri Lanka trade-related assistance: Increasing SMEs trade competitiveness in regional and EU markets” project, which is funded by the European Union and implemented by the International Trade Centre, the EDB said in a media statement.

The National Symposium held on April 6 and 7 at Temple Trees, Colombo was due to unveil the design process for the NES and provide a platform for public and private stakeholders to discuss the strategic vision for Sri Lanka’s export growth. The two days of consultation will confirm the export performance diagnostics and define the main strategic orientations for the NES, including priority sectors and the selection of trade functions. Following this initial event, meetings will be held in Colombo and the regions to define specific sector level action plans, the EDB said.

The NES will support Sri Lanka’s economic vision of strengthening the competitiveness of the country’s private sector to achieve inclusive and sustainable growth. The consultative process will lead public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations.

Prime Minister Ranil Wickremesinghe in his address spoke on the new strategies required to undertake necessary reforms to increase, diversify and introduce innovation in export development, aimed at increasing revenue, creating employment and reducing Sri Lanka’s trade deficit.

Malik Samarawickrama, Minister of Development Strategies and International Trade, said “Sri Lanka is embarking on an ambitious set of economic changes, where innovation and entrepreneurship will be key drivers of export competitiveness for economic growth.”

Indira Malwatte, EDB Chairperson noted that the Government of Sri Lanka has embarked on developing and promoting exports of the country, giving it the highest priority, to increase and consolidate foreign exchange earnings, which will create new employment, build skills and capacities and attract export driven investments which will result in enhanced economic and social benefits and improved livelihoods for all Sri Lankans.

Harin de Silva, Chairman of the Exporters’ Association of Sri Lanka (EASL), said that the EASL has continuously campaigned for greater engagement between the Government and private sector. “We fully support the endeavours of developing and implementing a National Export Strategy (NES) for Sri Lanka. We look forward to building a durable public-private coordination to drive export growth and for the successful implementation of the NES, which will also be driven directly by private sector inputs,” he added.

EU Ambassador to Sri Lanka and the Maldives, Tung-Lai Margue said that Sri Lanka has been identified as a “Market of the Future” by EuroMonitor and as a key trade partner in South East Asia.
PM kicks off search for new export strategy

EU pledges Rs. 7b through financing agreements to SL

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PM...

The NES will focus on a number of priority sectors and key trade support functions, selected based on a qualitative and quantitative analysis of Sri Lanka’s export competitiveness, to ensure a prioritised focus.

The Prime Minister’s Economic Policy Statement emphasised that new strategies are required to undertake necessary reforms to increase, diversify and introduce innovation in export development, aimed at increasing revenue, creating employment and reducing Sri Lanka’s trade deficit.

Development Strategies and International Trade Minister Malik Samarawickrama said “Sri Lanka is embarking on an ambitious set of economic changes, where innovation and entrepreneurship will be key drivers of export competitiveness for economic growth. The country’s policy seeks to restructure its economic growth model to be more outward-oriented, private sector-led, knowledge-intensive and one that will successfully develop and make available higher value-added goods and services.

The NES will place special focus on ensuring these priorities are implemented rapidly by the relevant public and private institutions at the sector and regional level, and in close coordination with development partners.”

International Trade Minister Sujith Jayasundera stated: “Sri Lanka has become a rapidly emerging growth centre in Asia in the current international economic context, with one of the most vibrant and dynamic economies in the South Asian region. Liberal marketing-oriented policies have accelerated the development process and opened new vistas for investment and business opportunities in the country.

The Government’s approach is based on the principle that the public sector facilitates the development of the export sector, and not engaging the private sector in strong public-private partnerships. By engaging the private sector in strategic public-private partnerships (PPP), while at the same time encouraging the private sector to own and drive the export sector.

As the navigator, having a direct and considerable bearing on the success of the National Export Strategy process, I believe that the NES will serve as a road map to increase exports and value creation while linking our economy into global value chains, thus creating sustainable development with greater prosperity for the people of Sri Lanka.”

RSA Chairperson and CE Indira Malwatte said: “The steady advancement of worldwide market demand for more specialised products, evolving supply conditions and the emergence of modern technology highlights the significance of developing a strategic vision for our export development.

The Government of Sri Lanka has embarked on developing and promoting exports of the country, giving it the highest priority in increase and consolidate foreign exchange earnings, which will create new employment, build skills and capacities and attract export driven investments which will result in enhanced economic and social benefits and improved lifestyles for all Sri Lankans. The NES initiative will support Sri Lanka’s economic vision of strengthening public-private dialogue and partnering with the nation’s private sector to achieve the country’s economic objectives and goals.”

Exporters’ Association of Sri Lanka Chairman Harith de Silva said: “The EASL has continuously campaigned for greater engagement between the Government and private sector. We fully support the endorsement of developing and implementing a National Export Strategy for Sri Lanka. We look forward to building durable public-private coordination to drive export growth and for the successful implementation of the NES, which will also be driven directly by private sector input.”

The Ambassador of the European Union to Sri Lanka and the Netherlands Tung Lui Margue said: “Sri Lanka has been identified as ‘a market of the future’ by Econocom 2005 and as a key trade partner in South East Asia. The National Export Strategy will help strengthen Sri Lanka’s ability to maximise the benefits of greater trade exposure in regional and global markets. The EU’s Trade Related Assistance to Sri Lanka project aims to boost the country’s trade competitiveness, while also contributing to socioeconomic development.”

The EU’s Trade Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets (project) will be implemented over a period of four years. The objective of the project is to increase competitiveness of Sri Lankan SMEs in regional and EU markets and support Sri Lanka’s inclusive trade-led growth and regional integration, thereby contributing to poverty alleviation.

FDC is the joint sponsor of the World Trade Organization and the United Nations. FDC aids small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the framework of the Addis Ababa Declaration and the United Nations Sustainable Development Goals. For more information visit www.fdc.org.
Inclusive empowerment of private sector key to reaping full benefits of FTAs

With the growing trend of Free Trade Agreements globally, the Department of Commerce yesterday highlighted the importance of sustainable trade-related assistance to implement more preferential arrangements.

Addressing the third workshop on ‘Maximizing the use of FTAs’ under the EU-Sri Lanka Trade-Related Assistance Project conducted by the International Trade Centre (ITC) held at Miloda
yesterday, Director General Sonali Wijeratne pointed out that there was a need for people to be better empowered to understand what it takes to have successful FTAs.

“The Department of Commerce has seen a dire need for this kind of inclusive approach for empowerment. We are not looking for one-off training events. What we want is to be having a continued effect in our national economy with sustainable training programs of this nature,” she added.

The four-year European Union-funded project worth Euro 8 million contributes to inclusive trade-led growth and regional integration on the four focus areas of a trade policy component, national export strategy, trade facilitation and quality infrastructure.

The project also helps Sri Lanka integrate the policies and regulatory reforms of the World Trade Organisation (WTO), allowing SMEs to make the most of potential opportunities resulting from the EU’s GSP+.

Noting that Sri Lanka has entered the arena of negotiating very ambitious FTAs with large asymmetrical economies like China, India and Singapore, Wijeratne said that the Government policy now was to enter into more trade agreements.

“In the world trade arena we know that there has been an impasse at the WTO in multilateral trading negotiations and hence there is an increasing configuration of regional trade agreements. This is a fact of life. In the absence of a smooth flowing multilateral realisation process, countries are now grouping into FTAs,” she stressed.

Therefore Wijeratne believes EU-Sri Lanka trade-related assistance will be complemented through empirical approaches as the project goes along.

The training program yesterday focused on the computable general equilibrium (GCE) models that are some of the most commonly used quantitative analytical techniques in trade which was well represented by 17 Government agencies with over 50 participating. The training was conducted by World Trade Institute Postdoctoral Researcher Eddy Bekkers.

ITC Associate Program Adviser Victoria Simon outlined three interventions of the program which include strengthening the capacity of Governmental offices involved in trade negotiations, supporting the private sector to understand the business implications of the ongoing trade negotiations as well as to support Sri Lanka in building a consensus on the options that should feature in FTAs’ negotiating stances.
“The objective of the workshop is to present the methods applied in quantitative trade modelling to determine the economic effects of FTAs. Our ambition is to provide the means to Sri Lanka to further inform the process of formulating trade negotiation positions and developing a coherent strategy throughout the various negotiating fora,” she said.

Simon pointed out that dynamic models in particular have been useful in enabling policymakers to address the potential negative short-term impacts of trade liberalisation by implementing policies allowing the reallocation of resources and capitalising on the positive effects. Models embed the essence of economic theory and distill them to ensure that policymaking is guided by a comprehensive understanding of the economic effects.

“A simulation of the model can confirm policymaker’s judgment and provide an estimate of the likely gains. Model simulations can surprise the policymaker and alert him to some of the unintended consequences of his action that would not have been clear without the economy-wide framework and discipline of economic models,” she stated.

Pix by Lasantha Kumara
Lankan bureaucrats, economists undergo training to better negotiate FTAs

Sri Lankan bureaucrats and economists are currently undergoing training on how to better negotiate free trade agreements (FTAs) and set up effective trade policies at the Miloda Academy of Financial Studies, under an International Trade Centre (ITC) event backed by the European Union (EU).

“This will enable the negotiators to find the best way to negotiate FTAs. We had a similar programme from 2005 to 2007 but this is deeper, more comprehensive and includes all aspects of the economy,” ITC Associate Programme Adviser Victoria Simon said yesterday. Sri Lanka is conducting FTA negotiations with China and Singapore and a deeper economic partnership to expand the FTA with India, while the initial negotiations and feasibility studies are being conducted for FTAs with Malaysia and Bangladesh.

The government is hoping to sign even more FTAs with other regional economies. Sri Lanka’s FTA negotiations have drawn increased scrutiny in recent times, which Commerce
Department Director General Sonali Wijeratne highlighted and said that better tools and training to negotiate better agreements would be welcome.

“The Department of Commerce has seen a dire need for this kind of inclusive approach, looking at the various media reports, pressure groups and the number of people talking of free trade agreement," she said.

She added that the workshop would be just the start, providing a theoretical approach, which will be complemented by empirical approaches in the future. The workshop introduces some economic models and theories relevant to international trade policy formulation and the training is conducted by World Trade Institute, Switzerland Postdoctoral Researcher Eddy Bekkers.

The event is funded through the eight million euro EU grant to increase Sri Lankan small and medium-sized enterprise (SME) exports to the EU and Sri Lanka’s neighbours in Asia. The EU programme aims to improve Sri Lanka’s trade policies, enhance cross-border procedures and enhance the compliance of cross-border procedures for SMEs, increase SME export competitiveness and improve export qualities to meet sanitary and phytosanitary measures of foreign markets.

Spices, food and ITO/BPO industry competitiveness will be featured heavily in the programme, since the EU believes that these industries could competitively provide goods and services to the EU citizens.

“This could not have come at a better time, as GSP Plus was granted to Sri Lanka by the EU recently," ITC Colombo Office National Coordinator Daya Silva said.
ITC to assist SL in trade negotiations and policy

BY UMESH MORAMUDALI

International Trade Centre (ITC) is to provide technical assistance to Sri Lanka in trade agreement negotiations and formulating a National Trade Policy.

ITC Associate Programme Adviser of Trade Facilitation and Policy for Business, Victoria Simon, told Ceylon Today that ITC is hoping to conduct workshops for government offices as well as private sector and research organizations, to make them more aware of technical aspects relating to international trade.

One such workshop aiming at enhancing the knowledge about quantitative trade modelling started yesterday at the National Policy and Economic Affairs Ministry. The objective of the workshop is to present the methods applied in quantitative trade modelling to determine the economic effects of free trade agreements. Addressing the workshop, Director General of Department of Commerce, Sonali Wijeratne said, the technical advice provided by the ITC has been very helpful in tackling many issues faced by Sri Lankan exporters.

During sessions of the workshop, technical experts of trade will introduce participants (in a non-technical way) to the structure of the basic computable general equilibrium (CGE) models used for most FTA impact assessments, teaching which effects are and are not captured by these models.

In addition, different approaches to impact assessment will be discussed, based on the different studies on the effects of TTIP and TPP. To conclude, the workshop will map out which steps are taken in an impact assessment study using one of the FTAs currently negotiated by Sri Lanka. The training is conducted by Eddy Bekkers, World Trade Institute, Switzerland.
National Export Strategy – A commendable effort by Govt.

Reviving a talk not walked for years

Since liberalising the economy for export-led growth in 1977 by President J.R Jayawardena with many positive spinoffs such as free trade zones and expanding Colombo Port, Sri Lanka for years have lost its glory as a manufacturing-based export economy. By 2015 the contribution to the GDP from exports had dropped to a mere 15% as the focus towards export-led economy was a slogan for many years without concrete action.

As the export sector deteriorated, thousands of employable and trainable people left the country seeking employment in the Middle East for low paying cheap labour, the number is now estimated to be around two million and mainly rural women. So much so some politicians were bragging about dollar income earned through near slave labour in some parts of the world and on one hand distorting the culture and social networks of Sri Lanka. Probably this social destruction has caused Sri Lanka to be a nation that has lost direction whilst everything was pointed towards the northern conflict by most politicians.

As the first country in South Asia that opened its economy 40 years ago, we are still struggling to compete, diversify and expand exports as serious deterioration of the sector has driven many entrepreneurs away from getting into the sector and the spirit and the moral of the sector has been very low.

Making things worse in the recent past products such as fisheries exports that were rapidly growing due to GSP+ in 2005 got a double hit with the EU ban on imports from Sri Lanka along with the withdrawal of GSP+ which hit a cross section of the small basket of Sri Lankan exports that entered the EU market. Reviving the sector is an utmost importance now as the country is trapped in a debt crisis as we never could build our reserves through real hard-earned dollars from sectors such as exports.

The new effort on exports

Due credit must be given to the newly-elected Government for bringing back the needed focus on exports, re-engaging the EU and lifting the fisheries ban and the restoration of the GSP+ and creating a new opportunity to enter EU market with the level playing field with similar export economies of Asia. We must understand and appreciate as the process of such market access is not easy and many in the Government starting from the Prime Minister have put a lot of effort.

The current negotiations for comprehensive FTAs with India, China and Singapore with further possibility with Bangladesh and Japan is promising and indicates that the Government is on the right track towards expanding exports by creating new market access and laying the ground for a conducive environment.

Boost for the apparel industry
Certainly the readymade apparel industry of this country has held the export industry during hard times by contributing nearly 50% of the export earnings for a considerable time, and with GSP+ restoration the dynamic and innovative sector will certainly try to expand the sector over the coming years. Ironically the Government of President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe restored the GSP+ after 25 years since then President Ranasinghe Premadasa introduced the 200 garment factories project when Prime Minister Ranil Wickremesinghe was Minister of Industries in 1992.

The 200GFP project was highly criticised by many and laughed at, it was the successful vision to take the BOI zones beyond borders to the rural masses to increase manufacturing, create jobs and help reduce poverty in the country. The contribution of the apparel sector to this country to move up the income ladder and help to become a lower middle-income status has never been properly appreciated. Only the negative factors have been highlighted by the media and critics. As we have a new vision to take Sri Lanka once again to an export-led economy, the apparel industry will still be a significant player in the years to come.

Driving the new vision

The Government’s effort to develop a new National Export Strategy (NES) along with the Export Development Board (EDB) and all stakeholders is very encouraging and a positive development. However, the ordinary citizen, the educated middle class or some in the export sector at large are not aware of the efforts put into restructuring the export industry. The fundamental weakness has been lack of publicity and communication for things that are being done for the benefit of the sector.

The Ministry has taken steps with International Trade Centre (ITC) to come up with a gap analysis to develop the NES, they have engaged with the private sector and chambers to work towards a strategic plan which obliviously will take time to see the results, but the important aspect of it is that the EDB has taken the initiative to diversify the export sector by understanding the value chain challenges and changes considering Sri Lanka’s labour constrains faced by the current industries.

Labour shortage is one of the biggest complaints that we hear from the exporters from all corners. As expressed by the Prime Minister recently, if the export industry must sustain, it will have to look at a higher wage structure and adapt technology and new products where more value addition and innovation could target better revenue. This needs a multi-direction approach including training and development of skills, international marketing and policy reforms for facilitation of exports, EDB has to play its past glory performance and be the central nerve centre if NES recommendations are to succeed.

The fact is that for over two decades the country has gone backwards in the export industry compared to many other countries in Asia, therefore it will be a challenge for all who believe in exports to attract new investment and develop and diversify the sector. One crucial element is consistency, predictability and commitment on a five-year plan to facilitate exports. This should be the focus of the policymakers in the upcoming budget and incorporate the recommendations of the NES and implement trade facilitation measures, where a cross section of Government and private sector can work towards one goal, that is to be realistic where we target export-led contribution of around 30% of GDP by 2025 to the economy, rather than spelling out numbers of $20 billion and $50 billion, without a proper action plan.

Once again appreciating the challenging work done by the Government and EDB, I call upon EDB not to leave out the good things of the past such as the ‘Exporters Forum’ and to have it at least once in three months with the Prime Minister to sort out current issues whilst we draw the larger picture with the NES, as I always believe that there is “no need to reinvent the wheel, just re-engineer it!” (The writer is the CEO of Shippers’ Academy Colombo, an
economics graduate from the Connecticut State University USA, and Immediate Past Secretary General of the Asian Shippers' Council.)
EU backs Sri Lankan IT

By Charumini de Silva

With the global IT industry projected to grow by 4.1% to beyond the $3.5 trillion mark this year, Sri Lanka promises to play a leading role further on the horizon, observed European Union Delegation to Sri Lanka Head of Cooperation Libuse Soukupova, pointing out that IT/BPO is the fastest growing non-traditional export sector to foster.

“A strategic geographical location, good ICT infrastructure, cost-competitiveness, skilled labour, an enabling regulatory framework and rigorous intellectual property protection continue to promise sustained growth for the industry,” she said at the opening session of the EU-Sri Lanka Trade-Related Assistance Project conducted by the International Trade Centre (ITC) on export marketing planning for the IT/BPO sector held in Colombo yesterday.

However, Soukupova said as the sector is relatively young with many enterprises having been set up during the last decade some challenges remain in the form of limited export experience and market engagement.

The four-year EU-funded project worth €8 million contributes to inclusive trade-led growth and regional integration on the four focus areas of the trade policy component, national export strategy, trade facilitation and quality infrastructure. The project includes a component on the ITO/BPO industry which aims to increase the competitiveness of Sri Lankan SMEs in this sector.

Out of over 40 applications 24 IT/BPO companies were selected for a three-day training workshop covering introductory aspects of Export Marketing Planning by ITC and its collaborating partners the Department of Commerce (DOC), the Sri Lankan Export Development Board (EDB), the Sri Lanka Association for Software and Service Companies (SLASSCOM), working closely with the Information and Communication Technology Agency of Sri Lanka (ICTA) and the Federation of Information Technology Industry Sri Lanka (FITIS).

While acknowledging that IT/BPO is the new kid on the block of Sri Lanka’s export basket, which has recorded steady growth, EDB Chairperson Indira Malwatte said a well-designed export marketing plan is essential for guiding enterprises in their exporting activities and supports the creation of a sustainable overseas business relationship. As Sri Lanka has moved into middle income status, the country no longer receives assistance and grants and therefore she said it was critical to boost exports.
“Fortunately or unfortunately Sri Lanka has now moved into a middle income stage, so we no longer get assistance and grants. But my firm belief is that we are middle income only in the Western Province. Thus we have to work hard for the best of the country’s economy and to get exports rising,” she added.

Malwatte expressed her confidence in achieving $ 5 billion in export earnings from the IT/BPO sector by 2020.

ITC Senior Advisor Miyoba Lubemba said they were conducting the training program on four key components which will deliver tangible value to the IT/BPO sector of Sri Lanka.

Acknowledging the EU’s assistance and Government support, she asserted that ITC looks forward to train at least 100 firms over the coming years.

“We are emphatic on our intervention even after we exit the program. We hope that the program will continue on the foundation we have set out and deliver value to the IT/BPO sector,” Lubemba said.
EDB’s ambitious plan is to rake in US$20 billion

By Jayampathy Jayasinghe

The Export Development Board (EDB) has an ambitious target with the private sector to achieve US$20 billion export values by 2020 and one of the sectors that is being targeted to achieve this goal is the IT sector.

Chairperson/CEO the Export Development Board (EDB) Indra Malwatte, Guest of Honour, addressing the EU- Sri Lanka Trade-Related Assistance on the topic of Training on Export Marketing Planning for the ITO/ BPO Sector seminar held at the Galle Face Hotel last week, said that the EDB has initiated a project titled ‘She IT cell’ devoid of any gender bias to promote IT among females.

‘She' trade among women folk was needed as it was the next most important sector to develop following the apparel sector. Already three Sri Lankan companies have invested in the Japanese market in this regard. The EDB will also make an endeavour to promote 20,000 jobs by 2020 with 1000 start-ups. The EDB during the last budget wanted to go ahead with the 1000 start-ups but there were several hiccups, she said.

Ms. Libuse Soukupova, Head of Co-operation of the European Union Delegation to Sri Lanka and the Maldives, said the 8 million Euros provided by the EU was quite a lot of money for technical assistance and for capacity building under the EU-Sri Lanka Trade Related Assistance on ‘Training on Export Marketing Planning for the ITO/BPO’ with the participation of the government and the private sector. She said the project has a lot of potential as it can create jobs for young, educated Sri Lankans both females and males.” A well-developed export marketing strategy was essential to boost exports,” she said. National Project Coordinator, ITC Dayananda Silva said that he was happy to see young qualified persons from 24 companies participating at the export marketing training programme. Stringent criteria was adopted in selecting persons to participate at this programme funded by the EU, he said.

Senior Advisor to the ITC, Ms. Miyoba Lubemba said that ITC was honoured to come to Sri Lanka to participate at this event. "Our mission is to deliver value in tangible terms to companies in the IPO/BPO sector.” She said the ITC will work with companies selected to follow the training
January 2015

programme to map a marketing strategy. “We intend to work with 100 new companies on marketing aspects during the next two years,” she said.

Publication: Daily FT
Date: 27 June 2017
ITC was mentioned by the State Minister Sujeewa Senasinghe during the press conference for the Investment Promotion Plan launch held on 3 July 2017.
Sri Lanka’s Second National Symposium to Develop a National Export Strategy

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) will conduct a 2nd consultation for Sri Lanka’s National Export Strategy (NES). More than 300 public and private sector representatives are expected to attend in order to chart the next export growth cycle of the country. The development of this strategy is a central component of the “EU – Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets” project, implemented by the International Trade Centre and funded by the European Union.

During the 1st NES consultation (April 2017), a strategic vision for Sri Lanka’s export growth "Sri Lanka – An Export Hub driven by Innovation and Investment", was agreed upon. The achievement of this vision is supported by four key strategic objectives guiding the entire NES design process.

1. To have a business-enabling, predictable and transparent policy and regulatory framework that supports exports.
2. To drive export diversification through innovation and the strengthening of emerging export sectors.
3. To strengthen Sri Lankan exporters’ market-entry and compliance capacities.
4. To become an efficient trade and logistics hub to facilitate exports.

The NES, with its 5-year strategy implementation period, lays emphasis on diversification of exports through strengthening of emerging sectors. Bearing in mind different growth trends, NES focus sectors are ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic & Electrical Machinery. The focus sectors were identified based on quantitative and qualitative parameters derived from export potential assessments, conducted by the EDB and the BOI under the guidance of Harvard University, and further sector analysis by the Commonwealth Secretariat, McKinsey Co., the International Trade Centre and the World Bank.

In addition, the NES will ensure that all export sectors including the mature sectors will benefit from the strengthening of trade support functions. Through wide public-private consultations, the following trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives; National quality infrastructure; Innovation and R&D, and Logistics. These trade support functions will aim at improving the overall competitiveness of Sri Lanka’s export sector.

Following the validation of the NES strategic orientations by the Cabinet Council on Economic Management, individual sector and functional strategy teams have been established. These
teams are tasked with providing guidance and decision making for the elaboration of strategies for each sector and trade support function.

The consultative meetings for the 2nd NES will be held from 12 July to 20 July 2017. The main objective of the meeting will be to define roadmaps for expanding export and analyse performance of value chains for the NES focus sectors, market orientations, challenges and opportunities. The TSF groups are also expected to identify the main challenges in the provision of quality and affordable trade support services to Sri Lanka Exporters. These consultations will be followed by regional discussions planned for September 2017 where national public and private sector representatives will confirm the strategic interventions that the NES should focus on for the next 5 years.
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Second symposium to develop national export strategy kicks off today

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) will conduct the second consultation for Sri Lanka’s National Export Strategy (NES) from today. Over 300 public and private sector representatives are expected to attend in order to chart the next export growth cycle of the country.

The consultative meetings for the second NES will be held from 12 July to 20 July. The main objective of the meeting will be to define roadmaps for expanding export and analyse performance of value chains for the NES focus sectors, market orientations, challenges and opportunities.

The TSF groups are also expected to identify the main challenges in the provision of quality and affordable trade support services to Sri Lanka exporters.

These consultations will be followed by regional discussions planned for September 2017 where national public and private sector representatives will confirm the strategic interventions that the NES should focus on for the next five years.

The development of this strategy is a central component of the ‘EU-Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets’ project, implemented by the International Trade Centre and funded by the European Union.

During the first NES consultation in April, a strategic vision for Sri Lanka’s export growth was agreed upon.

The achievement of the vision ‘Sri Lanka – An export hub driven by innovation and investment’ is supported by four key strategic objectives guiding the entire NES design process:

1. To have a business-enabling, predictable and transparent policy and regulatory framework that supports exports.
2. To drive export diversification through innovation and the strengthening of emerging export sectors.
3. To strengthen Sri Lankan exporters’ market-entry and compliance capacities.
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The NES, with its five-year strategy implementation period, lays emphasis on diversification of exports through strengthening of emerging sectors. Bearing in mind different growth trends, NES focus sectors are ICT, wellness tourism, spice concentrates, boat building, processed food and beverages, and electronic and electrical machinery.

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Following the validation of the NES strategic orientations by the Cabinet Council on Economic Management, individual sector and functional strategy teams have been established. These teams are tasked with providing guidance and decision making for the elaboration of strategies for each sector and trade support function.
Sri Lanka's proposed Inland Revenue Act might clash with the country's most ambitious 8 million Euro, European Union (EU) funded National Export Strategy (NES), export sector stakeholders told Ceylon FT.

"As Sri Lanka’s main export sector chamber, we have several issues with the proposed Inland Revenue Act. Without taking the trouble to consult us they (government) draft the Bill, "National Chamber of Exporters of Sri Lanka President, Ramal G. Jasinghe said.

Speaking at the side line of the 'National Export strategy' press conference last evening, Jasinghe said they were considering to get an expert tax opinion and lobby to the government to avoid any proposed export unfriendly taxes.

Meanwhile, speaking to the Ceylon FT, Export Development Board Chairperson and Chief Executive Indira Malwatte said that the new Inland Revenue Act might negatively impact the country's ICT and BPO sector.

"Currently there is a '0' tax rate for the ICT and BPO sector, but the new Act proposes to impose a 14 per cent tax to the sectors," she said.

However, Sri Lanka's ambitious National Export strategy plans to earn US$ 18 billion from exports (currently US$ 11 Bn) within next 3 years through solid private and public sector collaboration.
The NES initiative is an 8 million Euro Project, funded through the EU-Sri Lanka Trade Related Assistance programme following a request made by the Sri Lankan Government, at the EU-Sri Lanka Joint Commission in Brussels.

The project is implemented by the International Trade Centre (ITC) a joint agency of the World Trade Organization and the United Nations. The objective of the project is to increase trade competitiveness of Sri Lankan SMEs supporting inclusive trade-led growth and regional integration.

Speaking at the press conference State Minister of International Trade Sujeewa Senasinghe said, "the NES with its 5 year strategy implementation period, lays emphasis on diversification of exports through strengthening of emerging sectors, such as ICT, Wellness Tourism, Spice Concentrates, Boat building, Processed food and beverages, and Electronic and electrical machinery,"

The focus sectors were identified based on quantitative and qualitative parameters derived from export potential assessments conducted by the EDB and the BOI under the guidance of Harvard University and further sector analysis by the Commonwealth Secretariat, McKinsey Co, the International Trade Centre and the World Bank.

Addressing the press conference, Ambassador of the EU to Sri Lanka and the Maldives, Tung-Lai Margue said that diversification is a key to Sri Lanka's export success.

Similarly, he believes that diversification of markets is also a priority for Sri Lanka. Among the EU countries the UK is currently an important market for Sri Lanka and with Brexit becoming a reality, Sri Lanka will immensely benefit if it also focuses its attention especially on accessing non-traditional markets among the EU countries to mitigate the negative impact of Brexit.

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National Export Strategy to be implemented with budget 2018: Advisor

July 13, 2017 (LBO) – Sri Lanka’s proposed National Export Strategy will be implemented with the budget of 2018, a senior official at the International Trade Center said.

The International Trade Ministry and Export Development Board, together with the help of the International Trade Center, is currently conducting the second round of consultations to chart a national export strategy for Sri Lanka.

Trade Strategy and Competitiveness Advisor of the International Trade Center Charles Roberge told reporters in Colombo that their objective is to come up with a prioritized action plan.

“We are following the guidance of EDB, Ministry as well as the private sector to finalize this document by December,” Roberge said.

“We will also ensure that it is ready to be implemented with the new budget for 2018.”

The 5-year strategy implementation period lays emphasis on diversification of exports through strengthening of emerging sectors.

Their focus sectors are ICT, wellness tourism, spice concentrates, boat building, processed food & beverages and electronic & electrical machinery.

In addition, the strategy will ensure that all export sectors including mature sectors will benefit from the strengthening of trade support functions.

National quality infrastructure, innovation, R&D and logistics were shortlisted to achieve the National Export Strategy vision and strategic objectives.

More than 300 public and private sector representatives are expected to attend this month’s consultations in order to chart the next export growth cycle of the country.
SL's second national symposium to develop national export strategy


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The development of this strategy is a central component of the ‘EU – Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets’ project, implemented by the International Trade Centre and funded by the European Union.

During the first NES consultation (in April 2017), a strategic vision for Sri Lanka’s export growth was agreed upon: Sri Lanka – an export hub driven by innovation and investment

The achievement of this vision is supported by four key strategic objectives guiding the entire NES design process: (1) to have a business-enabling, predictable and transparent policy and regulatory framework that supports exports; (2) to drive export diversification through innovation and the strengthening of emerging export sectors; (3) to strengthen Sri Lankan exporters’ market-entry and compliance capacities; and (4) to become an efficient trade and logistics hub to facilitate exports.

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Following the validation of the NES strategic orientations by the Cabinet Council on Economic Management, individual sector and functional strategy teams have been established. These teams are tasked with providing guidance and decision making for the elaboration of strategies for each sector and trade support function.

The consultative meetings for the second NES will be held from July 12-20. The main objective of the meeting will be to define roadmaps for expanding export and analyse performance of value chains for the NES focus sectors, market orientations, challenges and opportunities.

The TSF groups are also expected to identify the main challenges in the provision of quality and affordable trade support services to Sri Lanka Exporters.

These consultations will be followed by regional discussions planned for September 2017 where national public and private sector representatives will confirm the strategic interventions that the NES should focus on for the next five years.
Sri Lankan EDB launches second symposium on export strategy

The Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) is conducting the second consultation for Sri Lanka’s National Export Strategy (NES) from July 12 to 20. Over 300 public and private sector representatives are attending to chart the next export growth cycle for the country.

The key aim of the meeting is to set a roadmap to expand export and analyse performance of value chains for NES focus sectors, market orientations, challenges and opportunities. They are also expected to identify challenges in the provision of quality and affordable trade support services to Sri Lanka exporters.

The symposium will be followed by regional discussions during September 2017 where national public and private sector representatives will confirm key interventions that the NES should focus on during the next five years. The development of this strategy is the main focus of ‘EU-Sri Lanka Trade Related Assistance: Enhancing SMEs trade competitiveness in regional and EU markets’ project, implemented by the International Trade Centre and funded by the European Union. During the first NES consultation in April, a strategic vision for Sri Lanka’s export growth was agreed upon.
ITC and NIOE collaborate to provide professional e-learning course facilities to benefit the exporting SMEs of Sri Lanka

14 July 2017, Colombo, Sri Lanka - The National Institute of Exports (NIOE) and the International Trade Centre (ITC) signed a Memorandum of Understanding which will extend the scope of the NIOE’s professional programmes to SMEs, while also reaching a wider audience through an online course. The e-curriculum offered by NIOE targets SMEs in the export sector and students interested in trade. The curriculum covers a range of export-related topics, such as export regulations, documentation, freight and logistic requirements associated with the export of goods from Sri Lanka. Particular attention will be devoted to export procedures in the field of spices, garments, and fresh and processed fruits.

The development of the e-learning course is carried out through the "EU-Sri Lanka Trade Related Assistance: Increasing SMEs' trade competitiveness in regional and EU markets" project, an EUR 8 million (Rs. 1.3 billion) grant extended by the European Union and implemented by ITC, in partnership with UNIDO. The collaboration with NIOE seeks to raise awareness of the benefits of the WTO Trade Facilitation Agreement, while building the capacity of SMEs to manage cross border procedures, and comply with EU and SAARC market requirements, to ensure successful trade.

The National Institute of Exports is a subsidiary of the National Chamber of Exporters of Sri Lanka (NCE). At present, NIOE conducts professional courses in the field of exports for the benefit of those employed in export enterprises to enable them to enhance their knowledge, improve performance, and advance their career prospects. These courses are also beneficial to students who wish to pursue a career in the field of exports, and awards recognized professional certification. The new e-learning courses will enable participants to become better acquainted with export procedures, and will be open for registration during September 2017.

For further inquiries, please e-mail: nioe@nioe.lk For further information on the "EU-Sri Lanka Trade Related Assistance Project", please contact: Ms. Sylvie Bétemps Cochin, Trade Promotion Officer, Office for Asia and the Pacific, International Trade Centre, Tel: +41 22 730 0204
Sri Lanka will be a hub for exports in the region within six to seven years with exports doubling from the current rate, State Minister of International Trade, Sujeewa Senasinghe said at a meeting last week at the Media Ministry to apprise the media on the progress of the National Export Strategy (NES).

He said the national export strategy will help to increase the export income to around USD 18 billion by 2020. The NES is being worked out with the collaboration of the private and public sector stakeholders.

"We hope to launch the strategy by December and embark on a solid path to boost exports with new products," the minister said.

The NES has identified key sectors such as transport, logistics, ICT, boat building, processed food and beverages, electronic and electrical manufacturing, wellness and tourism to drive exports. The export strategy will promote manufacturing for exports.

"We have been far too long depending on services to earn foreign exchange. We need to change gears to manufacturing as some of the regional countries that have made vast strides in electronic and automobile products," he said.
Referring to Upali Wijewardene who made a valiant effort to manufacture the first Fiat car for the country and considered as a great industrialist in the region, the minister said it would be embarrassing if Sri Lanka cannot manufacture a car and go for new products to position the country in the global market.

He said the apparel sector should aim at increasing its income to USD 12-15 billion in the next five years. Apparel export income is around USD 3.5 billion.

The Minister said plans are afoot to set up more export promotion zones and reform the BOI to drive export oriented foreign direct investments.

The team formulating the NES said it’s high time Sri Lanka focuses on manufacturing electrical and electronic products that will turn a new chapter in the export sector.

“China, Korea, Singapore and Malaysia have build empires in the manufacture of electronic and automobiles. We must take a cue from them and get cracking,” an exporter said.

He said there is no pint in crying over spilt milk. Exports have been dwindling and that should be history.

We need to make a new beginning and forge ahead with a competitive strategy to position our products in the international market. National Chamber of Exporters President Ramal Jasinghe said the private public partnership is the best strategy to drive exports. Both sectors have the expertise to take exports to the next level. The key sectors identified for exports will be the spring board to boost exports.

Export Development Board Chairperson Indira Malwatte said exports have declined for a considerable time.

However there has been a marginal improvement during the past couple of months. The NES is a Euro 8 million project funded by the European Union with technical assistance from the International Trade Centre.
Sri Lankan SMEs in major global funding breakthrough

Sri Lanka’s one million strong Small and Medium Enterprises (SMEs) have clinched the largest international support wave in their business history thereby finally enabling them to directly link with global markets. Lankan SMEs in spices, food preparations and ICT/BPO are to receive support in the first round.

“We believe that SMEs are providing 45 percent of employment,” said Industry and Commerce Minister Rishad Bathiudeen, addressing the launch of Colombo UNDP’s Promoting Sustainable Development and Inclusive Growth for Sri Lankan SMEs session and SME Trade Fair at BMICH.

“We believe that SMEs are 75 percent of the total enterprises in the economy providing 45 percent of the employment. I am pleased to say that our SME sector has started receiving international attention. The EU, through International Trade Centre of Geneva has extended support for a large scale SME development project in Sri Lanka” said Minister Bathiudeen and added: “We have commenced a four year project to increase our SMEs’ trade competitiveness in regional and EU markets using this fund.

“The budget is a huge US $ 9 million or 8 million euros. This project, which is of four years, aims to enhance the export competitiveness of our SMEs, efficiency of cross-border procedures and SMEs’ capacities to comply with cross-border procedures, improve compliance and quality infrastructure services to meet quality and requirements in the regional
and EU markets and increase SME competitiveness in export-oriented sectors such as spices, food and ITO/BPO industries. I thank the European Union and the International Trade Centre (ITC) for providing such valuable funds and assistance to our SME development and helping us to take the SMEs to global markets.”
Sri Lanka has more than one million registered SMEs, each employing three persons on average. Taken together with other micro enterprises and SMEs that are not registered, the sector’s presence is weightier with a sizeable contribution to the economy, an estimated 52 percent of GDP.
Sri Lanka SMEs receive international support enabling to link with global markets

Addressing the launch of UNDP’s Promoting Sustainable Development and Inclusive Growth for Sri Lankan SMEs session and SME Trade Fair at BMICH in Colombo on 14 July, Minister Bathiudeen said SMEs are 75% of the total enterprises in the economy providing 45% of the employment.

According to the Minister, the European Union, through International Trade Centre of Geneva has extended support for a large scale SME development project in Sri Lanka.

Sri Lanka has commenced the project to increase the SMEs' trade competitiveness in regional and EU markets using this fund.

The four-year project with a budget of US$ 9 million aims to enhance the export competitiveness of the SMEs, efficiency of cross-border procedures and SMEs' capacities to comply with cross-border procedures, improve compliance and quality infrastructure services to meet quality and requirements in the regional and EU markets and increase SME competitiveness in export-oriented sectors such as spices, food and ITO/BPO industries.

The Minister appreciated the European Union and the International Trade Centre (ITC) for providing such valuable funds and assistance to Sri Lanka SME development and helping to take the SMEs to global markets.
Sri Lanka has more than one million registered SMEs, each employing three persons on average. Taken together with other micro enterprises and SMEs that are not registered, the sector's presence is weightier with a sizeable contribution to the economy - an estimated 52 percent of GDP.
GSP+ new opportunity for Sri Lanka to expand export basket - Dr Mohammed

By Shirajiv Sirimane

The regaining of GSP Plus concession has given a new opportunity for Sri Lanka to expand its export basket, said Senior Trade Felicitation Advisor International Trade Centre, Dr. Mohammed Saeed.

Speaking at the MoU signing ceremony of the National Institute of Exports (NIOE) and International Trade Centre (ITC), a UN agency based in Geneva, he said that Sri Lanka should be able to enjoy this facility at least for the next five years and the country should exploit this situation.

“I have observed that though this concession is extended for over 7,000 products, Sri Lanka have not exported some products at all and these untapped areas should be focused on soon. More education to exporters too should be given and we are working with the Export Development Board and some universities in this regard as well,” he said.

Saeed said that it was also important that the NIOE also came on board to educate the exports in these areas and other export related issues by signing a MoU with them to launch educational programs in this direction.
Chairman NIOE, Dr. Jagath Peiris said that they conduct professional training courses related to exports currently for the certificate and diploma levels.

He said it is an honour for the NOIE to be recognized by ITC in recognition of the work carried out by the NCE through the NIOE for the benefit of exporters to raise awareness on the benefits of the Trade Facilitation Agreement and to be better acquainted with the export procedural tasks associated with successful trade.

“The courses enable those who are employed in various capacities in export enterprises, as well as school leavers who wish to engage in the field of exports to advance their careers.

The MoU is a part of the implementation of an EU-funded project in Sri Lanka aimed at strengthening trade competitiveness of Sri Lankan SMEs in regional, SAARC and ITC,” said, National Chamber of Exporters, President, Ramal Jasinghe. “This would also help expand exports, said Secretary General, CEO, NCE, M. Shiham Marikar.
ITC and NIOE collaborate to provide e-learning course to SMEs

The National Institute of Exports (NIOE), a subsidiary of the National Chamber of Exporters of Sri Lanka (NCE), conducts professional courses in the vital field of exports for the benefit of those employed in export enterprises. These courses enable them to enhance their knowledge, improve performance, advance their career prospects and are beneficial to students who wish to make a career in the field of exports. They cover important subjects related to the export/import trade and are conducted at the Certificate, Advanced Certificate and Diploma levels, awarding recognised professional certificates.

The International Trade Centre (ITC), a joint United Nations/WTO agency for trade-related technical assistance based in Geneva has recognised the quality of services provided by the NIOE for the enhancement of exporting SMEs. The ITC has therefore sought to collaborate with NIOE to provide e-learning facilities, especially for exporting SMEs, as part of the EU-Sri Lanka Trade-Related Assistance project.

This four-year project, financed entirely by the European Union to the effect of EUR 8 million (Rs. 1.3 billion) and implemented by ITC in partnership with UNIDO, contributes to inclusive trade-led growth and regional integration. More specifically, it supports SME export
competitiveness and value addition in sectors with high potential for economic growth and development.

Among the overall objectives, the project aims to increase competitiveness of Sri Lankan SMEs in regional and EU markets. The project will also help Sri Lanka to integrate the policies and regulatory reforms of the World Trade Organization (WTO) and provide capacity-building to SMEs to manage cross-border procedures and comply with market requirements in the EU and SAARC regions.

For this purpose, the ITC will collaborate with the NIOE through a formal Memorandum of Understanding (MoU) between the two organisations officially signed on 14 July. This collaboration, while extending the scope of NIOE’s professional programs to the SMEs, will also reach a wider audience of individuals to benefit from the online courses. The ongoing cooperation between ITC and NIOE will eventually contribute to raise awareness on the benefits of the WTO Trade Facilitation Agreement, so as to enable participants to become better acquainted with export procedures associated with successful trade.

The e-curriculum, promoted and facilitated by NIOE, will offer a series of online courses to exporting SMEs and students interested in trade on a range of export related-topics, in particular on export regulations, documentation, freight and logistical requirements associated with the export of goods from Sri Lanka. Particular attention will be devoted to export procedures in the field of spices, garments and fresh and processed fruits.

The e-learning courses will be available for registration during September 2017. For any inquiries, send an email to nioe@nioe.lk.
EU – Sri Lanka trade partnership –
Is there scope for further expansion?
by Malik Samarawickrama, Minister of Development Strategies & International Trade

The European Union (EU) reinstated the EU GSP Plus facility to Sri Lanka with effect from May 19, 2017. This will provide opportunity for 66% of the total EU tariff lines/products to enter into the EU on duty free basis. We thank the Hon. Prime Minister, European Union, Ministers and Ministries for all their effort.

Importantly, this will provide Sri Lankan exports a level playing field with other countries such as our neighbours from Bangladesh & Pakistan, and several countries from Africa and South America who enjoyed the EU GSP+

The Importance of the EU Market

- Sri Lanka having a small domestic market of 20m people, export is vital for its economic development.
- EU is Sri Lanka’s largest trading partner, major export destination worth US$ 3.1bn or 30% of total exports. Main export sectors consist of apparel (61%), pneumatic and retreaded rubber tyres (5.7%) tea packets (2.5%), Industrial & surgical gloves (2.3%), Manufactured tobacco (1.9%), Processed food (1.5%), Hard rubber products such as gaskets, washers and sealers (1.3%) during the year 2016.
- A major source of imports accounting for 12% of countries total imports.
- Sri Lanka’s dependence on two major markets – EU & USA and the limited export basket concentrated on with few products such as garments, tea and diamonds, making up 58% of total exports, makes Sri Lanka vulnerable.

Benefits of GSP+

The GSP+ will offer complete duty free market access for a product range of these tariff lines which will offer opportunities to diversify the product ranges that are being exported to the EU.

Producing higher quality products and following ethical practices have become key strengths for Sri Lanka. Further, Sri Lankan companies are progressively moving towards and practicing sustainable production concepts such as the organic produce, green production, as well as Fair Trade practices which are highly valued by the consumers world over and in particular in the EU. The ability to penetrate the EU market as a strong country respecting basic human
rights, rule of law and good governance would send a strong signal to the international investor community which will facilitate the attraction of FDI.

The GSP+ scheme encourages increased value addition within Sri Lanka, and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

With the new National Export Strategy under development with support from the EU’s International Trade Centre, new innovative product lines such as electronics, light engineering products, electrical items, wellness products and certain agricultural products, such as spices are expected to be promoted in a focused manner all of which can enter the EU market on a duty free basis.

**Agriculture expansion**

Considerable gains are expected through the exports in agriculture product categories such as fresh and processed vegetables and fruits, processed food including coconut related products.

Benefits of GSP-Plus status will need to trickle down to Sri Lanka’s rural workforce. The concessions under GSP+ are likely to have assisted the financially less privileged farmers who are engaged in agriculture and fisheries industry in Sri Lanka. New export opportunities will eventually develop the livelihoods and raise income levels of the farmers.

The fruit and vegetable industry expects that the benefit accrued through the GSP+ facility would split among the customer, exporter and the farmer with as much as 50 percent of it going to farmers. Such benefits would definitely strengthen the supply-base to sustain the supply for the EU exports. This demonstrates the possible impacts on rural livelihoods from regained GSP Plus concessions.

Sri Lankan exporters in these sectors can also exploit the potential for agro-based processed food exports in collaboration with European companies through joint ventures and transfer of technology. Small and Medium Enterprises (SMEs) need to be encouraged to work more effectively and be part of the value chains of larger companies.

Fisheries sector expects a substantial growth through the regained EU GSP+ facility. They expect that the demand for fisheries products would double the current export value, whilst employing sustainable and responsible fishing practices. For 2017 YTD January to May fisheries exports are up by over 40% compared to the same period last year. The industry plans to have new projects such as fish farming and deep sea fishing to increase the production capacities to meet the increased demand from the EU envisaged through the GSP+.

**Apparel expansion**

It is estimated that there will be an annual increase in Apparel exports of US$ 500m as a result of the GSP+ benefit creating approximately 20,000 jobs. It is now expected that more EU customers would change their sourcing strategy in favour of Sri Lanka in comparison with other duty free beneficiaries such as Bangladesh and Cambodia.
Given that Rules of Origin under GSP Plus requires fabric to be sourced from Sri Lanka or from an area that qualifies for regional cumulation in order to qualify for GSP Plus, there will be an increase in demand for fabric sourced from Sri Lankan fabric mills, rather than from countries such as China.

**Industry expansion**

Ceramics & porcelain, footwear, bicycles, leather products, light engineering product sector are all set to benefit. The GSP+ scheme encourages increased value addition within Sri Lanka, and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Further, increased demand from the EU Region for the Sri Lankan Industrial products will give the necessary impetus for industries to grow with increased capacities.

Exporters of bicycles to the EU market noted a likely 50 percent boost in orders and the exporters of porcelain and ceramic ware expect GSP Plus to boost exports by 5 to 10%.

**EU investment**

We would encourage and invite FDI from the EU. In addition, to GSP+ we are in the advance stages of negotiating a FTA with China, and expanding our current FTA with India through Economic and Technology Cooperation Agreement (ETCA). ETCA can increase Sri Lanka’s competitiveness in industrial exports and also increase our supply capacity, to better utilise the market access to India. In addition, ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many of the existing procedural barriers and delays in Indian ports of entry, particularly through Mutual Recognized Agreements. Together the Chinese FTA and Indian ETCA will give Sri Lanka preferential access to a market of 2 billion people and an emerging middle class larger than the whole of the EU.

The Government of Sri Lanka is aware of the possible trade disruptions that can occur during the transition period and therefore we are looking at providing a trade adjustment package for local industrialists to upgrade machinery and introduce new technology so that these industries can be more competitive and serve the local market as well as export to the regional and global markets.

My Ministry is committed to improving the Ease of Doing Business in Sri Lanka under the theme ‘Sri Lanka Means Business’. We have set the ambitious task of jumping 40 places in the World Bank’s Ease of Doing Business index by 2020 and are conscious that other countries are not remaining still. Together with the World Bank we have developed a road map to eliminate unnecessary regulatory and procedural obstacles.

Under this backdrop, GoSL has recognized that its policies and behaviours play a critical role in shaping the investment climate and is committed to creating an environment in which firms and entrepreneurs have opportunities and incentives to invest productively, create jobs, enhance private sector competitiveness and thereby contribute to strong economic growth.

Sri Lanka has enormous potential as a tourism destination. In 2016 we achieved record tourist arrivals of 2 million but are far behind the region. Investment opportunities are considerable in
this sector. Leading brands such as Shangri-La and Movenpick have set up operations in Sri Lanka and others like Hyatt, Marriott & Radisson, ITC are set to follow. The benefits of the EU investing in export driven trade with Sri Lanka include its resilient economy, supportive Government policies, its educated workforce, strategic location, preferential access to large markets, fast developing infrastructure and increasingly vibrant business environment. All of this will be further enhanced by GSP+ and the trade agreements underway.

Finally, we as a government will do everything possible to facilitate trade and expect the Sri Lankan business houses and entrepreneurs to take the lead in economic development of our country.
ITC and NIOE collaborate to provide e-learning course to SMEs

The National Institute of Exports (NIOE), a subsidiary of the National Chamber of Exporters of Sri Lanka (NCE), conducts professional courses in the vital field of exports for the benefit of those employed in export enterprises. These courses enable them to enhance their knowledge, improve performance, advance their career prospects and are beneficial to students who wish to make a career in the field of exports. They cover important subjects related to the export/import trade and are conducted at the Certificate, Advanced Certificate and Diploma levels, awarding recognized professional certificates.

The International Trade Centre (ITC), a joint United Nations/WTO agency for trade-related technical assistance based in Geneva has recognized the quality of services provided by the NIOE for the enhancement of exporting SMEs. The ITC has therefore sought to collaborate with NIOE to provide e-learning facilities, especially for exporting SMEs, as part of the EU-Sri Lanka Trade-Related Assistance project.

This 4-year project, financed entirely by the European Union to the effect of EUR 8 million (Rs. 1.3 billion) and implemented by ITC in partnership with UNIDO, contributes to inclusive trade-led growth and regional integration. More specifically, it supports SME export competitiveness and value addition in sectors with high potential for economic growth and development.

Among the overall objectives, the project aims to increase competitiveness of Sri Lankan SMEs in regional and EU markets. The project will also help Sri Lanka to integrate the policies and regulatory reforms of the World Trade Organization (WTO) and provide capacity-building to SMEs to manage cross-border procedures and comply with market requirements in the EU and SAARC regions. For this purpose, the ITC will collaborate with the NIOE through a formal Memorandum of Understanding (MoU) between the two organizations officially signed on 14th July.

This collaboration, while extending the scope of NIOE’s professional programs to the SMEs, will also reach a wider audience of individuals to benefit from the online courses. The ongoing cooperation between ITC and NIOE will eventually contribute to raise awareness on the benefits of the WTO Trade Facilitation Agreement, so as to enable participants to become better acquainted with export procedures associated with successful trade.

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WB, ITC, EU to the rescue

By Paneetha Ameresekere

A basket of international agencies will help local companies to be competitive, while aiding in the skills development of their workers in the backdrop of Sri Lanka entering into preferential trade agreements with India, China and Singapore.

Central Bank Governor Dr. Indrajit Coomaraswamy, speaking at the inauguration of the Ceylon Chamber of Commerce organized two-day Economic Summit in Colombo yesterday, said that those agencies include the World Bank (WB), International Trade Centre (ITC), Geneva and the European Union (EU).

He also said that local industries in such agreements will be protected by negative lists. Coomaraswamy added that an Anti-Dumping Bill will also be in place. These trade pacts will broaden the scope of the few free trade agreements (FTAs) already on board to encompass services and investments as well.

Those trade pacts, inclusive of GSP Plus with the EU and the Pakistani Free Trade Agreement (FTA) opens Sri Lanka to a market of three billion, he said. Coomaraswamy said that good social indicators alone were not enough. They needed to be supported by growth and greater wealth creation. The pacts should be on board within the next 12 months.

The two Southern insurgencies and the Northern separatist war are proof that good social indicators alone are insufficient to pull Sri Lanka through, he said.

He further said that along with the Fiscal Management Responsibility Act, the Government also wants to impose mandatory binding targets vis-à-vis fiscal policy. "I hope this becomes effective, which will make it easier for the country to meet its development goals," the Governor said.

He said that with ageing, it was essential to improve productivity and competitiveness. First world countries suffered ageing after their economies were developed, but in Sri Lanka's case this syndrome has overtaken it while still being in the lower middle income status.

He further said that with the war's end, growth was driven by public investments and foreign commercial borrowing. But this has to change, with the private sector having to lead the way. Government doesn't have sufficient fiscal space to engage in such activities, the Governor said.
Increasing competitiveness, skills development

WB, ITC, EU to the rescue

Mandatory binding targets for fiscal discipline

By PANEETHA AMERASEKERE

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Central Bank Governor Dr. Indrajit Coomaraswamy, speaking at the inauguration of the…

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ITC conducts workshop to sharpen trade negotiation skills

A three day workshop organised by the International Trade Centre (ITC) to enhance the negotiation skills of Sri Lankan public sector officers concluded yesterday (3). The workshop, which was conducted under the theme ‘EU-Sri Lanka Trade-Related Assistance: Free Trade Agreements Negotiation Workshop’, saw the attendance of several state officials who will hitherto engage in conducting FTAs, a media release stated.

The project was funded by the European Union and was conducted under the patronage of Professor Robert A. Rogoswky (ITC & Professor, Programme Chair, International Trade & Economic Diplomacy, Middlebury Institute of International Studies), the release added. The introductory pamphlet titled ‘EU-Sri Lanka Trade-Related Assistance: Increasing SME’s Trade Competitiveness in Regional and EU Markets’, which was circulated by the organisers at the event indicate that this four-year EU-funded project is worth EUR 8 million.

The objective of this project is to contribute to Sri Lanka’s inclusive trade-led growth and regional integration, thereby contributing to poverty alleviation and to increasing trade competitiveness of Sri Lankan SMEs in regional markets.

National Project Coordinator of EU-Sri Lanka Trade-Related Assistance Dr. Dayaratna Silva, Director General of the Department of Commerce Sonali Wijeratna and Secretary to the Ministry of Development Strategies and International Trade Chandanie Wijewardena also attended the event.

(Pix by Akila Jayawardana)
Proper expertise needed for complex Sri Lankan trade negotiations

By Jayampathy Jayasinghe

When looking at regional trade agreements one must look at the offensive and defensive mechanism that affects Sri Lanka’s interest and must be mindful when selecting countries involved in free trade agreements, said Ms. Sonali Wijeratne, Director General of Commerce at a workshop held at the JAIC Hilton Residences Colombo on the topic “Free Trade Agreements Negotiations” recently.

She said those involved in free trade agreements should have a better understanding of foreign negotiators, the calibre and intellect skills and expertise they bring into the negotiating table.

While saying that this is not a reference to free trade agreements signed recently by the state, she expressed the view that Sri Lanka, as a precautionary measure, needs to be more cautious when dealing with free trade agreements.

“We must look fundamentally where Sri Lanka was going with free trade agreements and how these agreements are negotiated.” She said the staff from the Department of Commerce provides technical expertise for all those involved in “such trade negotiations”.

The political economy too plays a significant role while negotiating free trade agreements with countries. However when it comes to such matters it is beyond the mandate of the Department of Commerce but squarely falls within the ambit of the ministry concerned to take decisions.

She said the art of trade negotiations has become extremely sophisticated where a number of trade negotiations in the world have dragged on for years until desired results are achieved by countries involved in such agreements.

Referring to trade agreements, she said there is a proliferation of regional trade agreements in international trade talks.Multilateral trade talks such as the Doha Trade Round had not picked up as many would have expected.She said trade related assistance to Sri Lanka was important as it was aimed at promoting competitiveness among Small and Medium Enterprises (SME) in the country, adding: “The Department of Commerce had already discussed the matter with the EU delegation on an earlier occasion.”

Ms. Chandanie Wijewardana, Secretary, Ministry of Development Strategies and International Trade, said trade and investment is given the highest priority under the government’s economic policy agenda. She said FDI is important for the SME sector to expand and grow and also to bring in investment to the country.
Meanwhile the EU-Sri Lanka Trade-Related Assistance project is a 4-year EU-funded project worth EUR 8 million contributing to inclusive trade-led growth and regional integration. It supports SME export competitiveness and value addition in sectors with high potential for economic growth and development where women are heavily involved in trade. Over 80 per cent of the businesses in Sri Lanka are SMEs. Prof. Robert A. Rogowsky of the Middlebury Institute of International Studies also spoke at the seminar.
INTERNATIONAL TRADE CENTRE (ITC) initiated this workshop under the EU-SRI LANKA TRADE-RELATED ASSISTANCE Project with the objective of enhancing the understanding and capacity of public sector officers and private institutions in Sri Lanka to benefit from trade policy and trade agreements, with a focus on the position of Sri Lanka in international trade and in trade negotiations. The training session were held on 23rd August 2017 & 24th August 2017 at Galle Face Hotel, Colombo.

NCE-NIOE has been partnering with ITC in organizing this workshop and also has contributed in preparing the syllabus for the workshop.

Mr. Dordi – Bocconi University, Milan, Italy – delivering presentation at the event
Mr. Shiham Marikar – Secretary General/CEO of National Chamber of Exporters of Sri Lanka delivering his presentation at the session

Mr. Trevor Mendis, Postgraduate Institute of Management (PIM) presenting his presentation at his session

The event had an interactive and productive panel discussion followed by a Q&A session

There were participants from both private and public sector institutes who were benefited from the training session.
Sri Lanka's National Export Strategy

The Government of Sri Lanka through the economic policy statement of the Hon. Prime Minister, made in Parliament on October 27, 2016, highlighted that new strategies are required to commence necessary reforms to increase, diversify and introduce innovation in exports development, aimed at increasing revenue, creating employment and reducing Sri Lanka's trade deficit.

The National Export Strategy (NES) for Sri Lanka is being designed by the Ministry of Development Strategies & International Trade and the Sri Lanka Export Development Board (EDB) together with public private partnership.

The First National Symposium for Sri Lanka's National Export Strategy (NES) was held with more than 150 public and private sector representatives to plan the next export growth cycle of the country. The development of an NES is a central component of the 'EU – Sri Lanka Trade-related Assistance: Increasing SMEs Trade Competitiveness in Regional and EU Markets' project which is funded by the European Union and implemented by the International Trade Centre. During the 1st NES consultation (April 2017), a strategic vision for Sri Lanka's export growth was agreed upon “Sri Lanka – An Export Hub driven by Innovation and Investment”. The attainment of this vision is supported by four key strategic objectives guiding the entire NES design process.

1. To have a business-enabling, predictable and transparent policy and regulatory framework that supports exports.
2. To drive export diversification through innovation and the strengthening of emerging export sectors.
3. To strengthen Sri Lankan exporters' market-entry and compliance capacities.
4. To become an efficient trade and logistics hub to facilitate exports.

The NES will assist Sri Lanka's economic vision of strengthening the competitiveness of the country's private sector to accomplish inclusive and sustainable growth. The consultative process will lead public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka's export products and reaching new target destinations. The NES will concentrate on a number of priority sectors and key trade support functions, selected based on a quantitative and qualitative analysis of Sri Lanka's export competitiveness, to ensure a prioritized focus.

The National Export Strategy (NES) will focus on the development and expansion of new and emerging priority sectors. This focus on some of these sectors will help to integrate rural economies and create many new employment opportunities. This is part of the Sri Lankan governments' drive to achieve a target of US $20 billion in exports revenue by 2020.

Following the discussion, the 2nd Consultative Meetings was held from 12 July to 20 July 2017. The main objective of the meeting was to define roadmaps for expanding export and analyse performance of value chains for the NES focus sectors, market orientations, challenges and opportunities. The 15F groups identified the main challenges in the provision of quality and affordable trade support services to Sri Lanka Exporters. The Sector Meeting followed the consultations and currently the stakeholders are in the process of streamlining the Plan of Actions. Based on the NES vision and strategic objectives, a list of high priority export development interventions is being defined for integration in the 2018 National Budget.
Exports, govt.’s top priority, says Malik

By Shabiya Ali Ahlam

The government yesterday emphasized on the importance of Sri Lanka getting its export equation right in the short to medium term so that the country can reap the benefits of a stabilized economy, despite some leading global economists increasingly cast doubts over the ability exports has to drive sustainable economic growth.

With Sri Lanka currently being on a path towards economic transformation, in which the revival of the lagging export sector is an integral part, Development Strategies and International Trade Minister Malik Samarawickrama said it is crucial to reach the US$ 20 billion export goal by 2020 to “enrich our country and our people”.

Addressing a fully packed audience at the Presidential Exports Awards yesterday in Colombo, the minister said that boosting the export performance of the country is of paramount importance to the government.

“From time to time, various governments have given attention to export development in varying degrees. But let me be clear, export development is a top priority of this government,” he said at the event that was graced by President Maithripala Sirisena.
Acknowledging Sri Lanka’s slumping exports, where the contribution as a percentage of GDP dropped from 33 percent in 2000 to 12.7 percent in 2016, it was pointed out that the country by no means can afford for the trend to continue as the scope within the domestic market is limited.

A particular challenge faced by the country, Samarawickrama noted, is that the export basket is heavily concentrated on a few markets and a few products. A recent study has shown that 44 percent of Sri Lanka’s exports are concentrated in just three markets, USA, UK and India.

So far, Sri Lanka has seen limited success in exporting to key Asian markets such as Japan, China, South Korea, and Hong Kong, which are among the top ten markets for exports in the world, accounting for 20 percent of the global export market. However, the four countries accounted for only 6 percent of Sri Lanka’s exports.

“It is high time we made stronger inroads in Asian markets,” he asserted.

The minister assured that active efforts are being taken to tackle existing challenges, in a proactive and systematic manner. One of the main initiatives was pointed out as the National Export Strategy, driven by the Export Development Board with technical support from the International Trade Centre.

According to Samarawickrama, the initiative is “probably the most ambitious and systematic export development drive” the country has undertaken in many decades.

Along with the new export strategy, formulated is also a new trade policy that address four critical aspects; competitiveness through domestic policy reforms, market access and trade facilitation, macroeconomic balance, policy and institutional coherence, and trade adjustment for firms and people.

Furthermore, with Sri Lanka facing stiff competition from other exporters, he shared that the government is keen on helping local exporters innovate and infuse new technology into exports.

“The on-going ‘Innovation and Entrepreneurship’ initiative – being done together with the World Bank - will make national R&D institutions more relevant and more useful to exporters who are looking to develop new products,” he opined.

This initiative is said to also improve the enabling environment for export-oriented entrepreneurs and start-ups to unleash their potential.

“As a government, we have a vision for sustainable growth of our nation, and have utmost confidence in the ability of the private sector, particularly the export community, to be the driving force of this growth. We are committed to support in your endeavors,” Samarawickrama asserted.
‘Business as usual’ will no longer work in SL exports – Malik

"I was one of you, prior to assuming my current responsibilities," Minister of Development Strategies and International Trade Malik Samarawickrama said addressing exporters at the EDB Presidential Exports Awards, 2017.

The minister emphasized the crucial role exports must necessarily play in the country’s economy, articulated challenges and set down national goals. "It is high time we made stronger inroads in Asian markets," the minister said and exhorted the exporters to "use new technologies, new working practices, labour management, engage local experts, blend in foreign partnerships, and be innovative."

We publish below excerpts of his speech:

Sri Lanka is now on a path of economic transformation, and an important part of that transformation is the export sector. Which is why today's awards ceremony – recognizing our export champions – is so important, and I am very glad to be here with you in this celebration.

Being a small island nation, exports have and will continue to play a crucial role in our economy. Our immediate goal for the next three years is to increase exports to US$20 billion
by 2020. Achieving this ambitious task, in spite of the many challenges, is crucial to stabilize and strengthen our economy, and – as the recently launched ‘Vision 2025’ stated – to enrich our country and our people.

From time to time, various governments have given attention to export development in varying degrees. But let me be clear – export development is a top priority of this government and the presence of the President, in spite of his busy schedule, clearly underscores this point.

If we were to take a look back at Sri Lanka’s export performance over the years – between 2011 and 2016, exports were stagnant in dollar terms and for over fifteen years, exports have played a smaller and smaller part of the economy. From a share of 33% of GDP in 2000, exports declined to 12.7% of GDP in 2016. We cannot afford for this to continue, as exports are a lifeblood of our economy, especially as we have a limited domestic market.

A particular challenge facing Sri Lanka is that our export basket is heavily concentrated on a few markets and a few products. A recent study has shown that 44% of Sri Lanka’s exports are concentrated in just three markets – USA, UK and India. So far, Sri Lanka has seen limited success in exporting to key Asian markets like Japan, China, South Korea, and Hong Kong. These four countries are among the top ten markets for exports in the world, accounting for 20% of the global export market, but accounted for only 6% of Sri Lanka’s exports. It is high time we made stronger inroads in Asian markets.

In terms of product composition, the study also showed that Sri Lanka’s two leading exports are not among the top ten product categories traded in the world. In most other Asian countries the two key export products fall within at least one of the top five products traded in the world.

Ladies and gentlemen – these are the challenges before us today, and these are the trends we must reverse.

We have begun to tackle these, proactively and systematically. One of the main initiatives is the National Export Strategy (NES), being driven by the Export Development Board with technical support from the International Trade Centre. This initiative is probably the most ambitious and systematic export development drive our country has undertaken in many decades.

Following the first national consultation in April, which was inaugurated by the Prime Minister, teams of private sector leaders and public sector officials have been working together over several months to identify priority sectors, strategic and operational objectives, and priority actions. The N.E.S. doesn’t just look at traditional sectors, but emerging areas like electronics, leisure boats, spice concentrates, etc.

They have also identified several trade support functions – like trade information and promotion, innovation and R&D, logistics, and national quality infrastructure. Collectively, these measures will strengthen the competitiveness of our exports and help our exporters to improve products and marketing.

The overall vision statement of the National Export Strategy says it all: “Sri Lanka – An Export Hub Driven by Innovation and Investment”.
January 2015

In addition to the National Export Strategy, we have embarked on broader trade policy reforms. Last month, the Cabinet of Ministers approved the adoption of a new national trade policy. This, too, is the first such initiative in Sri Lanka, and sets out a progressive trade reforms agenda that is anchored to our country’s national needs and national priorities. The New Trade Policy addresses four critical aspects;

- Competitiveness through domestic policy reforms
- Market access and trade facilitation
- Macroeconomic balance, policy and institutional coherence
- Trade adjustment for firms and people

Another progressive step is the ratification of the WTO Trade Facilitation Agreement, which was done earlier this year. A National Trade Facilitation Committee has begun initiating an identified set of reforms for Sri Lanka so that our exporters can efficiently engage in a fast moving international trade system.

We are also conscious of unfair trade practices that our Sri Lankan businesses have to contend with, and this is why we have formulated a robust Anti-Dumping legislation, which will hopefully be passed within this year.

There is a host of other important measures the government is taking to expand market access for our exporters. These include,

- Securing the EU GSP+ concessions once again, so that the competitiveness of exports to the EU is improved.
- The ETCA with India, our largest trading partner, the largest market in the neighbourhood, and a rapidly growing middle class which can be a key market for us
- Proactive engagement on the Belt & Road Initiative and the forthcoming FTA with China
- The FTA with Singapore, which will be particularly useful for services trade and also investment
- And the Japan Investment Road Map

We have also begun accelerating development in key economic sectors
Port & Shipping: The development of Hambantota and Trincomalee Ports as PPP Projects with FDI and the infusion of global know-how.

Energy: Fast-tracking the introduction of LNG as a cleaner and cost effective energy source to overcome the impending power crisis. In consequence guaranteeing stable power at a fair cost and energy security.

Industry: Establishing new Export Processing Zones with private sector engagement.

In a world of rapid technological change – that the World Economic Forum calls ‘The Fourth Industrial Revolution’, 'business as usual' will no longer work – Sri Lanka is faced with stiff competition from other exporters. Which is why we are helping our exporters to innovate and infuse new technology into exports. The ongoing 'Innovation and Entrepreneurship' initiative –
being done together with the World Bank – will make national R&D institutions more relevant and more useful to exporters who are looking to develop new products. This initiative will also improve the enabling environment for export-oriented entrepreneurs and start-ups to unleash their potential.

So, as you can see there are many ongoing initiatives that are working towards improving Sri Lanka’s export performance. The gains from all these initiatives won't be seen overnight and won't come automatically. We have to work together, and work hard, to reap the benefits of these new agreements and new opportunities.

The government can only set the right policies, undertake some key initiatives, and create an enabling environment. It is the private sector's role now to take advantage of this conducive climate to support this agenda, and help to achieve national economic goals.

The same way that the government has begun implementing collaborative and progressive strategies – you too need to collaborate among your sectors, collaborate with government agencies, and implement progressive strategies to become competitive and higher value. Change your strategies, markets, and products, to meet the demand regionally and globally. Use new technologies, new working practices, labour management, engage local experts, blend in foreign partnerships, and be innovative. We will support you in your efforts.

I congratulate today's award winners, for their commitment to the country's export agenda and for their excellence in their own sectors. I know the journey of an exporter is not easy. I was one of you, prior to assuming my current responsibilities. I understand your challenges, and I understand how much you have to work hard to break into new markets, to develop relationships with new customers overseas, and to sustain growth amidst a challenging external environment. But I know that by harnessing your collective expertise and energy, you can take advantage of the progressive policies and systems we are now putting in place and help Sri Lanka achieve its fullest potential.

As a government, we have a vision for sustainable growth of our nation, and have utmost confidence in the ability of the private sector – particularly the export community – to be the driving force of this growth. We are committed to support in your endeavours!

(Pic By Dumindu Wanigasekara)
44% of Sri Lanka’s exports are concentrated in just 3 markets: Malik

Reproduced below are some quotes from the speech made by Malik Samarawickrama, Minister of Development Strategies and international Trade, at a recent export awards ceremony.

Sri Lanka is now on a path of economic transformation, and an important part of that transformation is the export sector. Which is why today’s awards ceremony – recognising our export champions – is so important, and I am very glad to be here with you in this celebration.

Being a small island nation, exports have and will continue to play a crucial role in our economy. Our immediate goal for the next three years is to increase exports to US$20bn by 2020. Achieving this ambitious task, in spite of the many challenges, is crucial to stabilise and strengthen our economy, and - as the recently launched Vision 2025 stated - enrich our country and our people.

From time to time, various governments have given attention to export development in varying degrees. But let me be clear - export development is a top priority of this government and the presence here of President Maithripala Sirisena, inspite of his busy schedule, underscores this point.

If we were to take a look back at Sri Lanka’s export performance over the years – between 2011 and 2016, exports were stagnant in dollar terms and for over fifteen years, exports have played a smaller and smaller part of the economy. From a share of 33% of GDP in 2000, exports declined to 12.7% of GDP in 2016. We cannot afford for this to continue, as exports are a lifeblood of our economy, especially as we have a limited domestic market.

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Another progressive step is the ratification of the WTO Trade Facilitation Agreement, which was done earlier this year. A National Trade Facilitation Committee has begun initiating an identified set of reforms for Sri Lanka so that our exporters can efficiently engage in a fast moving international trade system.

We are also conscious of unfair trade practices that our Sri Lankan businesses have to contend with, and this is why we have formulated a robust Anti-Dumping legislation, which will hopefully be passed within this year.

There are a host of other important measures the Government is taking to expand market access for our exporters. These include,
Securing the EU GSP+ concessions once again, so that the competitiveness of exports to the EU is improved. The ETCA with India, our largest trading partner, the largest market in the neighbourhood, and a rapidly growing middle class which can be a key market for us, Proactive engagement on the Belt & Road Initiative and the forthcoming FTA with China, The FTA with Singapore, which will be particularly useful for services trade and also investment, And the Japan Investment Road Map

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Sri Lanka gets local GAP certification for better access to EU

Sri Lankan export promotion authorities have developed local versions of international agricultural and manufacturing practices to help certified exporters get better access to European markets, an official said.

The initiative was being tried out with fruit and vegetable exporters many of whom do not follow good practices, said Indira Malwatta, chairperson of the Export Development Board (EDB).

“We are doing GAP (Good Agricultural Practices) and GMP (Good Manufacturing Practice),” she said, referring to systems for ensuring that products are consistently produced, packed and supplied according to quality standards and subject to audits.

“For the fruit and vegetable sector we introduced local Good Agricultural Practices with European Union aid through the ITC (International Trade Center),” she told a business forum.

Over 550 farmers now are entitled to use Sri Lankan GAP which will be a natural graduation to getting international certification,” Malwatta said.

“If you are to export processed products to the EU market we have to be able to trace it down to where you got the vegetables.

“For that you need global GAP certification. In all these cases EDB has money to help companies to do GAP certification in Sri Lanka.
Consultative meeting on National Export Strategy today

By Charumini de Silva

The Ministry of Development Strategies and International Trade will conduct a consultative meeting with its line ministries today at Temple Trees to finalise the National Export Strategy (NES) to chart the next export growth cycle of the country. “We have now come to the final stages of implementing the NES. At the meeting today we will focus on the proposals of our line ministries, which will be added to the upcoming 2018 Budget proposal,” International Trade State Minister Sujeewa Senasinghe told the Daily FT.

The five-year NES lays emphasis on the diversification of exports through the strengthening of emerging sectors. Bearing in mind different growth trends, the NES focus sectors are ICT, wellness tourism, spice concentrates, boat building, processed food and beverages, and electronic and electrical machinery.

The development of this strategy is a central component of the ‘EU-Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets’ project, implemented by the International Trade Centre (ITC) and funded by the European Union (EU).

It was pointed out that the focus sectors were identified based on quantitative and qualitative parameters derived from export potential assessments, conducted by the Export Development Board (EDB) and the Board of Investment (BOI) under the guidance of Harvard University, and further sector analysis by the Commonwealth Secretariat, McKinsey Co., the ITC and the World Bank.

Senasinghe said the NES is expected to be finalised by December for it to be implemented from next year.

“With the completion of the strategy by the end of this year, the NES will serve as a roadmap to increase exports and value creation while linking our economy into global value chains, to ensure sustainable development with greater prosperity for the people of Sri Lanka,” he added.
In addition, the NES will ensure that all export sectors including mature sectors such as tea, apparel and rubber will benefit from the strengthening of trade support functions.

Through wide public-private consultations, trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives of national quality infrastructure, innovation and R&D and logistics. These trade support functions will aim at improving the overall competitiveness of Sri Lanka’s export sector.

EDB Chairperson Indira Malwatte highlighted that the significance of developing a strategic vision for export development pointing out the steady advancement of worldwide market demands for more specialised products, evolving supply conditions and the emergence of modern technology.

“The Government has embarked on developing and promoting exports of the country giving it the highest priority, to increase and consolidate foreign exchange earnings, which will create new employment, build skills, capacities and attract export-driven investments,” she added.

Malwatte said the NES has placed specific focus on ensuring the priorities are implemented rapidly by the relevant public and private institutions at the sector and regional levels and in close coordination with development partners.

Following the consultative meetings in April and July, she said the EDB has now commenced regional discussions in Kandy, Jaffna and Galle where national public and private sector representatives will confirm the strategic interventions that the NES should focus on for the next five years. The EDB Chief believes the NES initiative will support Sri Lanka’s economic vision, which will result in enhanced social benefits and improved lifestyles for all Sri Lankans.
Jaffna stakeholders participate in key regional consultations for National Export Strategy

Regional Consultations as part of the design of Sri Lanka’s National Export Strategy (NES) took place in Jaffna recently.

The NES is being developed as a comprehensive and carefully structured five-year strategy aimed at increasing exports and generating enhanced revenue for Sri Lanka’s SMEs and exporters.

The national export strategy will focus on the development and expansion of key leading and emerging priority export sectors. The focus on some of these sectors will help to invigorate rural economies and create many new employment opportunities. This is part of the Sri Lankan governments’ drive to achieve a target of US$ 20 billion in exports revenue by 2020.

The NES priority sectors have been selected to ensure a balanced export expansion from visionary, emerging and mature sectors. In line with the objectives of the NES for an innovative and diversified export sector, the national stakeholders, using quantitative and qualitative information, have selected the following industries: IT-BPM, spices and concentrates, wellness tourism, processed food and beverages, boat-building, and electrical and electronic machinery.

In addition, the NES will ensure that all export sectors including the mature sectors will benefit from the strengthening of trade support functions. Through wide public-private consultations, the following trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives; national quality infrastructure; innovation and R&D, and logistics. These trade support functions will aim at improving the overall competitiveness of Sri Lanka’s export sector.

Following the validation of the NES strategic orientations by the Cabinet Council on Economic Management (CCEM), individual sector and functional strategy teams have been established. Consultative meetings for the National Export Strategy were held in July this year. Regional consultations are currently in progress many provinces as part of the formulation process of the national export strategy.

Key regional consultations took place in Jaffna to focus on the IT/BPM and food and beverages sectors. These regional consultations are taking place to ensure that regional requirements and specificities are fully integrated in strategic decision making. A special session also took place on the trade information function to discuss options to improve access
of SMEs to relevant and up to date market information. The event held in Jaffna also featured close consultations of public and private sector representatives from the Northern Province.

Input from local stakeholders is important to have a National Export Strategy that takes into account local challenges and opportunities. This will assist in creating vital business linkages between local entrepreneurs & businesses with their counterparts in other provinces of the Island and counterparts overseas.

With Jaffna’s position as a prominent northern city, the development of its port in the pipeline and geographical proximity to the vital markets in the south of India, the NES will take into account the potential the IT/BPM and Food & Beverages sectors can contribute to invigorating the local economy and aiding Jaffna’s ambitions to become a regional trade hub. Taking into consideration concerns of local stakeholders in Jaffna was important to ensure that the National Export Strategy is truly national in its focus.

The inclusively designed NES will represent the ambitions of public and private sector stakeholders for an empowered Sri Lankan export sector. In line with the government’s mandate to provide equal opportunity for all, these sector specific regional consultations will help to develop policies and regulations that are truly national.

These consultative meetings were preceded by the first NES consultations which took place in April 2017 under the auspices of Prime Minister Ranil Wickremesinghe, where a strategic vision for Sri Lanka’s export growth was agreed upon.

The National Export Strategy for Sri Lanka is being designed by the Ministry of Development Strategies & International Trade and the Sri Lanka Export Development Board (EDB), in close consultation with key public sector institutions and private sector associations and chambers, as well as exporters and SMEs. Technical Assistance in support of this is being extended by the International Trade Centre (ITC) as part of their ‘EU-Sri Lanka Trade Related Assistance’ project funded by the European Union.
Regional confabs for National Export Strategy kick off in Kandy, Jaffna

Regional Consultations as part of the design of Sri Lanka’s National Export Strategy (NES) took place in Kandy on September 18 and in Jaffna on September 20.

The NES is being developed as a comprehensive and carefully structured five-year strategy aimed at increasing exports and generating enhanced revenue for Sri Lanka’s SMEs and exporters.

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In addition, the NES will ensure that all export sectors including the mature sectors will benefit from the strengthening of trade support functions. Through wide public-private consultations, the following trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives: national quality infrastructure; innovation and R&D and logistics. These trade support functions will aim at improving the overall competitiveness of Sri Lanka’s export sector.

Following the validation of the NES strategic orientations by the Cabinet Committee on Economic Management (CCEM), individual sector and functional strategy teams have been established.

Consultative meetings for the National Export Strategy were held in July 2017. Regional consultations are currently in progress in many provinces as part of the formulation process of the National Export Strategy.

Key regional consultations took place in Kandy to focus on the spices and concentrates and wellness tourism sectors. These regional consultations are taking place to ensure that regional requirements and specificities are fully integrated in strategic decision making.
A special session also took place on the trade information function to discuss options to improve access of SMEs to relevant and up-to-date market information. Input from local stakeholders is important to have a National Export Strategy that takes into account local challenges and opportunities. This will assist in creating vital business linkages between local entrepreneurs and businesses with their counterparts in other provinces of the island and counterparts overseas.

The consultations in Jaffna focused on the IT-BPM and Food and Beverages sectors. The event held in Jaffna also featured close consultations of public and private sector representatives from the Northern Province.

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These consultative meetings were preceded by the first NES consultations which took place in April 2017 under the auspices of Prime Minister Ranil Wickremesinghe, where a strategic vision for Sri Lanka's export growth was agreed upon.

The National Export Strategy (NES) for Sri Lanka is being designed by the Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB), in close consultation with key public sector institutions and private sector associations and chambers, as well as exporters and SMEs.

Technical assistance in support of this is being extended by the International Trade Centre (ITC) as part of their ‘EU-Sri Lanka Trade Related Assistance’ project funded by the European Union.
First round of Regional Consultations for National Export Strategy kicks off in Kandy

Regional Consultations as part of the design of Sri Lanka’s National Export Strategy (NES) took place in Kandy on 18 September.

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The NES priority sectors have been selected to ensure a balanced export expansion from visionary, emerging and mature sectors. In line with the objectives of the NES for an innovative and diversified export sector, the national stakeholders, using quantitative and qualitative information, have selected the following industries: IT-BPM, Spices and Concentrates, Wellness Tourism, Processed Food and Beverages, Boat-building, and Electrical and Electronic machinery.

In addition, the NES will ensure that all export sectors including the mature sectors will benefit from the strengthening of trade support functions. Through wide public-private consultations, the following trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives; National quality infrastructure; Innovation and R&D, and Logistics. These trade support functions will aim at improving the overall competitiveness of Sri Lanka’s export sector.

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Sri Lanka – An Export Hub driven by Innovation and Investment

Contd. from Page 19

These trade support functions will target key horizontal dimensions of trade that affect the overall competitiveness of Sri Lanka’s export sector, which are:

- Trade Information and Promotion
- National Quality Infrastructure
- Innovation and R&D
- Logistics

While the NES focuses on diversification, it is high support to the NES focus sectors which are ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic, Electrical and Machinery, all other export sectors including the mature sectors will benefit from the strengthening of trade support functions.

Following the discussion, the 2nd Consultative Meetings was held from 9th July to 29th July 2013. The main objective of the meeting was to define roadmaps for expanding export and analyse performance of value chains for the NES focus sectors, market orientations, challenges and opportunities. The TBF group identified the main challenges in the provision of quality and affordable trade support services to Sri Lanka Exporters. The Sector Meeting followed the consultation from 8th August to 12th September 2017.

Subsequently, the Regional Consultations as a part of the design of Sri Lanka’s National Export Strategy (NES) took place in Kandy, Jaaffna and Galle from the 18th – 22nd September 2017.

These regional consultations were focused on Central, Northern and Southern Provinces where stakeholders around the country participated at these consultations. Central Province focused on the Spices and Concentrates and Wellness Tourism sectors. A special session also took place on the trade information function to discuss options to improve access of SMEs to relevant and up-to-date market information. Northern Province Consultation was on the IT/BPM and Food and Beverages sectors along with the TBF, Trade Information and Promotion. Furthermore, Southern Province consultations were on Wellness Tourism, Spices & Concentrates and Marine industry covering the Boat Building sector and Logistics as a Trade Support Function. Sri Lanka’s coastal belt with an already vibrant local tourism industry, the NES will consider the economic potential that development of the Wellness Tourism and Boating Sectors will bring to the local economy. Employment creation as a result of NES focus on these sectors will not only in the priority sectors, but also in sectors that are ancillary to them. Taking into consideration concerns of local stakeholders in the provinces were important to ensure that the National Export Strategy is truly rational in its focus. Input from provincial stakeholders is important to have a National Export Strategy that takes into account local challenges and opportunities. This will assist in creating vital business linkages between local entrepreneurs and businesses with their counterparts in other provinces of the island and counterparts overseas. Currently, the stakeholders are in the process of streamlining the Plan of Actions and based on the NES vision and strategic objectives, a list of high priority export development interventions is being defined for integration in the 2018 National Budget.

The inclusively designed NES will represent the ambitions of public and private sector stakeholders for an empowered Sri Lankan export sector. In line with the government’s mandate to provide equal opportunity for all, these sector specific regional consultations will help to develop policies and regulations that are truly national.
NTFC, ITC and World Bank partner to initiate TFA

The National Trade Facilitation Committee (NTFC) in collaboration with the International Trade Centre (ITC) and the World Bank will convene a two-day workshop from 11 -12 October at the Galle Face Hotel.

The workshop will help to prioritise the reforms required to implement the World Trade Organisation’s Trade Facilitation Agreement (TFA). It will also focus on coordinating implementation of the TFA. Operationalising the TFA will have a positive impact on the private sector. Small and Medium Enterprises (SMEs) are likely to benefit the most as the TFA would ease access to international markets and increase ease of cross border trade. Economic growth and more job opportunities are expected as a direct result of the increase in international trade.

This workshop follows a mandate by the NTFC Secretariat to develop a detailed action plan for the implementation of Sri Lanka’s Category B and C commitments under the TFA. Technical assistance is provided by the ITC and the World Bank.

Technical assistance for this project by ITC is carried out under the ‘EU – Sri Lanka trade-related assistance: Increasing SMEs trade competitiveness in regional and EU markets’, a project funded by the European Union and implemented by the International Trade Centre.

The workshop will be inaugurated by the EU Ambassador to Sri Lanka and the Maldives, Tung-Lai Margue, the ITC, the World Bank, members of the NTFC and other Trade Facilitation Stakeholders. Commenting on the EU’s commitment to increasing Sri Lanka’s trade competitiveness, Tung-Lai Margue stated: “Operationalisation of the TFA will simplify international import and export procedures. It will increase possibilities for SMEs to participate in global value chains and optimise Sri Lanka’s chances of increasing rapidly export revenue through international trade.”

The World Bank stated: “By improving access to enabling infrastructure and cutting costly and cumbersome procedures, Sri Lankan enterprises, especially small and medium enterprises, will be able to reach the international markets faster and at a lower cost. The workshop will help identify specific procedures and systems and areas of infrastructure support which will make this possible.”

The TFA implementation plan requires that members of the NTFC and other Trade Facilitation stakeholders in Sri Lanka agree on the reforms to be prioritised. It is also important that operational mechanisms are adopted to ensure effective coordination between border agencies working simultaneously on the common aspects of the TFA.
Sri Lanka to operationalise WTO Trade Facilitation Agreement

As a step towards boosting Sri Lankan trade via operationalising the WTO Trade Facilitation Agreement, the National Trade Facilitation Committee (NTFC) in collaboration with the International Trade Centre (ITC) and the World Bank will convene a two-day workshop from 11-12 October at the Galle Face Hotel.

The workshop will help to prioritise the reforms required to implement the World Trade Organisation’s Trade Facilitation Agreement (TFA). It will also focus on coordinating implementation of the TFA. Operationalising the TFA will have a positive impact on the private sector. Small and Medium Enterprises (SMEs) are likely to benefit the most as the TFA would ease access to international markets and increase ease of cross border trade. Economic growth and more job opportunities are expected as a direct result of the increase in international trade.

This workshop follows a mandate by the NTFC Secretariat to develop a detailed action plan for the implementation of Sri Lanka’s Category B & C commitments under the TFA. Technical assistance is provided by the ITC and the World Bank.

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operational mechanisms are adopted to ensure effective coordination between border agencies working simultaneously on the common aspects of the TFA.
Custom clearances to go paperless from 2018

- Digital signature, trade information portal and several key functions to be effective from next year, Single Window blueprint ready for July 2018
- On track to achieve Govt. revenue target of Rs. 1 trillion
- Customs DG keen on enhancing efficiency with technology, people-less offices

By Charumini de Silva

In a major boost to streamline trade, Sri Lanka Customs will allow custom clearances to go paperless from next year, with the implementation of a digital signature, single window and trade information portal, a top official revealed yesterday.

Sri Lanka Customs Additional Director General S. Rajendran insisted that the department has embarked on several major trade reforms to fast-track trading in the country.

Speaking at the inaugural workshop of the WTO Trade Facilitation Agreement (TFA), he pointed that of the 36 measures 11 have been already implemented and will be in effect from next year onwards.

As part of the EU-Sri Lanka Trade-Related Assistance - Increasing SMEs’ Trade Competitiveness in Regional and EU Market, the Ceylon Chamber of Commerce in close collaboration with ITC, embarked on its first workshop on private sector trade facilitation training in Sri Lanka through a train-the-trainer methodology.

Noting that Sri Lanka Customs has already implemented online payments, he said they have now started working on legal amendments to accommodate TFA commitments to the Customs Ordinance in order to execute pre-arrival processing clearance, which will greatly benefit the importers.

"The Attorney General has already given his consent for the digital signature for Customs documents. We are now in discussion with Lanka Clear and by January we will be in a position to make it effective," he told the Daily FT.

He added that the trade information portal and the single window blueprint will be ready by July. “The blueprint of the Single Window will be ready by July, but the implementation will take two to four years.”

Rajendran also expressed confidence that they were on track to achieve the Rs. 1 trillion revenue target given by the Government for this year.

Sri Lanka Customs Director General P.S.M Charles emphasised that they were not only keen on paperless offices, but also on people-less offices in the future.
Outlining the importance of trade facilitation programs, she stated that the use of effective technology and enhancing systems to perform trade was crucial to bolster economic growth.

Acknowledging that 60% of the income was generated by SMEs in other countries, Charles claimed that Sri Lanka was lacking in this sector.

“The three-decade war dragged the economy backwards and now we have to walk fast and catch up with the rest of the world,” she added.

Delegation of the EU to Sri Lanka and the Maldives Cooperation Head Libuse Soukupova stressed that TFA was an important tool for economies to improve the business environment and competitiveness in attracting investment.

She expressed optimism over the Government’s recently announced Vision 2025 and the reforms taking place in the economy.

Although Sri Lanka has many educated women, Soukupova pointed out it was of concern that only 30% represented the workforce.

She said the trade facilitation project would continue till 2020.

Ceylon Chamber of Commerce Dhara Wijayatilake underscored the program highlights and said the chamber was involved in a variety of capacity building programs.

It was pointed out that the SME sector accounts for 75%-80% of the total business profile in Sri Lanka. Therefore, she said bridging regional gaps and reducing poverty were key factors for inclusive trade-led growth.

Speaking extensively on the history and implementation of the TFA EU-Sri Lanka Trade Related Assistance, National Project Coordinator Dr. Dayaratna Silva said SMEs were the victims of red tape and trade assistance programs of this nature assist them to overcome these barriers to tap into the global market.

The objective of this two-day workshop was to assist businesses to understand the terms, potential benefits and practical use of each of the technical measures of the new agreement and to equip them to successfully contribute to the design, implementation and monitoring of the trade facilitation potential implementation choices.

There will be two similar workshops in Colombo early next year and three regional workshops in Jaffna, Batticaloa, Ampara and Hambantota in the future.
Trade facilitation workshop on Oct 11-12

The National Trade Facilitation Committee (NTFC) in collaboration with the International Trade Centre (ITC) and the World Bank, as a step towards boosting Sri Lankan trade, is convening a two-day workshop on October 11-12 at the Galle Face Hotel, Colombo.

The workshop will help to prioritise the reforms required to implement the World Trade Organisation's Trade Facilitation Agreement (TFA). It will also focus on coordinating implementation of the TFA, officials said.

Operationalising the TFA will have a positive impact on the private sector. Small & Medium Enterprises (SMEs) are likely to benefit the most as the TFA would ease access to international markets and increase ease of cross border trade. Economic growth and more job opportunities are expected as a direct result of the increase in international trade. This workshop follows a mandate by the NTFC Secretariat to develop a detailed action plan for the implementation of Sri Lanka’s Category B & C commitments under the TFA. Technical assistance is provided by the ITC and the World Bank. (QP)
A press release announced that to boost local trade, the National Trade Facilitation Committee (NTFC) in collaboration with the international Trade Centre (ITC) and World Bank will convene a two-day workshop from 11 - 12 October at the Galle Face Hotel.

The workshop will prioritise reform to implement the World Trade Organisation’s Trade Facilitation Agreement (TFA). It will also focus on speeding up implementation of the TFA. The workshop will be co-hosted by EU Ambassador to Sri Lanka and the Valiante, Torquay, The Hague, ITC, World Bank, Colombo of the NTFC and other trade facilitation stakeholders.

“The NTFC is committed to bringing efficiency, cost effectiveness and other trade facilitation benefits to the Sri Lankan economy. The TFA, which has been ratified by Sri Lanka, provides a golden opportunity to remove trade facilitation barriers and facilitate trade more effectively. This workshop will serve as a platform to share experiences and best practices and to provide guidance on implementing the TFA,” said Dr. Nilantha Nilakanda, Secretary to the NTFC.

The TFA, which is intended to improve efficiency and reduce costs and delays in the movement of goods across borders, has been ratified by 52 countries so far. Sri Lanka is one of the few countries that have ratified the TFA in the South Asia region.

“The objective of the workshop is to discuss the implementation of the TFA and to share experiences and best practices with other countries that have implemented the TFA,” said Dr. Nilantha Nilakanda.

The workshop will focus on improving the efficiency of trade and customs procedures, implementing the TFA, and providing information on the implementation of the TFA in Sri Lanka.

“The workshop will provide an opportunity for Sri Lanka to learn from the experiences of other countries that have implemented the TFA,” said Dr. Nilantha Nilakanda.

The workshop will be facilitated by the World Trade Organisation (WTO) and the World Bank.

The workshop will be co-hosted by the EU Ambassador to Sri Lanka and the World Bank.

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Use GSP+ creatively to develop local industries

By Kamal Kandewatta


"If creatively utilized, GSP+ has the potential to deliver benefits that will go far beyond duty free access alone", noted Margue, speaking at a workshop to discuss the WTO Trade Facilitation Agreement (TFA) yesterday.

Further he explained, "To comply with the Rules of Origin criteria, a number of new enterprises can be created in the country to produce raw material to be utilized in the export-oriented production process".

Rules of Origin is the criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of imports.

According to him, the backward integration process necessitated by this would create a large number of new employment opportunities to the people who are living away from the main economic centres of the country. He also noted that Small and Medium Enterprises (SMEs) have a significant role in the modern world, since it represents 90% of global enterprises and provides around 70% of private sector employment opportunities.

According to the EU Ambassador in Sri Lanka, more than 65% enterprises are SMEs, yet they find it difficult to deal with cross border operations. Therefore, trade facilitation would make cross border operations much easier for SMEs.

Simplified cross border operations will improve international competiveness of SMEs allowing them to get more benefit from large markets such as the EU and South Asia.

The Ambassador praised the progress achieved by the Government towards trade facilitation and also promised the EU will continue to work hand-in-hand with the Sri Lankan Government and provide technical assistance in the trade facilitation process through the EU-Sri Lanka trade-related facilitation project.

According to him the project will facilitate inclusive trade led growth and will improve trade competitiveness in cross border operations. However, the Ambassador lamented, "Ownership
of the TFA is with Sri Lanka, therefore success will depend on collaboration the country provides for the project”.

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SL receives thumbs up for progress in complying with WTO TFA

By Shabiya Ali Ahlam

The key stakeholders of the EU-Sri Lanka Trade-Related Assistance Programme yesterday gave the government thumbs up for having taken a “firm” commitment in improving the local trading environment and actively working towards complying with the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA).

By ratifying the TFA, the island nation pledges in taking a legal commitment to improve the transparency, predictability and efficiency of its cross-border environment.

The acknowledgement of Sri Lanka taking steps in the right direction is noteworthy, given that the country came under harsh criticism by the trading partners for the lack of transparency and predictability, even after the new regime assured good governance in all efforts.

EU Ambassador to Sri Lanka Tung-Lai Margue yesterday commended the government for taking “many” positive steps in implementing the WTO TFA, the need of the hour, as it aims to secure a global hub status.

“We are proud to work hand in hand with Sri Lanka and provide technical assistance to the Assistance Project. This project aims to improve Sri Lanka’s inclusive trade-led growth and regional integration to improve the competitiveness of Sri Lanka’s SMEs in regional SAARC and EU markets and steps in the right direction are being taken in a timely manner,” Margue told a workshop in this regard held in Colombo yesterday.

It was stressed that working on the other areas, such as export development, cracking sanitary issues and value chain development and facilitating border operations, is also critical to improve the country’s business environment.

Margue said that to really benefit from the preferential trade agreements, well-functioning border operations are a necessary prerequisite.
“We all stand ready to cooperate but at the end of the day, it is your ownership and good collaboration that will allow the work at hand to be a success,” Margue asserted to the audience that included representatives of the implementing agencies.

The International Trade Centre (ITC), the implementing agency for the EU-Sri Lanka Trade-Related Assistance Programme, too acknowledged and commended Sri Lanka for having already taken the “important” steps towards the implementation of the TFA.

Following the commitment to the WTO, Sri Lanka has established a National TF Committee (NTFC) and a permanent secretariat and this move has been identified as a key component in driving the country towards reform.

The NTFC has developed a detailed action plan for each of the agencies involved in the reform process and has stressed on the steps needed to be taken in a coordinated manner, for Sri Lanka to be compliant with the agreement.

However, ITC Trade Facilitation Advisor Pierre Bonthonneau said that now is the time to take the process one step further.

“No country is in a position to implement such a large process simultaneously. Countries thus need to identify the priorities the reforms needed by the business community to improve its competitiveness. So, Sri Lanka needs to prioritise the reforms needed, so that the local traders are at a competitive advantage. We all acknowledge the need for collaboration and working together,” he said.

The EU-Sri Lanka Trade-Related Assistance Programme is a four-year project funded by the EU and is implemented by the ITC in partnership with the Commerce Department and United Nations Industrial Development Organisation (UNIDO).
Boost for SMEs via National Trade Facilitation Agreement

By Hiruni Dabarera

Implementation of the National Trade Facilitation Agreement (NTFA) with the World Trade Organisation will be a big boost to the competitiveness of Small and Medium Enterprises (SMEs) to face local and global challenges and opportunities.

To better harness this potential a two-day multi-stakeholder workshop kicked off yesterday in Colombo to prioritise the key areas in the business reform process and to provide the platform for coordination among various sectors and agencies.
The initiative was held by the National Trade Facilitation Committee (NTFC) in collaboration with the International Trade Centre (ITC) and the World Bank.

The workshop will help prioritise the reforms required to implement the World Trade Organisation’s Trade Facilitation Agreement (TFA). It will also focus on coordinating implementation of the TFA.

Operationalising the TFA will have a positive impact on the private sector. SMEs are likely to benefit the most as the TFA will ease access to international markets and increase ease of cross border trade. Economic growth and more job opportunities are expected as a direct result of the increase in international trade.

This workshop follows a mandate by the NTFC Secretariat to develop a detailed action plan for the implementation of Sri Lanka’s Category B & C commitments under the TFA. Technical assistance is provided by the ITC and the World Bank.

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Inaugurating the workshop, EU Ambassador to Sri Lanka and the Maldives, Tung-Lai Margue, said: “SME’s represent 90% of global enterprises and provide over 70% of private sector employment.”

In Sri Lanka it is 65%. Yet, they find it difficult to engage in transactions across borders. Margue believes the agreement will assist SMEs to participate in the global value chain and increase international trade revenue.

Margue further revealed how the GSP Plus, if effectively implemented, will benefit the country more than the general duty access to the EU. To comply with the rules to be eligible for this trade benefit, the majority of raw materials and other inputs need to be of domestic origin. This provides new companies with the opportunity to become suppliers to existing manufacturers or
for them to engage in what he terms ‘backward integration’. Foreign investors will also be attracted by this.

This agreement is a result of the TFA, which was a significant outcome of WTO’s ninth conference held in Bali, Indonesia in December 2013. Following its implementation by the Government in February, a NTF Committee was set up with a Secretariat. These efforts were commended by the EU and World Bank representatives.

In keeping up with the Government’s vision on policy framework titled ‘Sri Lanka Vision 20125 - a country enriched’, several provisions have been made to improve Sri Lanka’s position as a global logistics hub (mainly provisions of physical infrastructure and development of the port, airport and highway network).

World Bank representative Amila Dahanayake stated how the country also needs to enhance the productivity of its logistics sector by embracing recent technological advancements.

However, the Department of Commerce asserted how reforms pertaining to technology advancements were additional commitments and they did not encourage it as it would lead to an increase in legal commitments. The TFA focuses on transparent, simple and consistent import and export procedures at present and they believe that it will suffice for the moment.

Speaking to Daily FT, Department of Commerce Director Gothami Silva stated: “We expect the agreement to focus more on the exporters than the importers for ultimately it is export revenue which will cater to development.”

The two-day workshop will cater to the implementation process of the agreement. Prior to this, seminars and workshops were held to educate participants on the obligations arising from the agreement, benefits from it and the responsibilities of the implementing agencies. The action plan which was developed collectively will be subjected to discussion during the workshop and successfully completed with the feedback received by implementing agencies.

“The length of the reform process depends on the Government. Sri Lanka can extend or shorten it as they desire,” said ITC Trade Facilitation Adviser Pierre Bonthonneau.

He revealed how one of the key objectives of the workshop was to try and link what can be done during a limited timeframe, for some reforms need financial backing, political will and absorption capacity. The workshop will decide on what reforms should be implemented first depending on how important they are to the private sector and through this decide on the timeframe that the Government is willing to comply with.

Pix by Sameera Wijesinghe
USE GSP+ CREATIVELY TO DEVELOP LOCAL INDUSTRIES

RULE OF ORIGIN NECESSITATES INCREASED LOCAL PRODUCTION/MANUFACTURING

TFA WILL BOOST SME COMPETITIVENESS IN INTERNATIONAL MARKETS

BY KAMAL KANDEWATTA


“If creatively utilized, GSP+ has the potential to deliver benefits that will go far beyond duty free access alone”, noted Margue, speaking at a workshop to discuss the WTO Trade Facilitation Agreement (TFA) yesterday.

Further he explained, “To comply with the Rules of Origin criteria, a number of new enterprises can be created in the country to produce raw material to be utilized in the export-oriented production process”. Rules of Origin is the criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the source of imports.

According to him, the backward integration process necessitated by this would create a large number of new employment opportunities to the people who are living away from the main economic centres of the country. He also noted that Small and Medium Enterprises (SMEs) have a significant role in the modern world, since it represents 90% of global enterprises and provides around 70% of private sector employment opportunities.

According to the EU Ambassador in Sri Lanka, more than 60% enterprises are SMEs, yet they find it difficult to deal with cross border operations. Therefore, trade facilitation would make cross border operations much easier for SMEs.
Establish trade remedies before FTAs – DG Commerce Legislation proposed in 1990s being finalized only now

By Kamal Kandewatta

Stressing the need to implement trade remedies such as anti-dumping action, Director General of Commerce, Sonali Wijeratne noted that though relevant legislation was made way back in the 1990s, only now were they in the implementation stage.

"Before we commit to the upcoming Free Trade Agreements (FTAs) with India and China, we need to have the right trade remedies in place to avoid the possibility of major disruptions occurring in local industries".

Wijeratne made these remarks while addressing the workshop to introduce trade remedies, law and procedure yesterday (25) as a part of the EU – Sri Lanka Trade Related Assistance Project with the support of the Advisory Centre on WTO Law (ACWL).

Combining her long-term industry experience, she said, "We prepared the legislation in the 1990's with all kinds of expert assistance and though it was presented to Parliament at that time, it is coming into effect only now".

Trade remedies are the tools that allow governments to take counter-action against imports which cause material injury to a domestic industry. Commonly used trade remedies are anti-dumping action, countervailing duty measures and safeguard action.

Wijeratne further added, "Private sector understanding about trade remedies is highly important because sometimes they tend to complain about some imports without even knowing the accuracy of their complaints".

"Take for example where most of the complaints that we receive are about imported products that are selling at lower prices in the country and anti-dumping measures being urged. However, fundamentally we can't take action against such situations because those are not the criteria for dumping", she noted.
Talking of a personal experience, she asserted that "In the 1990's a foreign consultant was pushing us not to have trade remedies, simply because we had an open economy. But why shouldn't we, while all the others were using it?".

The Government recently decided to present two Trade Remedy Bills to Parliament. The first one was to set up anti-dumping and countervailing measures, while the second one was to set up safety measures.
Private sector must learn to use trade remedies bills effectively: experts

- Pending anti-dumping legislation does not prohibit cheap imports
- Businesses need to brush up on technicalities of new measures to achieve results
- Private companies have to take legal initiatives to protect themselves

By Madushka Balasuriya

As the long-promised trade remedies bills finally make their way to Parliament for approval, experts have warned that their eventual effectiveness will strongly hinge on increased private sector involvement.

The two bills in question relate to the establishment of anti-dumping and countervailing measures as well as safeguards that will allow domestic legal mechanisms to investigate and offset unfair trading practices.

The move was widely welcomed by local industry stakeholders, but several misconceptions about their scope of influence and implementation have left those familiar with the legislation worried about the bills’ overall efficacy.

“There are a number of misconceptions relating to these measures. It is vital that the applicant for these measures - that is the private sector - understands exactly to what limits you can use these instruments and how effectively you can use them,” said Director General of Commerce at Sri Lanka’s Department of Commerce Sonali Wijeratne.

“Sometimes we get these very disturbing letters from companies who think that dumping is aligned with cheap imports. This is not the case. There is a misconception that trade remedies are a substitute for import duties, when in fact import duties are for revenue purposes.

“The more there is a misconception, the less efficiently we use these instruments.”

Wijeratne was speaking on Wednesday on the opening day of the three-day EU-funded workshop organised by the International Trade Centre in partnership with the Advisory Centre on WTO Law (ACWL), aimed at offering public and private sector stakeholders a clearer
understanding of the new remedial trade measures and laws, both domestically and internationally.

The need for the private sector to brush up on the technicalities of these new measures was also emphasised by the Attorney General’s Department, which was involved in the drafting of the bills, and has also been working closely on a case brought against Sri Lanka in the US.

American tyre manufacturer Titan International recently filed legal action against China, India and Sri Lanka, alleging that imports from those markets were being dumped in the US market, and that the imports from all three countries benefitted from government subsidies. Senior State Counsel Rajiv Goonetilleke, who is working on the case, was keen to note that it was the private sector which had flagged the alleged improprieties.

“"It was not the US government that took action, it was the industry, it was a tyre manufacturer in the US that complained to the department of commerce that there was in fact dumping. The industry has to take this on board; they have to keep their eyes open. They are the ones who are going to be impacted by imported products.

“Some of it is technical, such as the calculation of anti-dumping duties and so forth. For that you need experts. That is why there is perhaps a crying need in this country for some law firms to deal with trade law."

For Sri Lanka this regulation is arguably more important now than it has ever been, with a slew of free trade agreements set to be agreed in the coming years. However, these regulatory measures cannot be implemented without following WTO prescribed protocols.

For example, the WTO only permits countervailing duties to be charged after the importing nation has conducted an in-depth investigation into the subsidised exports. And even then, it is likely that it will be challenged in court. According to Senior Counsel at ACWL, Dr. Jan Bohanes, 40% of all WTO disputes from 1995 to date concern trade remedies.

"Our work revolves, to a very significant amount, around trade remedies, whether it is trade investigations or at the stage of litigation. My last two cases have revolved around trade remedies. Many trade remedy measures are challenged in the WTO, so it is important to get them right," explained Dr. Bohanes.
“These measures must comply with both domestic law and WTO law because it will very often be challenged in the WTO system. And the overwhelming majority of cases are initiated by the private sector, which petitions the Government to initiate these investigations and provides crucial evidence for the Government.”
Misconception on functionalities of WTO trade remedies could tax private sector: Commerce Dept.

By Shabiya Ali Ahlam

The Commerce Department this week pointed out that revolving around the World Trade Organisation (WTO) trade remedies are a number of misconceptions that could tax the private sector greatly, if it fails to understand the tools.

Stating that greater the misconception, less effective the remedies would be, Commerce Department Director General Commerce Sonali Wijeratne stressed the need for the private sector to play a more participative role in this regard.

“There are a number of misconceptions and misunderstandings regarding these measures and it is vital that the applicant or the petitioner, usually the private sector, understand exactly to what limits these instruments can be used and the extents of their effectiveness,” said Wijeratne, while addressing the representatives at the EU-Sri Lanka Trade-Related Assistance workshop this week in Colombo.

The remedies referred to are the anti-dumping, countervailing and safeguard measures that Sri Lanka will be able to capitalize on, having acceded to the WTO Trade Agreement recently.

Adding it is time the private sector “go back and learn the fundamentals”, which, according to her, are not very technical to grasp, Wijeratne warned.

“There is a whole load of details you need to understand before using the tools legitimately. If you don’t, you can be challenged by industries of other nations where you will end up paying compensation.”

To date, Sri Lanka has against it six petitions under the three key areas.

To ensure the remedies are used in the right manner, a special budget has been allocated under the EU-Sri Lanka Trade-Related Assistance project for further training. The four-year project that will be implemented with a funding of EUR 8 million would assist Sri Lanka in integrating the policies and regulatory reforms of the WTO.
Furthermore, with the government having recently decided to circulate two trade remedy bills (anti-dumping and countervailing measures) in parliament, efforts are underway in providing domestic legal mechanisms to carry out the investigations of the alleged unfair trade practices.

In a bid to ensure Sri Lanka works with these legislations in an effective manner, the Attorney General's Department stressed the need for more lawyers and law firms to be conversant with the upcoming laws.

According to EU-Sri Lanka Trade-Related Assistance Programme National Project Coordinator Dr. Dayaratna Silva, if requested, the project would accommodate special training sessions for lawyers on the subject area.
National Institute of Exports partners ITC to launch online training on cross border trading

Secretary General/CEO of NCE appointed as a National Consultant by the ITC

The National Institute of Exports (NIOE) is expanding its professional courses related to international trade to encompass online training facilities for cross border trading among SAARC and EU countries in collaboration with the International Trade Centre (ITC) in Geneva.

The National Institute of Exports (NIOE), which is a subsidiary of the National Chamber of Exporters of Sri Lanka (NCE), conducts professional courses in the vital field of exports for the benefit of employees in export enterprises, entrepreneurs, and students. These courses enable them to enhance their knowledge, improve performance, advance their career prospects and are beneficial to students who wish to make a career in the field of exports. They cover important subjects related to the export/import trade and are conducted at the Certificate, Advanced Certificate and Diploma levels, awarding recognised professional certificates. These courses have been endorsed by Tertiary and Vocational Education Commission (TVEC) in regards to their professional standards.

The International Trade Centre (ITC) which a joint agency of the United Nations and the World Trade Organization (WTO) is fully dedicated to support the internationalisation of small and medium enterprises (SMEs). The ITC is currently implementing an EU Sri Lanka Trade Related Assistance project, funded by the European Union (EU), which aims at increasing the competitiveness of Sri Lankan SMEs in Regional and EU Markets. This project contributes to inclusive trade led growth in Sri Lanka, supporting the competitiveness of SMEs in strategic sectors with high potential for economic development, including spices, fresh and processed foods, information technology and business process outsourcing, as well as textiles and garments.

As a part of the trade facilitation component of this project the ITC has designed an E learning course referred to as the E learning Curriculum to support Sri Lankan enterprises in the spices, fresh and processed foods, and the textiles and garments sectors to comply with cross border procedural and regulatory requirements in respect of export transactions in the EU and regional markets.
The ITC having recognised the quality of services provided by the NIOE for the enhancement of exporting SMEs, has entered into a collaborative Memorandum of Understanding (MOU) with the NIOE, which was formally signed on 14 July, marking a significant milestone for the NIOE.

The E curriculum which is delivered online is composed of six modules focusing on regulations and procedures for the export of products related to the identified above sectors. Each module consists of two lectures, one case study, and one forum task, which requires approximately 12 hours of work over a six week period by the participants.

In terms of the course objectives, by the end of the course participants will be able to:

- Understand the rationale behind compliant requirements for exporting out of Sri Lanka
- Comply with local and export packaging and labelling requirements
- Evaluate air and sea logistics options ex Sri Lanka
- Understand complete export procedures for the export of spices, fresh and processed foods, textiles and garments.

Three categories of participants will benefit from this E Learning facility. They are 1) Those who are currently employed in export enterprises, 2) Entrepreneurs and Businesses proposing to export their products, and 3) Students who are interested in a career related to exports. The e learning course will guide them through the acquisition of a comprehensive understanding of all export regulations, documentation, as well as freight and logistics requirements the exporters must comply in order to export successfully.

Among the benefits that participants will gain is the opportunity to strengthen their knowledge of export procedures without having to be physically away from their work places, since it provides a highly beneficial learning experience at their own convenience. However the requirement is that participants should complete the course within a six week period from the time at which they first login to commence the course. After completion of the course, and the assessments, a professionally recognised certificate will be awarded by the ITC. As such students will be able to benefit when seeking employment due to the added qualification they receive after completion of the course.

The course material related to the six modules has been developed by professionals under the supervision and guidance of an International Consultant appointed by the ITC.

NCE Secretary General/CEO Shiham Marikar has been appointed as the National Consultant related to this project to assist the International Consultant to collect the training needs of SME’s, map out the curriculum, develop the six modules, identify key public and private stakeholders to provide technical inputs for the development of the training modules, collection of information on import/export documents, regulations, and administrative procedures, as well as the identification of tutors with practical experience of import export procedures in Sri Lanka to facilitate the delivery of the E learning facility. In this regard Mr. Marikar had also undertaken a study visit to Brussels under the auspices of the ITC in September to undergo exposure and learning through interaction with the relevant organisations, related to approaches and procedures for trade facilitation.
Accordingly the e learning course will be facilitated by three tutors who are experienced businessman in the three sectors outlined above for promotion, who will be available full time to guide the participants through the lectures, assist them in their learning process, mark their assessments, and to facilitate forum activities. Furthermore the e learning facility has been endorsed by five successful personalities, two of whom are from the Public Sector and three from the Private Sector in Sri Lanka.

The ITC has also carried out training of the trainers (tutors), to facilitate their duties and responsibilities. Further the ITC has provided training to the secretariat staff of the NIOE to enable them to provide technical assistance when needed.

The first edition of the e learning course will commence in November this year. Over 30 participants have already registered with the NIOE to benefit from this facility. Other prospective participants who have not enrolled as yet to make use of this unique opportunity, still has time to do so.

Under the EU trade facilitation project, the NIOE is also in the process of implementing a separate program to conduct training workshops and seminars, utilising the services of qualified and experienced professionals, covering specialised topics related to overall trade facilitation. In this regard the NIOE has already conducted the first training seminar, which has been well received by participants. Further training seminars on relevant topics will continue to be conducted under the program.
ITO/BPO SMEs to learn key steps to achieve EU market exporting success at INFOTEL 2017

The International Trade Centre (ITC) in partnership with the Federation of IT Industry Sri Lanka (FITIS) will host a half-day session on key steps to exporting success for Information Technology Outsourcing/Business Processes Outsourcing (ITO/BPO) companies in Sri Lanka. The event will take place as part of INFOTEL 2017, the flagship national ICT Exhibition, on 4 November at the Bandaranaike Memorial International Conference Hall (BMICH).

The event will feature an international export strategy and business expert who will share key strategies for companies wishing to export ITO/BPO services. The panel of speakers will also include representatives of two current Sri Lankan exporters – Calcey Technologies and Nuclei Technologies – along with their respective clients – Firebrand Fresh (United Kingdom) and Gapstars (The Netherlands). The panellists will share their experiences in doing business together, provide insights into what international clients are looking for, and how Sri Lankan ITO/BPO companies can best attract and retain customers.

The program will be of particular use to SMEs at the early stage of their export journey, or those only starting to look into expanding their focus beyond the domestic market.

Sri Lanka is an emerging outsourcing destination for customer support, software development and accounting services. The country features prominently in industry rankings such as Gartner’s 30 Leading Locations for Offshore Services and A.T. Kearney Global Services Location Index, in which it was ranked 11th worldwide in 2017.

With $1 billion set as its export revenue target for 2016, the industry is on track to fulfill its goal having reached US $900 million in export revenue already. Small and medium-sized companies dominate the sector in Sri Lanka and hold the key to achieving the sector’s full potential and meeting the set target.

This INFOTEL session is organised under the framework of the ‘EU – Sri Lanka Trade-Related Assistance,’ a project funded by the European Union and implemented by ITC and the United Nations Industrial Development Organization (UNIDO).

The project includes a component on the ITO/BPO industry, which aims to increase the competitiveness of Sri Lankan Small and Medium Enterprises (SMEs) in this sector. It puts a strong emphasis on capacity building for ITO/BPO SMEs to develop and implement export marketing plans (EMPs), and on building new business partnerships with EU and regional companies.

Sri Lankan SMEs interested in participating in the training program on export marketing plans (EMP) can register by sending their name, company name, email, phone number and other contact details to Anna Brezhneva on abrezhneva@intracen.org.
EU export discussion of ITO/BPOs at INFOTEL 2017

The International Trade Centre (ITC), in partnership with the Federation of IT Industry Sri Lanka (FITIS), will host a half-day session on key steps to exporting success for Information Technology Outsourcing/Business Processes Outsourcing (ITO/BPO) companies in Sri Lanka, stated a press release. The event will take place as part of INFOTEL 2017, the flagship national ICT Exhibition, on 4 November 2017 at the Bandaranaike Memorial International Conference Hall (BMICH).

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Sri Lankan SMEs interested in participating in the training programme can register by sending their name, company name, email, phone number and other contact details to Anna Brezhneva on abrezhneva@intracen.org.
National Export Strategy for Sri Lanka: Prerequisite for economic development

Sri Lanka’s economy needs to transform itself to ensure that the nation’s aspirations to reach higher middle income status by the year 2020 are met and achieved. This transformation can take place by introducing innovative and radical changes to Sri Lanka’s current economic development model.

Sri Lanka’s economic growth, which is dependent on exports, requires continued structural changes aimed at greater diversification, innovation, productivity increases. As per President Maithripala Sirisena’s statement at the 45th Annual Session of the International Pepper Community held at the Earl’s Regency, Kandy, it is also required to have a dynamic plan to increase the agricultural exports, while endorsing quantitative and qualitative standards of the agricultural crops. In addition, the development of services, in particular, a dynamic and modern information technology sector will contribute significantly to economic growth and prosperity.

The National Export Strategy (NES) has been developed by private and public stakeholders through extensive consultations which commenced from the First National Symposium held in April 2017 at Temple Trees, under the patronage of Prime Minister Ranil Wickremesinghe. During these consultations, a strategic vision for Sri Lanka’s export growth was developed: ‘Sri Lanka – An Export Hub driven by Innovation and Investment’.

Six priority sectors and four trade support functions (TSF) were identified by the private and public stakeholders at the consultations. These focus on diversification through support to the priority sectors which are ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic, Electrical and Machinery.

All export sectors including the mature sectors will benefit from the strengthening of trade support functions. These TSFs include National Quality Infrastructure, Innovation and R&D, Logistics and Trade Promotion. The NES for Sri Lanka is being designed by the Ministry of Development Strategies & International Trade and the Sri Lanka Export Development Board (EDB) in consultation with private and public stakeholders.

Technical Assistance to develop the NES is provided by the International Trade Centre (ITC) through funding by the European Union (EU), this technical assistance will aid Sri Lanka’s economic vision of strengthening the export competitiveness of the private sector to accomplish inclusive and sustainable growth.

The consultative process leads public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. Moreover, the focus on some of these sectors will help to invigorate rural economies and create many new employment opportunities. This is part of the Sri Lankan Government’s drive to achieve a target of $ 20 billion in exports revenue by 2020.
These priority sectors, chosen by the stakeholders, were selected on the basis that focus on these sectors may have the optimal desired impact on the Sri Lankan export economy. The Sri Lankan markets will benefit significantly from foreign investment and these sectors were identified as having the greatest potential in the next five years to attract foreign investment. This has the potential to lead to setting up of international partnerships to benefit local markets and make the most of the current Free Trade Agreements already in place. In relation to each sector, one of the main objectives of the consultations was to seek answers to three questions; the Current status; Future goals; and, Steps or actions to reach the destination. Answers to these questions are expected to help strengthen these sectors and contribute to innovative export led growth.

The second round of Consultative Meetings were held from 12-20 July, to define roadmaps for expanding exports and analyses performances of value chains for the NES focus sectors, market orientations, challenges and opportunities. The Trade Support Functions groups identified the main challenges in the provision of quality and affordable trade support services to Sri Lanka Exporters. Subsequently, regional and sector specific public and private stakeholder consultations were conducted, to confirm trade diagnostics, value chain performances, market orientation and strategic issues, with the ultimate objective to design strategies to improve the industry performance.

Two rounds of sector consultations for each individual sector were conducted at the EDB, from 8 August to 8 September. Regional consultations were held in the Central, Northern and Southern Provinces from 18 to 22 September, to engage Regional Stakeholders and to ensure that regional concerns, requirements and specificities are fully integrated in strategic decision making.

The overview of the strategy design process and the reviewing and validation of the initial results were done at the 3rd consultation which took place from 10 to 12 October. Based on the NES vision and strategic objectives, a list of high priority export development interventions was identified for integration in the November 2018 National Budget.

The successful implementation of Sri Lanka’s National Export Strategy depends on the capacity and willingness of all public and private sector stakeholders to contribute, collaborate, own and drive towards a common national objective. Priorities need to be implemented at the earliest possible opportunity and the frequency of regular and structured public-private dialogues will be critical to maintain the momentum needed.
National Export Strategy a prerequisite for economic development

By Sri Lanka Export Development Board

Sri Lanka's economy needs to transform itself to ensure that the nation's aspirations to reach higher middle income status by the year 2020 are met and achieved. This transformation can take place by introducing innovative, radical changes to Sri Lanka's current economic development model.

Sri Lanka's economic growth, which is dependent on exports, requires continued structural changes aimed at greater diversification, innovation and productivity increases. As per President Maithripala Sirisena's statement at the 45th Annual Session of the International Pepper Community held at the Earl's Regency, Kandy, it is also necessary to have a dynamic plan to increase agricultural exports, while endorsing quantitative and qualitative standards of agricultural crops. In addition, the development of services, in particular, a dynamic and modern information technology sector, will contribute significantly to economic growth and prosperity.

The National Export Strategy (NES) has been developed by private and public stakeholders through extensive consultations which commenced from the First National Symposium held in April 2017 at Temple Trees, under the patronage of Prime Minister Ranil Wickremesinghe. During these consultations, a strategic vision for Sri Lanka's export growth was developed: 'Sri Lanka – An Export Hub driven by Innovation and Investment'.
Six priority sectors and four trade support functions (TSF) were identified by the private and public stakeholders at the consultations. These focus on diversification through support to the priority sectors of ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic, Electrical and Machinery.

All export sectors, including mature sectors, will benefit from the strengthening of trade support functions. These TSFs include National Quality Infrastructure, Innovation and R&D, Logistics and Trade Promotion. The NES for Sri Lanka is being designed by the Ministry of Development Strategies & International Trade and the Sri Lanka Export Development Board (EDB) in consultation with private and public stakeholders.

Technical Assistance to develop the NES is provided by the International Trade Centre (ITC) through funding by the European Union (EU), this technical assistance will aid Sri Lanka’s economic vision of strengthening the export competitiveness of the private sector to accomplish inclusive and sustainable growth.

The consultative process leads public sector institutions and private sector enterprises to design a common and agreed plan for growing and diversifying Sri Lanka’s export products and reaching new target destinations. Moreover, the focus on some of these sectors will help to invigorate rural economies and create many new employment opportunities. This is part of the Sri Lankan Government’s drive to achieve its target of US$ 20 Billion in exports revenue by 2020.

These priority sectors, chosen by the stakeholders, were selected on the basis that focusing on these sectors may have the optimal desired impact on the Sri Lankan export economy. Sri Lankan markets will benefit significantly from foreign investment and these sectors were identified as having the greatest potential in the next five years to attract foreign investment. This has the potential to lead to the set up of international partnerships to benefit local markets and make the most of the current Free Trade Agreements in place. In relation to each sector, one of the main objectives of the consultations was to seek answers to three questions: current status, future goals and a plan to reach the destination. The answers to these questions are expected to help strengthen these sectors and contribute to innovative export-led growth.

The second round of Consultative Meetings were held from 12-20 July 2017, to define roadmaps for expanding exports and analyzing the performances of value chains for the NES focus sectors, market orientations, challenges and opportunities. The Trade Support Functions groups identified the main challenges in the provision of quality and affordable trade support services to Sri Lankan exporters. Subsequently, regional and sector specific public and private stakeholder consultations were conducted to confirm trade diagnostics, value chain performances, market orientation and strategic issues, with the objective of designing strategies to improve industry performance.

Two rounds of sector consultations for each individual sector were conducted at the EDB, from 08 August to 08 September 2017. Regional consultations were held in the Central, Northern and Southern Provinces from 18-22 September 2017, to engage Regional Stakeholders and ensure that regional concerns, requirements and specificities were fully integrated in strategic decision making.

The overview of the strategy design process and the reviewing and validation of the initial results were done at the third consultation, which took place from 10-12 October 2017. Based on the NES vision and strategic objectives, a list of high-priority export development interventions were identified for integration in the November 2018 National Budget.

The successful implementation of Sri Lanka’s National Export Strategy depends on the capacity and willingness of all public and private sector stakeholders to contribute, collaborate,
own and drive towards a common national objective. Priorities need to be implemented at the earliest possible opportunity and the frequency of regular and structured public-private dialogues will be critical to maintain the momentum needed.
Sri Lanka’s 'Vision 2025' Development Programme Gets Going

By Indrajit Coomaraswamy

Dr. Indrajit Coomaraswamy is Governor of the Sri Lanka Central Bank. The following, a rather comprehensive view of the state of the Sri Lankan economy, is based on a statement made at the United Nations on 20 November 2017. – The Editor

UNITED NATIONS (IDN) – Sri Lanka has experienced a 27-year separatist conflict in the North and East of the country and two youth insurrections in the South (1971 and 1988-90). Tens of thousands of our people, most of them young, lost their lives. While there was complex causality behind these episodes, arguably the most significant explanatory factor was the mismatch between the expectations of and the opportunities for our young people.

As you are well aware, Sri Lanka has been an over-performer in terms of social development. It has an impressive record in terms of the UNDP’s HDI ranking and performance related to the MDGs. However, we have done much less well in terms of growing the cake and generating productive livelihoods.

Sri Lanka was second to Japan on almost all social indicators at the time of independence. We have fallen behind. Now the focus must be not only on consolidating and building on our social sector achievements but also on pursuing growth and wealth creation. The Government recognizes that at the same time, the quality of that growth has to be good. It has to be inclusive and regionally balanced. The latest data indicate an improvement in the Gini Coefficient from Rs 30,814 in 2012/13 to Rs 43,511 in 2016. In addition, there was continued improvement in the regional balance of growth in the economy.

The Western Province accounted for around 45% of GDP in 2010. It is now accounts for 39.7% based on 2016 GDP numbers. The North and East were two of the three fastest growing provinces in terms of nominal GDP, from a very low base.

The Government recognizes that priority also needs to be attached to employment generation which transmits the benefits of growth widely. It has a target of creating 1 mn employment opportunities in 2015 – 2020. Growth also needs to be sustainable. Sri Lanka is a signatory to the Paris Declaration.
However, the bottom line is that Sri Lanka needs 6% plus growth to meet the needs of its educated, and therefore increasingly aspirational, people. The task of consolidating peace in the country will be far more challenging without economic transformation.

Let me now turn to the Government’s plans achieve these objectives which are embedded in the document “Vision 2025” - A Country Enriched.

I will now focus upon the frameworks that have been put in place for macro economic policy-making; the new growth model; the policies to strengthen the growth framework; and some of the Government’s major development programmes.

Let me now address the importance of developing a new growth model which will give us 6-8% growth over 10 – 15 years i.e. the kind of economic transformation enjoyed by the successful countries of East and South-East Asia.

In the years after the end of the conflict, the major growth impulses in the economy emanated from public investment in infrastructure which was largely financed by foreign commercial borrowing. Economic expansion was driven by non-tradable sectors; such as construction, transport and retail/wholesale trade.

The previous growth model no longer has any headroom due to the country’s budget deficit and public debt dynamics. Arguably, the biggest indictment of the policy framework of the past decade was the combination of the sharp decline in exports and the rapid build-up in the external commercial debt burden.

The situation can be managed through prudent liability management provided there are disciplined macro economic policies. The Government is aware that this is a necessary but not sufficient condition. The unsustainable debt burden can only be resolved through a combination prudent policies; proactive liability management, and above all, export transformation.

The new growth model has to be private sector driven, with exports and FDI as key pillars.

Why the private sector? Countries have achieved successful development outcomes with varying mixes of the public and private sector: China and Vietnam have been statist while others have had a much larger role for the private sector.

In Sri Lanka’s case, there isn’t the fiscal space to have a statist development model. Hence, the emphasis on the private sector is not an ideological option. Instead, it is a pragmatic conclusion based on the country’s fiscal deficit and public debt dynamics.

Why exports? With a domestic market of only 21 mn people and per capita income of USD 3,825 it is not possible to achieve sustained growth of 6-8% based primarily on domestic demand. There has to be a transformation in our export performance. Exports have fallen from 32% of GDP in 2000 to 12.7% in 2016.

The corresponding figures for Malaysia, Thailand and Vietnam were 67.5%, 54.2% and 83.7% respectively in 2015. There is a lack of product (2/3 were apparel, tea and rubber products in
2016) and market (US and EU accounted for 58%) diversification. The share of external commercial borrowing has increased from 2% of GDP in 2007 to 13% in 2016.

As mentioned above, this clearly is an unsustainable set of circumstances. It is being addressed by policy reforms which promote export transformation to generate non-debt creating earnings to service the debt and support growth as well as employment generation.

This is being done by placing a high premium on getting the exchange rate; effective protection rates, particularly reducing paratariffs; trade policy, including trade agreements; and trade facilitation right.

Why FDI? FDI not only infuses much needed capital to fill the savings/investment gap but it also brings in technology, know-how and market access. It also facilitates access to regional and global value chains which are the most dynamic aspect of the international trading system. Over half of global exports are accounted for by cross-border production sharing networks.

One may pose the question whether it is advisable to pursue a development strategy based on exports and FDI as key pillars in the context of the new normal for the world economy of relatively low growth and sluggish international trade.

The response is that this is mitigated by Sri Lanka’s strategic geographical location and excellent international relations with the capital surplus countries of East and South-East Asia and its key markets in the US and Europe. Sri Lanka is located twenty miles from India which has been the fastest growing large economy in the world.

Access is particularly easy to the five fast growing South Indian states. In addition, we are at the Centre of China’s Maritime Silk Route. Furthermore, countries like China, Japan, India, Singapore and South Korea have indicated their willingness to support Sri Lanka’s development process. In addition, geopolitics in the Indian Ocean has increased the potential for Sri Lanka to leverage its excellent location for its commercial advantage.

**Strengthening the Growth Framework**

- Framework for Macroeconomic Policy-making

Sri Lanka has historically been characterised by stop-go policies. The excess demand pumped into the system by unsustainable budget deficits has been the main source of instability in the system. The country has tended to be a high budget deficit, high inflation, high nominal interest rate and over-valued currency economy. In order to address this and achieve sound macroeconomic fundamentals, the Government is putting in place clear frameworks for policy-making. This should serve to promote greater consistency and predictability in policies.

On fiscal policy, the Government has embarked upon a medium-term revenue enhancement based budgetary consolidation programme. It is designed to reduce the budget deficit to a sustainable 3.5% of GDP by 2020. The medium-term strategy is based on the premise of fiscal consolidation with the aim of increasing revenue, rationalising expenditure and reducing government debt to a sustainable level.
The recent VAT reforms, the new Inland Revenue Act and measures to strengthen revenue administration and compliance are major achievements. The Government is considering institutionalising the fiscal consolidation process by introducing more binding targets in the Fiscal Management (Responsibility) Act.

On monetary policy, the Central Bank of Sri Lanka (CBSL) is making progress in introducing a flexible inflation targeting regime. This will create a framework for a data-driven, forward-looking and proactive monetary policy. Legal and accountability frameworks are being formulated to institutionalise the flexible inflation targeting regime.

On exchange rate policy, the framework being adopted is to adopt a competitive exchange rate. In this connection, one needs to adjust the nominal exchange rate gradually to bring the REER Index to 100. This is crucial for reducing the anti-export bias in the overall policy framework and increasing the competitiveness of the economy.

This is an important prerequisite for transforming the country’s export performance which, as mentioned above, is essential to overcome the onerous external debt burden and achieve sustained growth and employment generation.

A framework is also being established for liability management. There is a peak in domestic debt repayments in 2018. As there are no maturities in the last five months of 2017, this has presented an opportunity to build up a buffer to manage the elevated domestic debt repayments next year.

In addition, a Liability Management Act will be enacted to create the space to address the bunching of external debt from 2019. This will relax the ceiling on Government borrowing set out in the Appropriation Act to raise financing to extend the tenor and reduce the costs of external obligations thereby reducing rollover risk. The Government also plans to utilize the proceeds of the divestment of public assets to pay down debt.

On SOE reform; the five major state enterprises [CPC, CEB, Sri Lanka Ports Authority, National Water Supply and Drainage Board (NWS & DB), Airport and Aviation Lanka Ltd] have signed Corporate Statements of Intent. For the first time, there will now be a framework against which the performance of these enterprises can be measured in terms of governance and financial performance.

Furthermore, the Government is committed to introducing cost-reflective pricing through a formula for fuel in March 2018 and electricity in third quarter of 2018. This will go a long way towards putting these enterprises on a sounder financial footing.

On factor market reform, the Government will be introducing legislation establishing a land bank. This will address a major constraint in the business environment by identifying pre-cleared land which will be available for private investment projects. Land titling is another issue which is receiving attention. Other land-related issues under consideration include the removal of archaic laws and the need for a comprehensive review of land use/crop mix.

Labour Market reforms include measures to increase female labour force participation from the current low level of 35.9%.
On capital market reform, the Central Bank, SEC and the Insurance Board of Sri Lanka are all being supported by the World Bank and the Asian Development Bank to develop the government securities and share markets, as well as the insurance sector.

- Boosting Investment

On the investment climate, Task Forces have been established on eight pillars of the World Bank's Doing Business Index. Each of the Task Forces comprises all the Government entities involved in the respective pillars.

Action Plans have been launched, in May 2017, to deregulate by reducing the number of steps involved in each pillar; and technology is to be introduced where it can facilitate processes.

On investment promotion, the Board of Investment (BOI) has worked with the Centre for International Development (CID) at Harvard, to identify sub-sectors with potential for attracting FDI, which will enhance the complexity of the export basket and diversify export markets.

- Promoting Trade

There is a great deal that is being done in the area of trade policy. The Government has developed a National Trade Policy Framework. An Anti-Dumping Bill is being presented to Parliament to protect domestic business from unfair competition. A trade adjustment package is being developed with the assistance of the World Bank and the EU/International Trade Centre.

It is designed to increase the competitiveness of local businesses exposed to increased competition as a result of trade liberalisation and to provide retraining for workers. There is also a medium-term plan to reduce paratarriffs to create a more conducive environment for promoting linkages with regional and international value chains.

Arguably, the most significant trade policy measure is the negotiation of bilateral Partnership Agreements. The FTA in goods with India is being deepened and it is being broadened to include services, investment, technology and training. In addition, an “early harvest” is being pursued to address some of the shortcomings of the existing FTA, including some NTBs and quotas.

Similar partnership agreements are being negotiated with China and Singapore. The FTA in good with Pakistan is being invigorated. In addition, GSP plus has been restored providing preferential market access for 6000 items. If things proceed according to plan, it is possible the narrative will be that Sri Lanka has preferential access to a market of over 3 bn. people: China, EU, India, Pakistan and Singapore.

In a world where over 190 countries are competing for FDI, this preferential market access can be a unique differentiator. It will greatly enhance our capacity to leverage the trade/investment nexus to our advantage. Of course, the Partnership Agreements need to be negotiated vigorously with positive and negative lists; safeguard arrangements; transition periods and dispute resolution mechanisms which pursue national interests.
On trade facilitation, Sri Lanka is a signatory to the WTO Trade Facilitation Agreement. A single electronic window is scheduled to be fully operational in the Customs Department shortly. These measures are intended to reduce the transaction costs of the cross-border movement of goods and services thereby enhancing the trade competitiveness of the economy.

All these measures are intended to improve the investment climate and trading environment for both domestic and foreign investors.

- **Education, Training and Skills Development**

Arguably, the biggest challenge is to move as quickly and as decisively as possible to align the emerging sectors having a dynamic comparative advantage with the labour market and the education, training and skills development systems.

- **Facilitating R & D; Innovation and Entrepreneurship**

A concerted effort is being made to create an eco-system which promotes innovative thinking to create value in the market. Priority is also being given to lower risks and barriers associated with start-ups.

- **Energy Security and Sustainability**

The country’s energy security needs to be established through a robust long-term energy generation plan based on credible demand forecasts. Priority is being given to LNG as the energy source of choice.

The increase in the frequency and intensity of extreme weather events highlights the need to mainstream sustainability into the planning and budget processes. Greater Priority is being attached to mitigation and adaptive measures to address droughts and floods.

**Social Safety Net**

The Government has recognized the need to shift from untargeted subsidies which benefit the non-poor disproportionately to a system of well-targeted cash transfers. The new bio-metric identity card will serve to reduce leakages of scarce public resources in the delivery of the social safety net.

The Budget 2018 has announced measures to address the acute challenges confronting debt-distressed families. These will be initially piloted in the North and North Central Province.

**Major Development Programmes**

The Government is launching a number of major development programmes around the country.
Surbana Jurong, the Singaporean Consultancy, which developed the Western Region Megapolis Plan, is also preparing a Master Plan for the Trincomalee area in the Eastern Province.

Tourism, real estate and industrial zones will be major features of this development. There are plans to develop the road and rail network in the North Central Province and the North to improve connectivity to the Trincomalee Port.

In the North, Palaly airport and the Kankasenthurai port are being rehabilitated. There are also plans to improve road and rail connectivity. In addition, there will be a 200% upfront investment allowance for businesses locating in these areas.

Japan is developing a Master Plan for the Kandy area. Given the religious and cultural importance of this area, the Japanese have been chosen as they are able to understand Buddhist sensitivities and priorities. It is expected that there will be a religious/cultural orientation to this development programme as well as an economic zone.

Then coming down, the Colombo/Kandy Highway that is being built, industrial zones are planned in the Kurunegala/Kuliyapitiya areas of the North-Western Province.

The Western Region Megapolis Plan covers the three districts of the Western Province. It is a USD 40 bn. programme over 15 years. It envisages elevated highways; a light railway; residential and commercial real estate, including affordable housing; a logistics hub, involving the Colombo Port and Bandaranaike International Airport, as well as a tech city.

The Port City Project, involving reclamation of 269 hectares, will have the Colombo International Financial Centre as its centrepiece. The intention is to develop a business area which has an investment climate which would rank in the top 10 in the World Bank's Ease of Doing Business Index.

An industrial zone is being established by a Thai company in Kalutara. Tourism developments and additional industrial zones are being planned along the Southern Coast. Further South, there is the major proposal to develop the Hambantota area.

The long-lease of the port will not only generate much needed non-debt creating flows for liability management, which is essential to address the bunching of external debt repayments from 2019 onwards, but also assist in commercialising an asset which is currently a major loss-maker casting a heavy burden on the people through its impact on the Government budget. The leasing of the Port to China Merchant will also catalyse a plan which envisages investment in a refinery, LNG Plant, Cement factory, steel billet plant and a ship repair company. Subsequent phases are expected to involve development of industrial zones by Chinese companies on up to 15,000 acres of land.

There are also Master Plans for the development of the tourism and ICT sectors. Given the lack of fiscal space, much of the investment for these major programmes will have to come from private investment, domestic and foreign. High priority is, therefore, being given to PPPs, particularly BOTs, and alternate financing instruments which are off the Government balance sheet.
There are massive opportunities embedded in the plans that are in place. The combination of location and international relations provide a very favourable backdrop for executing these plans.
GSP+ Business Guide for Sri Lankan exporters

The European Union-Sri Lanka Trade Related Assistance project has published a GSP+ Business Guide which provides an overview of relevant information for exporters from Sri Lanka.

This publication was prepared within the framework of the EU-Sri Lanka Trade-Related Assistance project funded by the European Union (EU), with the technical support of the International Trade Centre (ITC) in collaboration with the Sri Lankan Government.

The document was presented to Project Steering Committee members who met to review the first year of progress.

The information contained in this Practical Business Guide was collected in June 2017.

The guide does not constitute legal advice and does not provide exhaustive information on all sectors. It remains the responsibility of exporters from Sri Lanka to ensure compliance with all relevant EU rules.
Malik on trade, investment, competitiveness and moving Sri Lanka forward

Calls on opposition to work together with Govt. leaving aside petty political differences to ensure that our young people have a great future

The following is the speech made by Minister of Development Strategies and International Trade Malik Samarawickrama in Parliament on 20 November during the Committee Stage Budget discussion.
Hon. Deputy Chairman, first of all we must thank the Minister of Finance, the Hon. Mangala Samaraweera, for presenting a very progressive forward-looking Budget which has given a clear message. An outward-oriented economy is the path towards the prosperity of our people.

Sri Lanka from the times of the ancient kings has always benefited from an open and liberal global trading regime. So, any reversal of that will definitely hurt us as we have seen during the previous periods from 1970-1977 and during the last regime. Our Government is now firmly focused on making the country more open to the world and becoming an attractive place to do business.

I remember as a young professional in 1977 when I heard about the kind of new economic reforms and the opening up of the economy, I was excited and encouraged to become an entrepreneur. That is the kind of spirit that would be kindled in many young people, having heard the direction announced in the Budget 2018 speech.

The focus of our Government has shifted from a growth model that was heavily dependent on public infrastructure spending, to growth driven more by private enterprises, exports and Foreign Direct Investment. Yes, some jobs do get created by government infrastructure projects, but that is neither sustainable nor sufficient mainly for two reasons.

Firstly, our debt burden is too high to keep trying to drive the economy with government spending. We need the private sector to grow this economy. And when I mean the private sector, I am talking about every single Sri Lankan entrepreneur and enterprise, not just the bigger companies.

Our economy is full of enterprising people, enterprising Sri Lankans and we must ensure that we create the best possible environment for them to thrive. Not only for those who are entrepreneurs today, but those who are aspiring to become entrepreneurs tomorrow and in the future.

Secondly, our domestic market is too small to keep trying to drive the economy with inward-looking policies. We have to trade with the world; we have to export to the world, we have to welcome the world to our shores. That is why my Ministry has taken concrete steps to strengthen this aspect of the economy, through a series of initiatives and programs – focusing on exports, FDI, ease of doing business, trade agreements, and bilateral economic cooperation.
Trade

The New Trade Policy (NTP) was approved by Cabinet in July 2017 to stimulate growth and job creation by improving the ability of firms to export and to compete for the domestic market through a modern, liberal, simple, transparent and predictable trade regime.

The NTP that we launched addresses four key elements:

- Competitiveness through domestic policy reforms
- Market access and trade facilitation
- Macroeconomic balance, policy and institutional coherence
- Helping the adjustment of enterprises and workers

Hon. Deputy Chairman, the most significant trade policy measures we are undertaking is the negotiation of bilateral partnership agreements. The FTA in goods with India is being deepened and it is being broadened to include services, investment, technology and training.

We have to recognise that India is expected to be the fastest-growing large economy in the world in the coming years, with a middle class consumer base that will be 10 times our own domestic market. Currently six rounds of negotiations of the ETCA have been successfully concluded and the seventh round is schedule to be held in December.

One key objective of the Economic and Technology Cooperation Agreement with India is to resolve the implementation issues of the existing ISFTA.

During the ETCA negotiation, India has agreed to implement an “early harvest” the day the ETCA comes into force to address outstanding non-tariff barriers in the Indian market as well as many of the existing procedural barriers and delays in Indian ports of entry.

This will particularly benefit exporters of perishable items such as fruits, vegetables and fish. Moreover, Sri Lanka is negotiating the removal of quotas on apparel, pepper and vanaspathi. An important new measure will be the establishment of a ‘Structured Grievance Redressal Mechanism’ to resolve problems faced by Sri Lanka exporters in a firm and time-bound manner.

A very clear decision has been taken not to include solely Mode 4-based Movement of Independent Professionals under this agreement. It will not be opened up.

Meanwhile, the China Sri Lanka Free Trade Agreement will generate nearly $ 700 million of trade and the apparel sector alone is set to gain $ 400 million in new trade. To date, six rounds of negotiations have concluded and the agreement contains nine chapters. During these six rounds, substantial progress has been made.

We are also nearing the completion of negotiations on the FTA with Singapore, having completed seven rounds of negotiations. We are particularly focused on encouraging Singaporean investment into Sri Lanka. The agreement is expected to be signed in January 2018.

Mr. Deputy Chairman, in addition, GSP plus has been restored providing preferential market access for 6,000+ items. If things proceed according to plan, it is possible the narrative will be that Sri Lanka has preferential access to a market of over 3 billion people - China, the EU,
India, Pakistan and Singapore. In a world where over 190 countries are competing for FDI, this preferential market access can be a unique differentiator.

Mr. Deputy Chairman, as you know Sri Lanka ratified the WTO Trade Facilitation Agreement earlier this year. As a key component of this effective national coordination a National Trade Facilitation Committee has been established to drive the implementation of Sri Lanka’s TFA commitments.

On trade facilitation, a single electronic window is established to be in operation in the Customs Department shortly. These measures are intended to reduce the transaction costs of the cross-border movement of goods thereby enhancing the trade competitiveness of the economy.

All these measures are intended to improve the investment climate and trading environment for both domestic and foreign investors.

We are aware of the possible trade disruptions that can occur during the transition period. An Anti-Dumping and Countervailing Measures Bill and a Safeguard Measures Bill are being presented to Parliament soon. The bills are ready and I think this can be debated and approved in December or January.

This will protect domestic business from unfair competition. A trade adjustment package is being developed to improve the resilience of local businesses exposed to increased competition as a result of trade liberalisation, support for local industrialists to upgrade machinery and introduce new technology and to provide retraining for workers.

**Foreign Direct Investment**

Foreign Direct Investment into Sri Lanka had been performing poorly, but with efforts that my ministry is taking, this has begun to turn around. At the Board of Investment we now have leading private sector specialists leading the investment promotion and appraisals, to ensure we get the best of investors to our country, that we facilitate them well and tell other investors about the opportunities here.

The approvals and facilitation process for foreign investors is being completely streamlined, with decisions being taken quicker and more transparently than ever before. A One-Stop Shop (OSS) mechanism is being set up to address regulatory inefficiencies and interagency coordination.

An organisation structure of the OSS and a web solution for OSS approval process has been developed. The BOI has revised its goals and targets in its new Corporate Plan (2017-2020) with a view to playing a key role in contributing to the sustainable development of the country driven by FDI.

This new Corporate Plan presents a bold and new strategic approach to targeting and securing significantly higher levels of high quality FDI. To complement this, a Single Window Investment Approval Committee was established to facilitate granting of approvals within the shortest possible time.

An Investment Facilitation Committee is also in place to fast-track approvals of other line agencies. The flagship investment that we brought in 2017 is the new Logistics and Industrial Zone in Hambantota, with an initial FDI inflow of $1.12 billion and a further $500 million is expected within the next two to three years.
This zone is being developed with Chinese investment and we expect a lot of investors, not only from Chinese companies but from many other Asian countries, would be interested in this.

The next will be new industrial zones in Milleniya, Mawathagama, Bingiriya, and Weligama. The zone in Milleniya will bring in investment from the Rojana Corporation of Thailand which is operating seven industrial zones in Thailand mainly with Japanese investors.

The new Inland Revenue Act No. 24 of 2017 provides a predictability of incentives for new investment, and introduces a new incentives regime with effect from 1 April 2018, which is based on enhanced capital or investment allowances.

Ease of doing business

Mr. Chairman, our ministry is committed to leading the effort in improving the ease of doing business for Sri Lankan entrepreneurs and foreign investors.

With the technical assistance of the World Bank, we developed the ‘Roadmap for Investment Climate Reforms’, which was launched in July this year. In the last three months alone, eight teams of government officials representing public service delivery agencies have been working on eight high-priority ease of doing business sub-indicators: Starting a business, Dealing with construction permits, Registering a property, Getting credit, Trading across borders, Enforcing contracts, Resolving insolvency, and Protecting minority investors. Under the eight priority sub-indicators, 15 specific measures to be taken, and the timeframe, responsible agency, and outcomes have been identified and the work is progressing accordingly.

Outcomes for mid-2018 include providing a one-day service for company registration to reduce the time taken to register a company from the current 9 days to 1 day (under the Starting a business pillar); introducing a streamlined online system to reduce the number of days for construction permit issuance from current 115 days to 60 days; and introducing a searchable e-land registry to enable property registration in 5 days with 2 steps rather than the current 51 days with 9 steps.

The blueprint of the long-awaited National Single Window will be completed by June 2018 paving the way to establish a system that integrates more than 20 agencies dealing with various clearances and approvals in trading across borders.

Our ministry is continuously monitoring this reform process towards achieving the objective set out by the Prime Minister of moving up the DBI ranking to be within the top 70 economies by 2020.

These are some of the examples or just some of the many ongoing measures the Government is taking to improve the business climate in Sri Lanka – for domestic enterprises as well as foreign investors - through legal, regulatory and procedural improvements. While this is an ongoing process and benefits will take time to materialise, positive results are already being seen.

Internal reports suggest FDI in the first half of 2017 is up by around 80% versus last year. We expected FDIs over $1 billion - about $1.2 billion - this year and in the next year, I believe, it will go up to above $2.5 billion.

Innovation and diversification
With regard to innovation and diversification Mr. Chairman, we have identified that Sri Lanka needs to diversify its economy, and produce as well as export a range of new and innovative products and services.

With technical input from Harvard University’s Centre for International Development, the teams comprising officials from the BOI, EDB and Sri Lanka Tourism Development Authority have been working over the last year to improve our economic diversifications targeting foreign investors and identifying new export and investment sectors. This is being directly handled by the State Minister of International Trade, Hon. Sujeewa Senasinghe. We are also close to finalising a new ‘National Export Strategy’– NES - with a focus on competitiveness and innovation. The aim is to grow exports to $20 billion over the next five years in sectors ranging from high-value and high-quality food and beverages, to leisure boats, IT services, and electronic components.

The NES will be presented to Cabinet within the next two months. What was unique and valuable about this exercise is the close collaboration of the private sector. Every single section of the NES was developed through a participatory approach with over 450 industry leaders, SMEs and public sector officials being consulted. Another valuable part of this is the strong focus on actions - action plans have been developed for each sector and each trade support function. We want to make sure that implementation begins from January itself. I am happy to announce that several proposals made through the NES process have been included in the Budget 2018 by the Finance Minister. We also recognised the need to create an ecosystem that promotes innovative thinking and creates new products and services. We have embarked on producing a new framework for this – the Innovation and Entrepreneurship Strategy – with the technical input of the World Bank and co-leadership of the private sector. This will be implemented jointly with the Ministry of Science, Technology and Research and Ministry of Industry and Commerce. The strategy focuses on upgrading quality and technology of export-oriented SMEs, create the conditions for startups to emerge, and reorient and upgrade R&D institutions that matter for export growth.

Deepening strategic economic cooperation

Mr. Chairman, with Sri Lanka gaining the respect and recognition of the international community once more, we have been able to forge several economic cooperation agreements with key countries. These will help improve our trade performance, attract more and better FDI and create good job opportunities for our people.

We entered into a roadmap for further investment promotion between Japan and Sri Lanka, and it is a result of the Sri Lanka-Japan Economic Policy Dialogue following the visit of the Hon. Prime Minister to Japan in October 2015.

A Joint Working Group has been established to take this work forward and two high level meetings were held this year. We are embarking on a similar program with Korea, for both investment promotion as well as transfer of technology and know-how. The Economic Cooperation Agreement is due to be signed at the end of this month, during a visit of His Excellency the President to Korea.

During the recent visit of the Australian Prime Minister, we entered into a cooperation program with Australia, focused on trade and investment promotion.

We relaunched the EU-Sri Lanka Investor Dialogue in 2017, and up to now three rounds have been held this year to resolve trade and investment-related problems and grow the bilateral economic cooperation. These leverages nicely on the regaining of GSP Plus in May, which was a great achievement of the Government and was only possible because of the respect of
the international community that the President and Prime Minister have regained for Sri Lanka.

Mr. Chairman, the people of this country are already seeing the benefits of regaining GSP Plus. Apparel exports to the EU in the first nine months of this year have increased by $1.67 billion. In the pre-GSP plus period, apparel was growing at just 2%, but in the few months of regaining GSP Plus, it has surged by 11.3%. Fisheries exports are up by 40% compared to the same period of last year.

The GSP Plus scheme is giving our exporters a renewed opportunity to succeed in the EU market in sectors like fresh and processed vegetables and fruits, coconut products, seafood, ceramics, footwear and of course apparel. It is also promoting backward integration, resulting in the setting up of new industries and creating new employment opportunities for the youth of our country.

The year ahead

With regard to the year ahead, sir, our Ministry will focus on expanding our trade and investment even further by bringing in good investors to Sri Lanka who will create good job opportunities, and who will help Sri Lanka plug into global value chains. We will focus very strongly on operationalising new investment zones and attracting investors into them – in Hambantota, Milleniya, Weligama, Bingiriya and so on and attracting investors into them.

We will focus strongly on implementing the National Export Strategy that will diversify our export base, boost the competitiveness of our exporters and win new consumers in new markets. Specifically, my Ministry welcomes the Budget proposal to launch an ‘Exporter Market Access Program’ that we will implement through the Export Development Board, and also the new IT initiative to take this emerging sector to new heights. Through strategic economic cooperation agreements with new countries, we will invite more partners to help Sri Lanka achieve its goals of prosperity and economic transformation. Through improvements to the ease of doing business as well as new initiatives to encourage innovation and entrepreneurship, we will create a new culture of enterprise in Sri Lanka.

To that end, the proposals on Enterprise Sri Lanka announced by the Finance Minister are extremely valuable and I look forward to working together to support these efforts, and achieve the Vision 2025 of this Government.

May I also invite, Sir, the Hon. Members of the Opposition to work together with us, leaving aside petty political differences to ensure that our young people have a great future.
EU lauds SL’s economic strategy initiatives

A top EU diplomat appreciated economic strategy initiatives taken by the Government to advance trading between Sri Lanka (SL) and the European Union (EU), Sri Lanka's biggest export market.

Speaking at a business forum held last week, Ambassador and Head of delegation of the EU to SL and the Maldives, Tung Lai-Margue welcomed missions organized by the Ministry of Development Strategies and International Trade (MDSIT) to improve economic relations between the EU and SL.

"Certain trade missions organized by the MDSIT, have already taken place in several EU countries to promote Sri Lankan products and others will also take place at the beginning of next year in the Benelux countries. The effort which involves Sri Lankan officials and businessmen is aimed at diversifying local products and going beyond non traditional markets while taking full advantage of the German market.

I welcome these initiatives and very practical tools that have been developed recently under the trade facilitation support project that I already mentioned, such as the practical guide on how local companies can prepare themselves to enter the EU market, your biggest export market", Margue said.

EU GSP+ business guide for local exporters' was prepared within the framework of the 'EU-SL Trade-Related Assistance' project funded by the European Union (EU), with the technical support of the International Trade Centre (ITC) in collaboration with the Government of Sri Lanka(GOSL). The guide provides a framework of relevant information for Sri Lankan exports but excludes legal advice and exhaustive information on all sectors.

Margue thanked the Government for the goodwill demonstrated in its progressive meetings towards steering investor-dialogue to iron-out obstacles related to the local investment climate.

"I would like to highlight the efforts taken by GOSL to improve the business environment, an important mechanism where EU delegations and your government have relaunched at the beginning of this year, the 'SL-EU Investor Dialogue', together with officials of various ministries, EU companies established in Sri Lanka or are willing to establish themselves, the EU Chamber of Commerce, the EU delegation and representatives of the other EU Member States Embassies meet on a regular basis to discuss and try to solve concrete cases of bureaucratic red tape. This has allowed progress in certain matters and I wish to thank the Sri Lankan Government for the good will it demonstrates in organizing these regular meetings.”

According to the BOI, the SL-EU Investor Dialogue which was re-launched this year is a monthly meeting which is an ongoing and continual process that will lead to improved perception of Sri Lanka's investment climate. The monthly meeting engages western European countries to address some of the issues relating to investing in Sri Lanka.
The EU holds 28 member countries and is known to be the largest trading block in the world. Gross Domestic Product (GDP) of the EU was worth US$ 163,979.98 billion in 2016, while it accounted for 26.45 percent of the world economy. In 2016, total bilateral trade between Sri Lanka and EU amounted to almost €4 billion, and EU imports from Sri Lanka amounted to €2.6 billion.

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First EU GSP+ guide for Sri Lankan exporters published

The first comprehensive and almost step-by-step guide for Lankan exporters to export under EU GSP Plus scheme has been released.

Titled the “EU GSP+ Business Guide for Sri Lankan Exporters” manual has been compiled by Geneva’s International Trade Centre (ITC) in collaboration with the Government of Sri Lanka.

It was funded by the EU.

The Ministry of Industry and Commerce says that the publication is now available online.

Exporters who are wishing to export under a preferential agreement/scheme that Sri Lanka benefits from, need to apply for a Certificate of Origin and are required to register with the Department of Commerce.

The guide explains relevant rules of origin applicable to apparel under GSP+, relevant institutions in EU and additional resources such as web portals where Lankan exporters can obtain more info.
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Minister of Industry and Commerce Rishad Bathiudeen welcomed the publication of the comprehensive manual on 7 December. “This is another proof of our unity government’s transparent approach to international trade. We thank the International Trade Centre, and the EU for their ongoing support to us” he said during one of his meetings with his top officials at the Ministry.
The information in the guide was collected very recently—in June 2017. Though the guide says it is “an overview of relevant information for exporters from Sri Lanka” it appears to be even more comprehensive in its coverage.

It highlights the GSP Regulation enumerating the 27 conventions mentioned in Article 9 of the GSP Regulation including the core human and labour rights UN/ILO Conventions. The Guide does “not constitute legal advice and does not provide exhaustive information on all sectors” saying it is “the responsibility of exporters from Sri Lanka to ensure compliance with all relevant EU rules.” It stresses that the exporters need to register with the Ministry of Industry and Commerce and the Department of Commerce (DoC) under it—“Exporters wishing to export under a preferential agreement/scheme that Sri Lanka benefits from, need to apply for a Certificate of Origin and are required to register with the DoC. The documents required for registration are duly completed application form along with Original Business/company Registration Certificate with a copy, VAT/TIN Registration certificate issued by the Department of Inland Revenue, Export Development Board (EDB) Registration Certificate (if registered), Membership/Registrations with other Trade Promotion Organisations/Associations/Trade Chambers (e.g., Sri Lanka Tea Board, Trade Chambers, etc.) and production process flowchart if applicable. The registration fee, is a one-time payment at SL Rs 10,000.00. The guide explains relevant rules of origin applicable to apparel under GSP+ , relevant institutions in EU and additional resources such as web portals where Lankan exporters can obtain more info. It also lists requirements for Lankan apparel exporters to secure GSP+ such as the Cost statement35 or affidavit36, the Material Sheet for garment/apparel products37 and Material sheet for other products than garment38.


The guide is downloadable free of charge.
First #EU #GSP plus guide for #SriLanka exporters has been published. .@rbathiudeen says proof of #LKA #Trade #transparency - bit.ly/2AXKUpd
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- Comprehensive manual based on most recent info on GSP+ for SL
- ‘Proof of our transparency in trade’ - Bathiudeen
- ‘Exporters’ registration with Ministry of Industry and Commerce, Department of Commerce SL required’
- Almost a step-by-step guide for exports
- EU GSP+ Exporters’ one-time GSP+ registration fee of Rs. 10,000

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“This is more proof of our Unity Government’s transparent approach to international trade. We thank the International Trade Centre and the EU for their ongoing support to us,” Bathiudeen said at a meeting with top officials at the Ministry. The information in the guide was collected in June 2017. Although the guide says it is “an overview of relevant information for exporters from Sri Lanka”, it appears to be even more comprehensive in its coverage.

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membership or registrations with other trade promotion organisations, association, trade chambers (e.g. Sri Lanka Tea Board, Trade Chambers, etc.) and production process flowchart if applicable.

The registration fee is a one-time payment of Rs. 10,000. The guide explains the relevant rules of origin applicable to apparel under GSP+, relevant institutions in the EU and additional resources such as web portals where Lankan exporters can obtain more information.

It also lists requirements for Lankan apparel exporters to secure GSP+ such as a cost statement or affidavit, the material sheet for garment or apparel products and the material sheet for products other than garments. The manual is now available online at www.intracen.org/EU-SRI-LANKA/Resources-and-materials/.

The direct link to the online file itself is www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/EU-SRI_LANKA/GSP%20Business%20Guide%20English_Final.pdf.

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apparel exporters to secure GSP Plus such as the cost statement or affidavit, the material sheet for garment/apparel products and material sheet for other products than garment.
The first comprehensive guide for Lankan exporters to export under EU’s GSP Plus concessionary scheme was released by Geneva’s International Trade Centre (ITC) last week.

The guide explains the relevant rules of origin applicable to different commodities such as apparel and footwear, rubber products, machinery and processed food under GSP+ as well as relevant institutions for exporters in the EU and additional resources such as web portals where Lankan exporters can obtain more information.

It also lists requirements for Lankan apparel exporters to secure GSP+ and ascertaining the eligibility of a product.

It highlights the 27 conventions stated in Article 9 of the GSP Regulation including the core human and labour rights in UN/ILO Conventions to which the exporters have to abide by if they wish to export to the 28-nation block under the special scheme.

The Guide says it does “not constitute legal advice and does not provide exhaustive information on all sectors” adding that it is “the responsibility of exporters from Sri Lanka to ensure compliance with all relevant EU rules.”

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Industry and Commerce Minister Rishad Bathiudeen welcomed the publication of the manual on Thursday.
The Sri Lankan export sector has recorded US Dollars 10,309 million worth exports in 2016 which was a significant achievement Speaker Karu Jayasuriya observed at a forum held in Colombo to coincide with the 23rd AGM of the National Chamber of Exporters of Sri Lanka (NCE).

Jayasuriya said although last year’s statistics were not available, the country would be able to reach a record foreign exchange target of US$ 15 billion due to the tireless efforts of the countries exporters. The Speaker also thanked the Sri Lanka Export Development Board for their fullest co-operation and unstinting support extended to exporters to expand the sector and said Lankan exporters strength will undoubtedly help to swell the economy further.

He also said unlike earlier the arrival of more foreign investors to Sri Lanka will give more encouragement to Lankan exporters to strengthen the local export market in the years to come.

Jayasuriya also recalled the development of the Lankan export sector during the tenure of former President R Premadasa and said the then President took viable measures to develop the export sector even conducting international exhibitions and said such exhibitions immensely helped to bring over 5,000 foreign businessmen to open new export avenues. He further said the receiving GSP Plus and regaining the fish exports to EU markets also highly
benefited Lankan exporters to strengthen the sector and bring more foreign exchange to the country.

Guest of Honour N.C. Narayanan said Sri Lankan exporters have taken all endeavors to develop the export sector and thanked the NCE for their assistance and encouragement extended towards exporters to grow the export sector further.

He also highlighted that even the Government too should help exporters to strengthen the export market considering that increasing exports helps the Government to develop the economy.

NCE, President Ramal Jayasinghe said the Lanka export sector should be developed to the maximum to achieve the expected goal and said the Chamber also actively participated and contributed to the development of the National Export Strategy (NES) undertaken by the State in collaboration with the international Trade Centre in Geneva.
CAA, UNIDO host Regulatory Impact Analysis training

The Consumer Affairs Authority (CAA) of the Ministry of Industry and Commerce, in collaboration with the United Nations Industrial Development Organization (UNIDO), hosted a Regulatory Impact Analysis (RIA) training seminar for policymakers, starting 8 January 2018, a press release stated. The training was part of the European Union (EU)-funded EU-Sri Lanka Trade Related Assistance project, and offered a cost-benefit analysis of various regulations and their likely impact.

The session on 8 January 2018 at the Shangri-La Hotel in Colombo was aimed at regulatory authorities and interested stakeholders and focused on providing a general understanding about the effects of, and those affected by, regulatory decisions. This session was followed by an intensive training on regulatory appraisal related to food safety and quality from 9-12 January 2018 at the Sri Lanka Foundation Institute. The training for regulatory authorities sought to communicate the importance of carefully assessing regulatory interventions and applying cost-benefit and cost-effectiveness analysis.

RIA is a tool for appraising new regulations before formalizing their adoption. It facilitates a more transparent, participative, and evidence-based regulatory process, which helps to improve the quality of regulations and enhance the welfare of Sri Lankan consumers and producers. The seminar and intensive training course are important steps in boosting Sri Lanka’s compliance capacity to meet international export requirements and reach regional and EU markets, the release concluded.
EU-SL Trade-Related Assistance

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The Consumer Affairs Authority (CAA) of the Ministry of Industry and Commerce, in collaboration with the United Nations Industrial Development Organization (UNIDO), hosted a Regulatory Impact Analysis (RIA) training seminar for policymakers, starting 8 January 2018, a press release stated. The training was part of the European Union (EU)-funded EU-Sri Lanka Trade Related Assistance project, and offered a cost-benefit analysis of various regulations and their likely impact.

The session on 8 January 2018 at the Shangri-La Hotel in Colombo was aimed at regulatory authorities and interested stakeholders and focused on providing a general understanding about the effects of, and those affected by, regulatory decisions. This session was followed by an intensive training on regulatory appraisal related to food safety and quality from 9-12 January 2018 at the Sri Lanka Foundation Institute. The training for regulatory authorities sought to communicate the importance of carefully assessing regulatory interventions and applying cost-benefit and cost-effectiveness analysis.

RIA is a tool for appraising new regulations before formalizing their adoption. It facilitates a more transparent, participative, and evidence-based regulatory process, which helps to improve the quality of regulations and enhance the welfare of Sri Lankan consumers and producers. The seminar and intensive training course are important steps in boosting Sri Lanka’s compliance capacity to meet international export requirements and reach regional and EU markets, the release concluded.
Ramal re-elected as President of NCE for 2018 at AGM

The National Chamber of Exporters of Sri Lanka (NCE) conducted the 23rd AGM of the Chamber in the Ballroom of the Hotel Galadari on 11 January 2018. Ramal Jasinghe was re-elected as President of the NCE for 2018 for a second term in terms of the constitution of the Chamber.

Following the election of the other office bearers at the Business Segment of the AGM the Ceremonial Segment was held, at which Karu Jayasuriya, Speaker of the Parliament of Sri Lanka was the Chief Guest. The Guest of Honour at this segment which was attended by member exporters of the Chamber as well as special invitees was N.C. Narayanan, Founder Chairman of S.S.A. Business Solutions Ltd., who delivered the keynote address.

The Speaker in his address commended the NCE for the services rendered to Sri Lankan exporters to complement the efforts of the Government and State Institutions to develop exports as a priority to achieve economic development targets of the country. He made particular mention of the Annual Export Awards conducted by the Chamber to recognise and reward the achievements of Sri Lankan exporters in the international market place, and the quarterly ‘Sri Lanka Exporter Magazine’ published by the Chamber containing valuable export related information for the benefit of exporters, and to promote Sri Lankan export products and services in the international market place.

He particularly commended the program of the NCE to link producers of agriculture related export products in the North and the East in the country with established exporters in the South since producers in these provinces faced difficulties in marketing their products, and introducing them to prospective overseas buyers. The Speaker also commended the services of the EDB to promote Sri Lankan Exports and the complementary role of the Chamber to support the services of State Institutions such as the EDB.

The keynote address was delivered by N.C. Narayanan, Chairman of S.S.A. Business Solutions Ltd., following the entering into an MOU between the NCE and S.S.A. Business Solutions to provide professional services to Sri Lankan Exporters to develop exports. In his keynote address Narayanan analysed the achievements of the Sri Lankan export sector and the declining trend of Sri Lankan Exports in the preceding years, as well as the efforts that are needed to diversify and expand Sri Lankan exports of Products and Services. For this purpose in terms of the MoU, S.S.A. Business Solutions Ltd., will jointly conduct with the NCE specialised training programs and workshops to facilitate pragmatic leadership in export enterprises, and also to provide professional solutions to issues faced by Sri Lankan export enterprises.
Earlier in his brief address NCE President Ramal Jasinghe, while appreciating his appointment for a second year as President, referred to the eleven point program which he presented on being elected President for the year 2017, based on the strategic plan developed by the Chamber with professional inputs from the multinational Audit Firm Ernst & Young, and the achievements of the Chamber related to this eleven point program. He particularly referred to the contributions made by the Chamber for the development of the National Trade Policy.
inputs provided to facilitate negotiations of the proposed Free Trade and Economic Partnership Agreements with India, China, and Singapore, the ‘Branding of Sri Lanka’ exercise in collaboration with the relevant stake holders, submission of Export related proposals for the Annual budget of the Government, professional training courses conducted by the National Institute of Exports (NIOE), a subsidiary of the Chamber, assessment of fiscal and taxation measures in the new Inland Revenue Act and dissemination of related information to exporters, etc.

The highlight of the agenda related to this segment of the AGM was the presentation of certificates to successful diploma and certificate level students related to the professional training programs conducted by the National Institute of Exports (NIOE) which is a subsidiary of the NCE. The certificates in respect of successful Diploma Students in International Trade Management of the NIOE were presented by the Speaker. The NIOE conducts recognised professional courses related to international trade to foster professionalism in the field of exports to develop skills of those who are engaged in the field of exports as entrepreneurs or employees in export enterprises, as well as students who aspire to enter the field of exports.

The Secretary General of the Chamber in his introductory remarks prior to the presentation of certificates, referred to the uphill task faced by the NIOE over the years to develop as a successful organisation to conduct professional courses in International Trade Management and related subjects, and the achievements of the NIOE in training participants of courses. He particularly referred to the achievements of the NIOE in commencing the conduct of online training courses to facilitate Cross Border Trading transactions, in collaboration with the International Trade Center (ITC) in Geneva. 50 students have already registered for these online courses, and some have already successfully completed the training.

Further the NIOE has also entered into collaborations with the Multinational Audit Firm KPMG and the Institute of Certified Management Accountants (CMA) to conduct training courses on specialised Export related subjects.

Another highlight of the AGM was the presentation of the ‘EU GSP + Business Guide for Sri Lankan Exporters’, prepared within the frame work of the ‘EU Sri Lanka Trade Related Assistance Project’ with technical support of the International Trade Center in Geneva in collaboration with the Government of Sri Lanka. This business guide which was presented to the Speaker and other officials by Dr. Dayaratne Silva, Head of the Sri Lanka Office of the EU Sri Lanka Trade Related Assistance Project which is particularly beneficial to Sri Lankan SMEs and published in English, Sinhala and Tamil, provides Practical Business information to Sri Lankan SMEs on the EU preferential market access conditions in respect of specific product sectors which are of importance to Sri Lanka.

The agenda of the AGM concluded with the presentation by the President of the Chamber to the Secretary General, the Operations Manual of the Chamber compiled by the Multinational Audit firm Earnst & Young as the Strategic Partner of the Chamber. At the conclusion of the AGM participants and invitees were entertained to fellowship.
Sri Lanka achieves record exports in 2017

- Full year figure of $11.4 billion up 10% from 2016 and surpassed previous best of $11.1 billion in 2014

- Government policy on shifting to export-driven growth continues through trade agreement negotiations underway and EDB initiatives

Sri Lanka’s exports in 2017 hit an all-time high of $11.4 billion, up 10% from 2016 and surpassed the previous best of $11.1 billion achieved in 2014.

The Ministry of Development Strategies and International Trade said the EU and the US were the biggest markets taking $3 billion each.

The sectors showing particularly strong year-on-year growth were tea 20% and fisheries 40%. Tea benefitted from higher prices and enhanced access to Middle Eastern markets, particularly Iran. Fisheries benefitted from both the lifting of the EU ban in June 2016 and the GSP+ concession in May 2017.

Apparel, which accounts for over 40% of all goods exports and directly employs over 300,000 people, mostly women, recorded a modest 2% growth over 2016. However, it is encouraging that the past four months showed 10% year-on-year growth as new orders from the EU were secured due to the GSP+ benefit of 12% duty exemption. The Ministry said 2018 was expected to be a strong year for apparel manufacturers. Services exports comprising ICT/BPM, logistics, financial services and construction contributed an additional $3.7 billion of exports, an increase of 8% compared to 2016. The growth in services in 2017 was significant compared to 2016 where ICT/BPM grew at 7.7% and logistics at 5%. Furthermore, ICT/BPM companies are expected to show double-digit growth next year with the Budget support for IT
SMEs to be executed in 2018, while benefiting from grant schemes for innovation and entrepreneurship.

In addition, the 40% foreign ownership restriction will be removed from freight forwarding to facilitate investment in the sector. The Export Development Board (EDB), under the Ministry of Development Strategies and International Trade, is Sri Lanka’s apex organisation for the promotion and development of exports.

Commenting on the landmark 2017 performance, EDB Chairperson Indira Malwatte said: “Our export results are particularly noteworthy given the global trading environment. Our peer nations have experienced material declines in trade in the past year, while Sri Lanka has maintained growth.

This is a testament to the tenacity of our exporters and the relentless enhancement of their value proposition to customers.”

The EDB has been championing the National Export Strategy (NES) in collaboration with the International Trade Centre to develop the future export sectors. The main strategies on six focus sectors - IT, Spices and Concentrates, Boating Industry, Wellness Tourism, Processed Food and Beverages and Electrical and Electronic components - and four Trade Support Functions - Trade Information and Promotion, National Quality Infrastructure, Innovation and R&D and Logistics - will create the conditions of success for high potential growth sectors that can deliver leading exporters of tomorrow.

The vision of the EDB to “position Sri Lanka as a prominent export hub for innovative products and services” is well aligned with the development vision of the Government to reorient economic policy towards exports- and investment-driven growth, rather than debt-funded public infrastructure spending.

Development Strategies and International Trade Minister Malik Samarawickrama said: “We are signing the Free Trade Agreement (FTA) with Singapore. This sophisticated FTA will give a signal to the world that Sri Lanka is ready to engage in global value chains and production sharing networks. The trade agreements currently under negotiation with China and India will give our exporters preferential access to a middle class market of 300 million people – the same size as the whole of the EU. These trade agreements will be a key pillar in our quest to reach foreign exchange earnings of $ 22 billion from merchandise and services exports by 2020.”
Workshop to focus on protecting digital consumer’s rights

Galvanising multiple stakeholders committed to the protection of today’s digital consumer, an ITC-assisted (International Trade Centre) 2-day workshop will kick off on March 15 in Colombo. The event facilitated by the Consumer Affairs Authority (CAA) is aligned with this year’s theme of World Consumer Rights Day, ‘Making Digital Market Places Fairer’. The ITC is a multilateral agency with a joint mandate with the World Trade Organization (WTO) and the UN Conference on Trade and Development (UNCTAD). Chandrika Thilakaratne, Director, Consumer Affairs and Information, CAA, told the Sunday Times that the upcoming forum is in response to a proposal made by the CAA to the ITC. It is also an EU-Sri Lanka Trade Related Assisted Project.

The theme of the World Consumer Rights Day which falls on March 15 is declared by Consumers International which has over 200 member organisations. The organisations work to empower and champion the rights of consumers across the world. Mrs. Thilakaratne points out that though e-commerce has made access to the world quick and convenient, it entailed many challenges. Consumers International notes that by 2021, e-commerce is expected to account for over 15% of global retail sales. Yet, consumers are still unable to access digital marketplaces they can trust. They are calling for access to secure internet, actions against scams and fraud and better protection online. Consumers International’s E-commerce Background Report observes that many countries, notably developing ones, do not have laws or regulations concerning data protection and privacy, thus leaving consumers unprotected. The UNCTAD B2C E-commerce Index 2017 has identified the top 10 developing and transition economies which show ‘e-commerce readiness’ and Sri Lanka is among them classed as a nation with ‘medium readiness’. The Index indicators are: number of internet users, web presence, delivery and payment. Colombo’s forum, with financial and technical assistance from ITC, will bring together government agencies, ICT policy-makers, digital advertisers, internet service providers and university representatives. The session will be steered by Canadian e-commerce expert Michael Geist. The panelists of the two-day workshop will deliberate on six principle areas of digital consumerism covering e-commerce around the world, industry perspectives, the Sri Lankan digital consumer, legal frameworks, international trade rules and the road ahead.

A policy document which will be formulated at the end of the forum is to be presented to the cabinet to give more teeth to present policy governing consumer rights. “We are in the process of amending the CAA Act for which the outcome of the forum will be decisive,” notes Mrs. Thilakaratne. The proposed legislature will take into account progressive global legislation and guidelines. The proposed legislature which will give more muscle to the mandate of the CAA includes provision to recall unsafe/defective products, to deal with e-commerce security and
marketing of digital content, misleading advertisements, to recognise accredited labs/certification bodies and conformity assessment bodies and to adopt international standards. Consumer literacy still remains low in Sri Lanka, thus mobilising is imperative. Parallel to the national event, the CAA, through its regional offices, has organised a series of awareness programmes at district level. These will target school children, housewives and civil society organisations. Mrs. Thilakaratne acknowledges that the CAA needs to pledge greater support towards consumer societies striving to create awareness among masses.

Mooting for a Consumer Ombudsman for the country, Attorney-at-Law and former Chairman CAA, Sarath Wijesinghe notes that, with the legal process being complicated and expensive, this scheme is an urgent need for consumers to seek redress. He calls for alternative resolution procedures such as arbitration, mediation boards, establishment of UK-model Citizens Advice Bureau, and engaging Chambers of Commerce and trade and consumer organisations. “Consumer Courts on the Indian-model should also be in place,” says Mr. Wijesinghe. The Consumer Protection Act (COPR) in India, he says, provides considerable power and protection to consumers via public interest litigation.
INTERNATIONAL CONSUMER RIGHTS DAY TOMORROW

Sri Lanka will celebrate its 2018 International Consumer Rights Day tomorrow, 15 March with the first ever national consultation on domestic digital marketplace. And the landmark initiative, which aims to update domestic policies and regulatory laws to face digital transactions, is backed by the European Union and, a leading global expert on digital laws and content from International Trade Centre (ITC), Geneva has already arrived in Colombo to steer the two day sessions.

“We thank the European Union for its support to this national initiative by the Consumer Affairs Authority under me. We also welcome experts from ITC, Geneva for this consultation” said the Minister of Industry and Commerce Rishad Bathiudeen during his meeting with top officials on 14 March and added: “It is time we update our laws to safeguard rights of Sri Lankan e-commerce consumers.” Ottawa University Law Professor and author on Internet Law Michael Geist (Full Professor - University of Ottawa and Canada Research Chair in Internet and E-commerce Law) who is also an Expert attached to Geneva’s International Trade Centre (ITC) is now in Colombo for March 15’s event kick-off. Professor Geist also sits on the Board of CIRA- the Canadian Internet Registration Authority that manages Canada’s .ca domains.

“The aim of the 2-day consultations is to bring recommendations on key legislative and regulatory priorities for establishing modernized consumer e-commerce law framework” said the Chairman of the Consumer Affairs Authority (CAA) Hasitha Thilakeratne.

Consumers International has declared 2018 Consumer Rights Day theme as “Making Digital Marketplaces Fairer” and introducing the twitter handle #BetterDigitalWorld.

According to CAA, the existing regulation on e-commerce in Sri Lanka is weak and therefore a well-functioning regulatory framework, protecting all the stakeholders involved in e-commerce, is key to promoting e-commerce. "To address this timely need, the CAA has initiated this public private dialogue to understand and critically evaluate the existing regulatory framework of the Sri Lankan digital market, e-commerce" said Chairman Thilakeratne.

The dialogue is held in the context of current trade negotiations and to formulate recommendations to facilitate legislative and regulatory priorities. It is facilitated within the framework of the EU- Sri Lanka Trade Related Assistance Project. The International Trade Centre (ITC) is the lead implementing agency of this project in collaboration with the Government of Sri Lanka. This two day session will take place at Hotel Taj Samudra, Colombo on 15th and 16th March.

Among the participants at this two day forum are regulatory agencies, policy makers in the ICT sector, industry organizations, university academics, researchers, digital service providers, online retailers, and digital commerce consumers to present their valuable views, insights and proposals under different perspectives. Eminent speakers from various sectors of the e-commerce industry have been invited to present and share their expertise in different areas.
such as, unlocking the potential of the e-commerce industry in Sri Lanka, creating a positive environment for promoting the e-commerce industry, challenges faced by Sri Lankan consumers in digital marketing and ways to overcome them, legal framework for the safety of digital e-commerce consumers and many other facets related to the e-commerce industry.

The event will conclude with a brainstorming session among the experts to identify key legislative and regulatory priorities for establishing a modernized consumer e-commerce legislative framework, with due regard to international trade context.
#SriLanka celebrates 2018 #world #consumer #rights day #WCRD2018 tomorrow 15th with 1st national #dialogue in #Colombo on making "#Lka #Digital #marketplace fairer "- Mr. @mgeist, #expert from #Geneva's @itcnews in #Colombo now - bit.ly/2paitNU #BetterDigitalWorld
ITC calls for expanding Sri Lankan e-commerce payment facilities beyond large financial institutions

Mar 15, Colombo: International Trade Centre, a multilateral development agency that supports the internationalization of small and medium-sized enterprises (SMEs), has called on Sri Lanka to broaden e-commerce facilities beyond present set of few, large financial institutions so that more Sri Lankans and small businesses can trade online.

While Sri Lanka’s internet and smartphone use has grown to a considerably high level in recent years e-commerce users among them are still low with unsatisfactory penetration, according to the Minister of Industry and Commerce Rishad Bathiudeen.

"Despite the high rate of smart phones, social media use and the high potentials for e-commerce in Sri Lanka, the use of our e-commerce is still at low levels and at low penetration," Minister Bathiudeen said today addressing the launch of a two-day dialogue on a Digital Marketplace in Colombo.

The "National Public Private Dialogue for a Fairer Digital Marketplace" organized by the Consumer Affairs Authority and supported by the European Union and Geneva-based International Trade Centre (ITC) was launched today to coincide with International Consumer Rights Day of 15 March.

Chairman of CAA Hasitha Thilakaratne and Canada Research Chair in Internet and E-Commerce Law at the University of Ottawa Professor Michael Geist participates in the dialogue.
Among the other participants are regulatory agencies, policy makers in ICT, industry organizations, university academics, researchers, digital service providers, online retailers, and digital commerce consumers. Eminent speakers from various sectors of the e-commerce industry are making their presentations.

Speaking at the event, Minister Bathiudeen pointed out that Sri Lanka has been ranked high on e-commerce in the Top 10 developing and transition economies in East South and Southeast Asia by the 2017 UNCTAD business to consumer E-commerce Index report while New York based internet research firm STATISTICA estimates 25% of Sri Lankans are using all types of social media including Facebook.

"Despite the high rate of smart phone and social media use and the high potentials for e-commerce in Sri Lanka, the use of our e-commerce as a platform is still at low levels, and we can say that it is at low penetration levels" said Minister Bathiudeen.

He noted that Sri Lanka’s annual domestic ‘e-commerce only’ sales value is around an estimated $ 19 million or an estimated Sri Lanka Rs 3 billion.

"This means only one percent of our total consumer sales in the domestic market is done through e-commerce sales," he pointed out.

The Minister explained that the main reason for the small size of Sri Lanka’s e-commerce platform is that the Lankan e-commerce industry is still in its early stages with the need for many more new startups to join it and expand it.

Also e-commerce startups are not receiving the required levels of support from banking and finance sectors since when it comes to e-commerce and payment gateways the level of financial and banking regulations are very high and, therefore, require urgent deregulation so that more retail startups come from the e-commerce platforms, he explained.

"Perhaps the most important reason is that Lankan consumers despite showing a very high rate of smart phone use are going slow on e-commerce transactions is due to their fear on the unsafe nature of online sales, on their online safety as well as lack of protection of their online data," he noted.

Therefore, today's public private stakeholder dialogue is well-positioned for creating Sri Lanka's pioneering recommendations on key legislative and regulatory priorities for establishing modernized consumer e-commerce legal framework, the Minister pointed out.

"Today's dialogue is also the launch event for advancing our e-commerce in par with international best practices so that a strong foundation is laid for Sri Lanka to become a high tech digital hub in Asia supporting the development vision of the unity government and supporting United Nations guidelines that says the government should work towards consumer confidence in e-commerce by the continued development of transparent and effective consumer protection policies. We thank Geneva's ITC and European Union for the support extended to this pioneering national effort."

ITC's expert Prof Geist highlighting the key bottleneck faced by Lankan e-commerce commended the Minister's recognition of the tremendous e-commerce opportunities as well as challenges presented in Sri Lanka.

"These challenges are not only found in Sri Lanka but seen in many countries across the world and thus the formulation of the legal framework we talk of today through a multi stakeholder
approach, is highly significant. The good news is that we are not starting from ground zero in Sri Lanka. Privacy and data protection are the real currency of e-commerce," he said.

The ITC expert added that from his discussions in the last few days in Colombo with many Sri Lanka stakeholders, it is clear that payment systems in Sri Lanka is a major issue for e-commerce.

"These gateways are concentrated mostly on a few large banks and financial institutions but not for other payment institutions and this is an obstacle for Lankan e-commerce progress. It is time to broaden the base of these payment institutions," he said.

Though Sri Lanka has an electronic transactions law in place - the Electronic Transactions Act, No. 19 of 2006 - e-commerce experts and market players call for changes to it to bring it in par with international best practices.

The two-day session will also focus on facilitating online fund transfer to and from Sri Lanka using such well known global platforms as PayPal.
Geneva ITC calls for opening of Sri Lanka e-commerce gateways

Minister of Industry and Commerce Rishad Bathiudeen addresses CAAs launch event of the two-day consultations for ‘Recommendations on Legislative and Regulatory Priorities for Modernised Consumer E-Commerce Law Framework for Sri Lanka’ at the Taj Samudra on 15 March

From left: Ottawa University Law Professor, author on Internet Law and expert attached to Geneva’s International Trade Centre (ITC) Michael Geist, Minister of industry and Commerce Rishad Bathiudeen and CAA Chairman Hasitha Thilakaratne at the launch event of two-day consultations for ‘Recommendations on Legislative and Regulatory Priorities for Modernised Consumer E-Commerce Law Framework for Sri Lanka’ at the Taj Samudra on 15 March
First national consultation for new e-commerce laws opens, brings leading stakeholders together
SL has high use of internet and smartphones but very low on e-commerce: Rishad Says only 1% using e-commerce
Geneva’s ITC and EU behind landmark national initiative by CAA
Open more local payment gateways if you want to develop: ITC Expert Prof Geist

Sri Lanka’s internet and smartphone use has grown to a considerably high level in recent years, but e-commerce users among them are still low.

Meanwhile, Geneva’s International Trade Centre has called for expanding Lankan e-commerce payment facilities beyond the present set of few large financial institutions so that more Lankans can get online to transact.

“Despite the high rate of smart phones, social media use and the high potential for e-commerce in Sri Lanka, the use of our e-commerce is still at low levels and at low penetration,” said Minister of Industry and Commerce Rishad Bathiudeen yesterday on 15 March, addressing the launch event of the two-day ‘National Public Private Dialogue for a Fairer Digital Marketplace’ by the Consumer Affairs Authority (CAA).

The event is supported by the European Union and Geneva’s International Trade Centre (ITC). Joining the Colombo event (held to coincide with International Consumer Rights Day of 15 March) was CAA Chairman Hasitha Thilakaratne and Ottawa University Law Professor and author on Internet Law Michael Geist (Full Professor, University of Ottawa and Canada Research Chair in Internet and E-commerce Law), who is also an Expert attached to Geneva’s International Trade Centre (ITC) and sits on the Board of CIRA (Canadian Internet Registration Authority) which manages Canada’s .ca domains.

Among the other participants are regulatory agencies, policymakers in ICT, industry organisations, university academics, researchers, digital service providers, online retailers, and digital commerce consumers. Eminent speakers from various sectors of the e-commerce industry are making their presentations. “Sri Lanka has been ranked high on e-commerce in the Top 10 Developing and Transition Economies in East South and Southeast Asia by the 2017 UNCTAD Business to Consumer E-Commerce Index Report. Sri Lanka’s ‘overall rank’ in this report is 73 out of 144 countries. New York-based internet research firm STATISTICA estimates 25% of Sri Lankans are using all types of social media including Facebook,” said Bathiudeen.

He added: “Sri Lanka’s annual domestic ‘e-commerce only’ sales value is around an estimated $19 million or an estimated Sri Lanka Rs. 3,000 million. This means only 1% of our total consumer sales in the domestic market is done through e-commerce sales. The biggest reason for the small size of our e-commerce platform is that the Lankan e-commerce industry is still in its early stages with the need for many more new startups to join it and expand it. Also e-commerce startups are not receiving the required levels of support from banking and finance sectors since when it comes to e-commerce and payment gateways the level of financial and banking regulations are very high and, require urgent deregulation at least for our ‘fin-tech’ so that more retail startups come from the e-commerce platforms. Perhaps the most important reason is that Lankan consumers despite showing a very high rate of smart phone use are going slow on e-commerce transactions is due to their fear on the unsafe nature of online sales, on their online safety as well as lack of protection of their online data.

“Today’s pioneering public private stakeholder dialogue organised by the Consumer Affairs Authority with the support of the European Union and Geneva’s ITC is therefore well positioned for creating Sri Lanka’s pioneering recommendations on key legislative and
regulatory priorities for establishing modernised consumer e-commerce legal framework. Today’s dialogue is also the launch event for advancing our e-commerce in par with international best practices so that a strong foundation is laid for Sri Lanka to become a high-tech digital hub in Asia supporting the development vision of the unity government and supporting United Nations guidelines that says the Government should work towards consumer confidence in e-commerce by the continued development of transparent and effective consumer protection policies. We thank Geneva’s ITC and European Union for the support extended to this pioneering national effort.”

ITC’s expert Prof. Geist highlighted the key bottleneck faced by Lankan e-commerce. "I express my great honour and thanks to Minister Bathiudeen for joining us. It is exceptionally encouraging to hear his recognition of the tremendous e-commerce opportunities as well as challenges presented in Sri Lanka,” said Professor Geist.

He added: "These challenges are not only found in Sri Lanka but seen in many countries across the world and thus the formulation of the legal framework we talk of today through a multi-stakeholder approach, is highly significant. The good news is that we are not starting from ground zero in Sri Lanka. Privacy and data protection are the real currency of e-commerce. With my discussions in the last few days in Colombo with many Sri Lanka stakeholders, it is clear that payment systems here to be a major issue for e-commerce. These gateways are concentrated mostly on a few large banks and financial institutions but not for other payment institutions and this is an obstacle for Lankan e-commerce progress. it is time to broaden the base of these payment institutions.”

Though Sri Lanka has an electronic transactions law in place (the Electronic Transactions Act, No. 19 of 2006) e-commerce experts and market players call for changes to it to bring it on par with international best practices.

The two-day session will also focus on facilitating online funds transfer to and from Sri Lanka using well-known global platforms as Paypal.
Control of payment gateways by a few said to be trapping Lankan e-commerce surge

The control of payment gateways by a handful of large banks and financial institutions is trapping the e-commerce revolution from taking off in Sri Lanka, a Canadian e-commerce expert was quoted as saying in a communiqué issued by the Industry and Commerce Ministry.

"It is clear that the payment systems here to be a major issue for e-commerce. These gateways are concentrated mostly on a few large banks and financial institutions but not for other payment institutions and this is an obstacle for the Lankan e-commerce progress," University of Ottawa Canada Research Chair in Internet and E-Commerce Law Michael Geist said yesterday.
Speaking at the workshop ‘National Public-Private Dialogue for a Fairer Digital Marketplace’ held in Colombo, organised by the Consumer Affairs Authority and supported by the Geneva-based International Trade Centre, to which he is affiliated, Geist said that the time is ripe to broaden the base of payment institutions.

Industry and Commerce Minister Rishad Bathiudeen showed support for the cause.

“Despite the high rate of smartphone and social media use and the high potential for e-commerce in Sri Lanka, the use of our e-commerce is still at low levels and at low penetration,” he said.

He noted that just US $ 19 million or one percent of the annual domestic sales happen through e-commerce.

He said that more start-ups need to enter and expand Sri Lanka’s digital market place but these businesses need low-cost payment gateways.

In addition to limiting the choices of the Sri Lankan consumer, the grip large banks and financial institutions have on digital payments with high usage fees, has restricted Sri Lanka’s exports as well, since the local small and medium enterprises with a potential to thrive in the global markets have no low-cost method to collect the payments.

Global giant Paypal had expressed interest in setting up operations in Sri Lanka several years ago.

The state’s ICT Agency had at the time said that the Central Bank had not cooperated and Paypal had found the then existing draconian Foreign Exchange Law to be off-putting.

However, the Central Bank last December said that it had in fact been a case of Paypal not observing the required e-commerce volumes in Sri Lanka to justify entering the market, since the Central Bank had offered to provide the required regulatory space.

There is now a more relaxed foreign exchange law in place and Paypal was reported to have sent a delegation to Sri Lanka in January but the government officials have been tight-lipped about the development.

The two-day workshop, which began yesterday, will also focus on facilitating online fund transfer to and from Sri Lanka using global platforms like Paypal.

Bathiudeen said that safety of the online shoppers, with data protection also needs to be toughened in order to drive the e-commerce growth.

The workshop is expected to come up with recommendations on legislative and regulatory priorities for a modernized e-commerce framework, the communiqué said.
Value chain stakeholder meeting on processed food and pepper sectors begins today

The United Nations Industrial Development Organisation (UNIDO) will convene a two-day stakeholder meeting to discuss and validate UNIDO’s findings in a value chain (VC) assessment of processed food and pepper today at Renuka City Hotel in Colombo.

The invitation extends to all public and private stakeholders participating in the processed food and pepper VCs.

This event will take place within the framework of the European Union (EU) funded EU–Sri Lanka Trade Related Assistance project.

The stakeholder meeting will help to calibrate the recommendations put forth in a three-chapter report. The report will provide an in-depth analysis of the existing gaps and challenges in the aforementioned sectors and in the institutional and regulatory frameworks with respect to food safety and quality. It will also provide recommendations to strengthen compliance with international export requirements and to increase productivity among small and medium-sized enterprises (SME) based on bottlenecks identified in the VCs.

The cinnamon VC comes within the purview of the Ministry of Primary Industries. The spices sector has been selected as one of the six priority sectors in Sri Lanka’s National Export Strategy (NES) that is currently being planned and seeks to increase Sri Lanka’s export revenue to $27 billion by 2022. The final report will expound on bridging gaps in institutional services to facilitate the adoption of food safety and quality assurance systems and on competitiveness constraints reflected in the production and marketing characteristics of SMEs.

This VC assessment exercise is an important step towards boosting Sri Lanka’s compliance capacity in meeting international export requirements to enable Sri Lankan agro-exporters to reach South Asian Association for Regional Cooperation (SAARC) and EU markets.
Consumer Affairs Authority needs to go digital: Official

By Randima Attygalle

The Consumer Affairs Authority (CAA) Act of 2003 needs to undergo significant reforms to meet contemporary digital consumer needs, said an official of the Legal Draftsman’s Department.

Ms Yamuna Ranawana of the Department said the CAA Act was enacted at a time of the traditional consumer and much has changed since then, with regard to consumer patterns.

“Certain functions of the CAA such as its power to give directions to the traders and manufacturers in respect of price marking and labelling, determining standards and specifications relating to goods and supply of services, complaints receiving process, display of price lists and issue of receipts, are some of the areas which need to be revamped,” she said.

Ms Ranawana expressed these views during a session titled ‘Legal Framework for Safe Digital Consumer’, which was part of a two-day National Public-Private Dialogue held recently on ‘Making Digital Market Places Fairer’.

Information & Communication Technology Agency (ICTA) Legal Advisor Jayantha Fernando said that Sri Lanka is ranked No.1 in South Asia, in Networked Readiness Index (NDI), and is among the top 10 developing and transition economies which show ‘e-commerce readiness’. It is also classed as a nation with ‘medium readiness’, by the UN Conference on Trade & Development (UNCTAD) B2C E-commerce Index 2017. “Despite this recognition, as a country, we need to do a lot more to ensure digital consumer protection,” Mr. Fernando noted.

The ICTA Legal Chief called for “continuous review and reform of law and policies” which will enhance consumer protection and benefit the consumer in the digital age. He said the Electronic Transactions Act (ETA), Payment & Settlement Systems Act, Ratification of the UN ECC (UN Convention on the Use of Electronic Communications in International Contracts) and the Budapest Cyber Crime Convention are among the most notable instruments and interventions which provide an enabling legal environment to facilitate digital commerce in the country.

He added that, amendments to the ETA brought last year, provide greater confidence to consumers in e-Commerce.

Canadian ITC expert Dr. Michael Geist, with global experience in e-commerce and expertise in e-commerce law, who attended the sessions, said international e-commerce rules, best practices and regulatory interventions on consumer protection, emphasized the freedom of expression, which should be championed for the consumers. “Part of consumer rights is the right to complain,” said Dr. Geist, who was quick to add that, this does not, however, warrant false and baseless allegations against sellers. “Dispute resolution, which is also core to consumer protection, also calls for increased interventions,” added the e-commerce expert.
ITC to host first public-private consultations on National Single Window

The Geneva-based International Trade Centre (ITC), in close collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC), is organising the first of four public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka.

The objective of these public-private consultations is to stimulate discussions and seek recommendations from border regulatory representatives and the business community on the implementation modalities of the NSW.

The event will be attended by over 70 participants representing more than 50 business associations, government agencies and trade operators. Dignitaries attending the opening ceremony will include Libuse Soukupova - the Head of Cooperation of the EU Delegation to Sri Lanka and the Maldives, chairpersons of the NTFC, the CEO of the Ceylon Chamber of Commerce and senior officials from ITC, Geneva.

Organised within the mandate of the EU-Sri Lanka Trade Related Assistance program, this event will be held on 5 April at the Cinnamon Grand, Colombo.

As one of the fastest growing economies in the Asia-Pacific region, Sri Lanka has steadily risen to become a regional trade and logistics hub and is striving to make its economy more interconnected with regional and global markets. In line with its vision to become South Asia’s logistics hub, Sri Lanka has ratified the WTO Trade Facilitation Agreement (TFA) and is legally committed to implementing a series of reforms aimed at the simplification and modernisation of cross-border formalities.

The implementation of a single window is one of the obligations under the TFA. It is also an important milestone in improving Sri Lanka’s business competitiveness in international markets. The objective of the NSW is to set up a facility which allows parties involved in trade and transport to lodge information and documents with a single-entry point to fulfil all import, export and transit-related regulatory requirements. This will reduce the time and costs currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies.

The Sri Lanka Government has committed to creating a NSW as a national priority with support from the highest levels in the government and private sectors.

Local stakeholders are expected to define the Single Window functionalities that would best contribute to improve Sri Lanka’s trading environment. Thus, the objective of this first public-private consultation is to facilitate the exchange of views between trade stakeholders and to formulate common recommendations on their expectations regarding the services to be provided by Sri Lanka’s Single Window.
The recommendations from this consultation will be shared with the National Trade Facilitation Committee as well as the World Bank Group which is currently involved in the development of a Single Window Blueprint which will formulate recommendations for the consideration of the Sri Lankan Government as the country proceeds towards implementation.
NSW implementation to commence mid-July

Sri Lanka will commence the implementation plan of the National Single Window (NSW) by mid-July this year, while 80 per cent of work is complete for the launch of the Trade Information Portal (TIP) in mid-May 2018.

This was revealed yesterday at the first public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka, organized by Geneva-based International Trade Centre (ITC) in collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC).

The Prime Minister has appointed eight committees to implement the Trade Facilitation Agreement. The NSW and TIP are considered to be major components of the TFA, which is set to promote private sector growth and boost export-oriented FDI to the country.

Addressing the gathering, Director General of Customs, P S M Charles noted that paperless documents are technically ready to be launch while there are some pending adjustments to be made.

However, speaking at the event, DoC Director General Sonali Wijeratne pointed out certain delays in implementing commitments under the TFA. She said it had taken almost three years for Sri Lanka to officially notify the WTO of the commitments under categories A, B and C of the TFA.

Wijeratne revealed that one particular Government entity had taken 3 months to make observations on such a simple thing as terms of reference.

She pointed out that DoC, in contrast, had remained on schedule and was able to finish 80 per cent of work on the TIP through collaborating with 55 agencies.

The NSW is set to facilitate all parties involved in trade and transport to lodge standardized information and documents with single-entry points to fulfill all import-, export- and transit-related regulatory requirements. The TIP is set to list all applicable import- and export-related procedures onto one website.
ITC holds first public-private consultation on SL National Single Window

- PM appointed 8 committees working on the blueprint for the NSW
- SL Customs steps into handle e-signatures, paperless documents
- CCC calls on public sector to play role and be accountable, efficient, produce meaningful results

By Charumini de Silva

The International Trade Centre (ITC), in collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC), yesterday held the first of its four public-private consultations on the establishment of a National Single Window (NSW).

The objective of these public-private consultations was to stimulate discussions and seek recommendations from border regulatory representatives and the business community on the implementation modalities of the NSW.

EU Delegation to Sri Lanka and the Maldives Head of Cooperation Libuse Soukupova said the implementation of an effective NSW would no doubt help the country to bolster trade facilitation.

“The implementation of the NSW will assist traders to enhance accountability and transparency, while it will also reduce time and costs currently spent in preparing and submitting information and documents to multiple border regulatory agencies,” he added.
The objective of the NSW is to set up a facility which allows parties involved in trade and transport to lodge information and documents with a single entry point to fulfil all import, export and transit-related regulatory requirements.

NTFC Chairperson and Sri Lanka Customs Director General P.S.M. Charles said eight committees formed by Prime Minister Ranil Wickremasinghe were currently working on the blueprint for the NSW.

It was pointed out that the recommendations from yesterday’s consultation would be shared with the NTFC as well as the World Bank Group which was currently involved in the development of a Single Window Blueprint that would formulate recommendations for the consideration of the Government as the country proceeds towards implementation.

Being a key organisation that collects revenue for the Government, she said Sri Lanka Customs has taken some proactive initiative such as online payment, 24x7 service and has also stepped into e-signatures.

“Now we are working on our paperless documents. We have submitted the draft to the ministry to pass amendments to pre-arrival documentation. It is all coming under trade facilitation,” Charles added.

In addition, she pointed out that they were looking forward to developing a risk management directorate separately focusing on three areas which includes management directorate, auditing and improving the central intelligent unit (CIT).

“We are also looking at automated custom activities. With the support of all stakeholders we are trying to improve the level of compliance of traders. These will happen soon with the assistance of the EU and World Bank,” she stated.

Charles highlighted the importance of assisting SMEs in trade facilitation, noting that they contribute to about 60% of the GDP.

NTFC Co-Chairperson and Department of Commerce Director General Sonali Wijeratne said the objective of the discussion paper had a unique combination of the different functions described, reached on the basis of national priorities and the availability of finance expertise.

“I think this discussion paper is looking at what is most appropriate for each country. One has to see what the ground realities are and what is most appropriate for the country. The choices made by other countries are based upon their national needs. We must do what is best for Sri Lanka. This approach is very commendable,” she added.

Ceylon Chamber of Commerce Secretary General Dhara Wijayatilake pointed out now that the political leadership was sorting out its own battle in a separate arena and it was time for the public sector to play its role and be accountable, efficient and produce meaningful results.

She noted that the benefits that are perceived for trade and beyond would contribute to achieve higher objectives of the economic development which will trickle down to all citizens.
Wijayatilake stressed that it was critical to have initial stage stakeholder consultation before decisions are made and often reversed, hampering the growth of the private sector.

Organised within the mandate of the EU-Sri Lanka Trade Related Assistance program, over 70 participants representing more than 50 business associations, government agencies and trade operators attended the event.

As one of the fastest growing economies in the Asia-Pacific region, Sri Lanka has risen steadily to become a regional trade and logistics hub and is striving to make its economy more interconnected with regional and global markets.

In line with its vision to become South Asia’s logistics hub, Sri Lanka has ratified the WTO Trade Facilitation Agreement (TFA) and is legally committed to implement a series of reforms aimed at the simplification and modernisation of cross-border formalities.

The implementation of a single window is one of the obligations under the TFA. It is also an important milestone in improving Sri Lanka’s business competitiveness in international markets.

The Government of Sri Lanka has committed to create a NSW as a national priority with support from the highest levels in the government and private sectors. Local stakeholders are expected to define the Single Window functionalities that would best contribute to improve Sri Lanka’s trading environment.
Trade committee moves forward with electronic portal

The International Trade Centre held its first public-private consultation on the new national single trade window on Thursday.

The trade window is an initiative, coordinated between multiple international agencies and domestic ministries, to create a single electronic portal to facilitate trade in Sri Lanka. It is a part of a World Trade Organization Trade Facilitation Agreement that the government ratified in hopes of becoming South Asia’s logistics hub.

Currently, many important records of the export process are kept on paper, and often duplicated, according to Libuse Soukupova, the Head of Cooperation for the EU Delegation to Sri Lanka and the Maldives.

“An efficient single window is a key aspect for all parties involved in the trade process,” she said. She was speaking at a forum of government officials, business leaders, and international partners at the Cinnamon Grand Hotel.

Such reforms “are not being glibly adapted,” said Sonali Wijeratne, Director General of the Department of Commerce and Co-Chairperson of the National Trade Facilitation Committee. “(They’re being) made in a concentrated and comprehensive manner.”

But she stressed that since the Cabinet paper approving the process was adopted in 2015, three years had passed before they had submitted key documentation to the World Trade Organization.
She said domestic agencies needed to be further empowered to complete the “long and arduous” reform process.

Mohamad Saeed, a senior advisor to the Geneva-based International Trade Center, added that the business community must be actively involved in the reform process.

“The government makes the rules,” he said. “But it is the private sector that benefits or suffers.” “This can only be improved when there is coordination with the private sector,” he added.

Dhara Wijayatilake, the Secretary General and CEO of Ceylon Chamber of Commerce, assured the stakeholders that the Chamber would always reach out to their members for cooperation. “(I am) confident that this is going to work,” she said.

Referencing the recently defeated No-Confidence Motion against the Prime Minister in Parliament, she said that “as the political leadership is sorting out their own battles in a separate arena the burden on the public sector is increasing.”

P.S.M. Charles, Director General of Customs and Chairperson of the NTFC, said that already some aspects of the single window were online, like digital payments and 24-hour service.

“We know the needs, and the response,” she said. “We have a mandate to do this trade facilitation.”

She said her committee’s next steps would be to implement an online signature system, and provide paperless documentation. The Customs Department “is one of the organization collecting the most revenue for the Sri Lankan economy,” she said. They need to activate the single window as soon as possible, “so foreign exchange can be earned by our local people,” she added.
Govt. ready to launch Trade Information Portal in May

- 80% of work completed with support of 55 agencies
- DoC DG raises concerns over delays in implementing commitments under TFA

- Customs DG says implementation of TIP will ensure transparency, predictability in all border clearance processes

By Charumini de Silva

In a major boost to streamline trade, Sri Lanka expects to launch the proposed Trade Information Portal (TIP) in mid-May as 80% of the work has been completed, a senior official said.

“Almost 80% of the TIP work has been completed with the support of 55 other agencies,” the Department of Commerce Director General and National Trade Facilitation Committee (NTFC) Co-Chairperson Sonali Wijeratne said recently at the first public-private consultations on the
establishment of a National Single Window (NSW) in Sri Lanka, organised by the International Trade Centre (ITC) in collaboration with NTFC.

Sri Lanka has formulated an action plan to implement the provisions of the Trade Facilitation Agreement (TFA), which has been agreed by the members of the NTFC. The project aims to deliver improved transparency, predictability and availability of trade-related information, an increased level of compliance to legislation and regulation, enhanced speed at which business may be transacted, reduced cost of doing business and reduced bureaucracy.

However, Wijeratne raised concerns over certain delays in implementing commitments, noting that it had taken almost three years for Sri Lanka to officially notify the WTO of the commitments under categories A, B and C of the TFA.

“The notification of categories A, B and C to the WTO has taken too long as I see it. Although we started this process in 2015 through the submission of a Cabinet paper to notify these three categories, the establishment of the NTFC was only in February 2018. Why is that? That is because there are procedural difficulties that have been put into the NTFC by way of concentration on form and not substance,” she pointed out.

She stressed the fact that when the country is in a mechanism relating to trade facilitation, the nodal organisations competently involved in the day-to-day operations of the regulatory regime such as all these departments and agencies should be given greater licence to proceed under the aegis of their respective ministries.

“We need to have a difference in the culture of looking at this subject of trade facilitation. This is a national effort. This is what we all are doing together. This is not something we are trying to gain some prestige over or control over. I think as soon as we have that virus of ‘we can control or possess’ in the system, it will take away the enthusiasm and all the momentum that has been there so far,” Wijeratne added.

Sri Lanka Customs Director General and NTFC Chairperson P.S.M. Charles emphasised that the implementation of the trade portal would ensure transparency and predictability in all border clearance processes.
ITC International Trade Centre: Connecting Sri Lankan businesses to European markets

The first phase of a project that aims to increase the competitiveness of Sri Lankan small and medium enterprises (SMEs) in regional and EU markets is already producing positive results in supporting trade-led growth. The project has a strong focus on training and skills development. It focuses on export strategy, trade policy and facilitation, national quality infrastructure and value chains in the spices, food and information technology and business process management sectors.

The EU-Sri Lanka Trade-Related Assistance Project is funded by the European Union (EU). It is implemented by the International Trade Centre (ITC) and the United Nations Industrial Development Organisation (UNIDO), and has been designed and is jointly managed with the Government of Sri Lanka. The four-year project started in November 2016 with a budget of €8 million.

‘Sri Lanka is currently engaged in Free Trade Agreements and further negotiating trade agreements that seek greater market access in selected markets. The project supports Sri Lanka by strengthening government officers’ capacities to conduct trade negotiations, developing private sector skills to export and contribute to policy making, and creating a much-desired stakeholder awareness on the concomitants of international trade,’ said Ms. Sonali Wijeratne, Director-General of Commerce, Sri Lanka’s Department of Commerce.

One of the expected results of the ITC-led project is to strengthen national capacities for the formulation and implementation of trade negotiations, to support the private sector to engage in business advocacy for coherent trade policy formulation and implementation, and to stimulate public-private policy dialogue on pressing trade policy, regulatory and negotiation issues.

Last May, Sri Lanka was granted better access to the EU for its exports under the EU’s Generalised Scheme of Preferences Plus (GSP+). Being able to export more to the EU will help Sri Lanka’s economy develop and create more and better jobs for its people. A GSP+ business guide for Sri Lankan SMEs has been published in English, Sinhala and Tamil. The guide provides practical and business information to Sri Lankan SMEs on the EU preferential market access conditions.

Rules and regulations

‘The GSP+ Guide will enable Sri Lankan exporters to be aware of the rules and regulations, and the criteria to be fulfilled in order to benefit from the facility. As a Chamber which serves exporters exclusively, we highly appreciate the initiative taken to provide exporters with clear
and accurate information on GSP+,' said Mr. Shiham Marikar, Secretary-General and Chief Executive Officer of the National Chamber of Exporters of Sri Lanka.

As part of the ITC-led project, more than 240 representatives from the public and private sectors have enhanced their understanding of trade policies and increase their trade negotiation skills through eight workshops in Colombo, Kandy, Galle and Jaffna. In addition, 20 private sector representatives have increased their business advocacy skills as a result of training programmes in Colombo and Brussels.

A trade-policy training curriculum is currently being developed and embedded within country organizations, including the Postgraduate Institute of Management and the National Institute of Exports, which have incorporated courses on international trade law and economics in their own training curricula.

'As a result of the project, the Ceylon Chamber of Commerce (CCC) has identified areas for improving its business advocacy and diagnostic work. We have learned how we can strengthen and capitalize our existing network in Sri Lanka. It is very important for us to work together with other private sector chambers as well as public institutions to lobby for certain things to achieve bigger impact,' said Ms. Jayani Ratnayake, Economist at CCC.
Govt. to set up six-member secretariat to implement National Export Strategy

- NES to go for Cabinet approval in two weeks
- Exporters call for high-level trade governance council

Sri Lanka is to form a six-member secretariat for monitoring and implementation of the proposed five-year National Export Strategy (NES), Development Strategies and International Trade Ministry Secretary Chandani Wijewardana told Mirror Business, yesterday.

Wijewardana said the action plans of the NES are currently being finalized and the Development Strategies and International Trade Ministry would submit the final version of the NES, which also includes the proposed secretariat, to the Cabinet in two weeks for approval.

Development Strategies and International Trade Minister Malik Samarawickrama is also likely to submit the final version of the National Innovation and Entrepreneurship Strategy, following the NES.

The proposed secretariat will have six members comprising of two officials from the Export Development Board (EDB), a representative from the Development Strategies and International Trade Ministry and Board of Investment, a member representing trade chambers and another official from the Project Management Department.

It will work on fast-tracking implementation of the NES while coordinating with the EDB advisory committees and assisting responsible line ministries.

The EDB last week appointed new sector-specific export advisory committees, following the revamp of the existing committees. These committees are responsible for guiding the implementations of their respective sector.

In addition, the committees will also be responsible for providing strategic direction to a specific export industry and have advisory roles in the implementation of trade development interventions.

Wijewardana said the International Trade Centre has agreed to assist the proposed secretariat to establish a tracking system to monitor the implementation of the NES.

The ministry expects the proposed governance mechanism for implementing the NES priorities will ensure that implementation of responsibilities are assigned effectively, resources are used efficiently, transparency of information leads to accountability and key public-private operators effectively support the implementation.
“The secretariat will assess the implementation of the NES by responsible line ministries and will provide the necessary assistance, particularly in terms of getting the required funds for the implementation of the NES.” Wijewardana noted.

According to her, each member of the secretariat will have clear roles and two members will work on a permanent basis while the rest will work on a part-time basis. The Development Strategies and International Trade Ministry currently is working on finalizing the structure of the proposed secretariat.

Meanwhile, the exporters have insisted on setting up a high-level trade governance council, which will be chaired by the president or prime minister to coordinate all trade-related interventions.

Wijewardana said that the government has recognized the need and will consider setting up such a council during the implementation phase of the NES.

The exporters have expressed their confidence over achieving US $ 20 billion in exports by 2020 with the implementation of the NES.
EXPORT STRATEGY TO BE SUBMITTED TO CABINET SOON

The Sri Lanka’s National Export Strategy (NES) has been finalised and is scheduled to be submitted for cabinet approval following a series of consultations between industry leaders from the public and private sectors.

To facilitate the smooth implementation of the NES, the EDB has appointed Advisory Committees for a period of three years, to spearhead private-public collaboration that will identify priority issues and opportunities to improve the performance of export sectors.

The Advisory Committees are expected to identify key market challenges and opportunities facing the industry, set goals to strengthen sector competitiveness, identify market requirements, as well as propose key policy changes that need to be initiated to develop the export sector.

The Advisory Committees were established by an Extraordinary Gazette notification in February through powers vested by the EDB Act No.40 of 1979 by Malik Samarawickrema, the Minister of Development Strategies and International Trade.

Two-hundred-and-sixty four Members who will sit in the Advisory Committees on Export Products and Service Sectors received their appointment letters from Sujeewa Senasinghe, the State Minister for International Trade, at the EDB recently.
The Advisory Committees provide a key platform to inform advisors, policy makers, national institutions, and other relevant stakeholders on the programmes and reforms required to boost specific industries, while at the same time maintaining the overall objective of facilitating growth of the export sector.

Advisory Committees consist of leading public and private sector industry representatives, industry leaders, and potential exporters. The diverse representations in the advisory committees ensure that it will be successful in the scrutiny of policy frameworks for exports, and for catalysing the expansion and growth of further exports.

Representations from a wide spectrum of the export sector would also succeed in providing a coordinated framework for exports that would optimise institutional support and quality of service in the exports process. The export processes could be made more business friendly by identifying and eliminating duplication in the procedures and introducing reforms that make the process more expeditious.

The Advisory Committees will also analyse policies and programs pertaining to the exports sector, eliminating gaps and overlaps that curtail the natural growth of the sector.

These committees are legislatively mandated and will support the economic development through a high level trade governance council which will be headed by the President or the Prime Minister to co-ordinate all trade related interventions. The first round of Advisory Committee meetings organised by the EDB, were held during the past two weeks in planning and discussing the efficient and effective implementation modalities of the industry-specific NES recommendations and priority interventions.

The establishment of Advisory Committees is a reflection of the success of the NES even before the onset of its implementation.

Furthermore, it highlights the very essence of the Government agenda and the government’s commitment to making informed and justified interventions to transform exporting industries to deliver rapid growth and collective prosperity.

The NES focus sectors embrace a diverse range of industries with varying growth trends. These sectors were identified using rigorous export potential assessments to ensure that these emerging export industries can utilise Sri Lanka’s competitive advantages to efficiently compete in global markets and especially with the objective of diversifying the product basket.

The focus industries are IT-BPM, Wellness Tourism, Spice Concentrates, Boating Industry, Processed Food and Beverages, and Electronic and Electrical Components.

Aimed at improving the business environment for all Sri Lankan industries, the NES will also focus on the development of Trade Support Functions. These include Logistics, Trade Information and Promotion and National Quality Infrastructure.

NES was devised with the technical expertise from the International Trade Centre (ITC), Geneva.
National Export Strategy for Cabinet nod soon - Malwatte

Sri Lanka’s exports in 2017 has grown by 15% to US$15.4 billion and the challenge would be to keep it going and further increasing it, said Indira Malwatte, Chairperson Export Development Board.

“Now we have a challenge of increasing exports by 15% every year for a period of 20 years,” she said addressing the launch of the 100th issue of the Sri Lanka Exporter Magazine recently in Colombo. Malwatte said the export target for 2018 has been set at US$ 17.8 billion.

The National Export Strategy which has been drawn up would be presented for Cabinet approval soon and it should be a national policy, she said. The Chairperson also made an appeal to exporters to make it happen because as a government they may not be able to continue certain things. The National Export Strategy was drawn up by consulting almost 600 stakeholders right from the North to South, East to the West with everyone possible, she said.
“It is your strategy and we have to get this implemented for our country. Each time the Prime Minister speaks, he speaks about exports and FDI’s. So it is a challenge for all of us to keep it going.”

Malwatte said that they were very proud that as a result of the National Export Strategy which was drawn up, the Budget has approved Rs 1.2 billion for development outside the EDB budget to implement some of the proposals brought up in the National Export Strategy. She said her officials were already working on setting up a launching pad for boat builders in Weligama as part that initiative.

The EDB head said a market access program for productivity improvement and market development has been introduced and the Cabinet paper for this will be presented at the next Cabinet meeting. Malwatte here expressed optimism saying she did not envisage any issue for the approval of it. A matching grant of up to Rs five million for productivity improvement or market development programs of exporters has also been proposed.
Sri Lanka to celebrate World Metrology Day on 25 May

The Measurement Units, Standards and Services Department (MUSSD) will celebrate this year’s World Metrology Day on 25 May to commemorate the anniversary of the signing of the Meter Convention on 20 May 1875. The Meter Convention provides the basis for a universal measurement system, which lays the platform for scientific discovery and innovation, industrial manufacturing, and trade as well as socioeconomic and environmental development.

The overarching theme of World Metrology Day 2018 is the ‘constant evolution of the international system of units (SI)’. At the General Conference on Weights and Measures in November 2018, a substantial change to the SI based on new measurement methods using quantum phenomena is expected to be introduced. In support of MUSSD, the United Nations Industrial Development Organization (UNIDO) and Physikalisch-Technische Bundesanstalt (PTB) are co-hosting a series of commemorative events within the framework of the EU-Sri Lanka Trade-related Assistance project, funded by the European Union. World Metrology Day will commence with a symposium on 25 May at MUSSD’s main auditorium in Homagama featuring a metrologist from the Korea Research Institute of Standards and Science (KRISS).

Sponsored by UNIDO and organised by MUSSD, an essay competition on five metrology-related topics and an art competition on three metrology-related topics will be held at schools island-wide. The competitions will be held in both Sinhala and Tamil, offering prizes for finalists. UNIDO also plans to distribute 25,000 booklets defining various SI units to schools and posters and banners will be displayed at district offices. These awareness-raising initiatives for the next generation and the public aim to introduce the importance of metrology to everyday life in Sri Lanka.
2nd public-private consultation on Sri Lanka National Single Window on Thursday

The Geneva-based International Trade Centre (ITC), in close collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC), is organising the second of four public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka.

The objective of these public-private consultations is to stimulate discussions and seek recommendations from border regulatory representatives and the business community on the implementation modalities of the NSW.

This event is organised within the framework of the EU – Sri Lanka Trade-Related Assistance project funded by the European Union and will be held on 24 May at the Galle Face Hotel, Colombo.

40 high-level representatives will attend the event from business associations, government agencies, and trade operators. Dignitaries gracing the opening ceremony will include Dr. R.H.S Samaratunge, Secretary to the Treasury, Ministry of Finance, Chandanie Wijayawardhana, Secretary Ministry of Development Strategies and International Trade, P.S.M. Charles, Chairperson NTFC, Director General of Customs, Sonali Wijeratne, co-chairperson NTFC, Director General Department of Commerce, Rajesh Aggarwal, Chief Trade Facilitation and Policy for Business, International Trade Centre and a Board Member, European Chamber of Commerce of Sri Lanka.

As one of the fastest growing economies in the Asia-Pacific region, Sri Lanka has risen steadily to become a regional trade and logistics hub and is striving to make its economy more interconnected with regional and global markets. In this context, the Government of Sri Lanka has committed to create a National Single Window (NSW) as a national priority to reduce time and costs currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies. The National Single Window will allow parties involved in trade and transport to lodge information and documents with a single-entry point to fulfil all import, export, and transit-related regulatory requirements.

The objective of this second public-private consultation is to facilitate the exchange of views between trade stakeholders on the governance mechanism for the NSW. Participants will discuss how Sri Lanka can best protect the Government’s policy interests and the genuine need of the private sector for increased competitiveness through appropriate decision-making and consultations bodies.

The recommendations from this consultation will be shared with the National Trade Facilitation Committee as well as the World Bank Group who are currently involved in the development of
a Single Window Blueprint that will formulate recommendations for the consideration of the Government of Sri Lanka as the country proceeds towards implementation.
National single window consultations to resume today

The second round of public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka jointly organized by Geneva-based International Trade Centre (ITC), in close collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC), will be held on May 24, 2018 at the Galle Face Hotel, Colombo.

The objective of these public-private consultations is to stimulate discussions and seek recommendations from border regulatory representatives and the business community on the implementation modalities of the NSW.

This event is organised within the framework of the EU – Sri Lanka Trade-Related Assistance project funded by the European Union.

Forty high-level representatives will attend the event from business associations, government agencies, and trade operators. Dignitaries gracing the opening ceremony will include Dr. R.H.S Samaratunge, Secretary to the Treasury, Ministry of Finance, Chandanie Wijayawardhana, Secretary Ministry of Development Strategies & International Trade, P.S.M. Charles, Chairperson NTFC, Director General of Customs, Sonali Wijeratne, co-chairperson NTFC, Director General Department of Commerce, Rajesh Aggarwal, Chief Trade Facilitation & Policy for Business, International Trade Centre and a Board Member, European Chamber of Commerce of Sri Lanka.

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The recommendations from this consultation will be shared with the National Trade Facilitation Committee as well as the World Bank Group who are currently involved in the development of
a Single Window Blueprint that will formulate recommendations for the consideration of the Government of Sri Lanka as the country proceeds towards implementation.
Govt. steps up to boost trade facilitation

Treasury Secretary
Dr. R.H.S. Samaratunge

Sri Lanka Customs Director General P.S.M. Charles
Commerce Department Additional Director General Nimal Karunathilaka

EU-Sri Lanka Trade-Related Assistance National Project Coordinator Dr. Dayaratna Silva
Sri Lanka expects to launch the proposed Trade Information Portal (TIP) and complete the blueprint for the National Single Window (NSW) by July to streamline trade and meet the commitments of the Trade Facilitation Agreement (TFA).

Presenting an update on the NSW blueprint, which is being developed with technical assistance from the World Bank (WB) and PM Group, the Government said it hoped to make the blueprint for implementation and operation of NSW ready by the end of July, which will see...
it on track for the launch of the TIP by early July as 80% of the total work has been completed.

This information was revealed at the second of four public-private consultations (PPC) on the Governance Mechanism of the NSW for Trade in Sri Lanka organised by the Geneva-based International Trade Centre (ITC), in close collaboration with Sri Lanka’s National Trade Facilitation Committee (NTFC) yesterday in Colombo.

Treasury Secretary Dr. R.H.S. Samaratunga said the Government was committed to improving cross-border formalities to strengthen Sri Lanka’s regional and international trade participation.

“As one of the fastest growing economies in the Asia-Pacific region, Sri Lanka has risen steadily to become a regional trade and logistics hub and is striving to make its economy more interconnected with regional and global markets. Thus, improving cross-border formalities is one of the key success factors to further participate in regional and international trade,” he added.

Accordingly, the Government has setup eight taskforces based on the WB Ease of Doing Business program with a view to improve the present investment climate, to further facilitate cross-border trading.

He said the Government had committed itself to creating a NSW as a national priority to reduce time and costs currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies. The NSW will allow parties involved in trade and transport to lodge information and documents with a single-entry point to fulfil all import, export and transit-related regulatory requirements.

For this purpose, Dr. Samaratunga said the Government had set apart Rs.325 million in the 2018 Budget.

“Implementation of NSWwill be a key milestone in achieving this vision and the Government of Sri Lanka is committed to the swift implementation of this initiative,” he asserted.

He highlighted the importance of an appropriate decision-making and consultation mechanisms setup as a prerequisite to ensure the government policy interest as well as the need of the private sector for increased competitiveness.

The Treasury Secretary commended the continuous collaboration and the technical assistance given by the ITC and the WB for the timely and important NSW initiative.

NTFC Chairperson and Sri Lanka Customs Department Director General P.S.M.Charles said that as the blueprint for NSW was nearing completion, it was important for all stakeholders to prepare for the smooth implementation of this initiative.

“The implementation of a project of this nature is an ambitious and challenging task, and requires having to coordinate with multiple stakeholders as well as with the different border regulations of the Government. Therefore, it is important to clearly identify the governance mechanism and the responsibilities during the development phase and the operational phase to successfully implement this initiative,” she added.
She went on to state that according to the recommendation of the WB, Customs has already initiated its risk management unit, while it was in the process of authorising the post clearance audit and intelligence unit to facilitate trade. In addition, she said that they were utilising a trial model to introduce a digital signature.

Charles noted that Customs will submit the draft document for the amendment of some of the regulations which would help to facilitate paperless and pre-arrival clearance.

“We will soon submit this to the Cabinet and the Parliament for approval,” she stated.

In addition, she said the ITC had agreed to finance the capacity building programs, risk management and post clearance audit unit as well.

She believed that at the second PPC on governance mechanism discussion, all public and private think tanks as well as all counterparts would come up with an implementable and practical governance structure to successfully implement NSW in the near future.

The objective of this second PPC was to facilitate the exchange of views between trade stakeholders on the governance mechanism for the NSW. Participants discussed how Sri Lanka could best protect the Government’s policy interests and the genuine need of the private sector for increased competitiveness through appropriate decision-making and consultations bodies.

The recommendations from this consultation will be shared with the NTFC as well as the WB who are currently involved in the development of a NSW Blueprint which will formulate recommendations for the consideration of the Government of Sri Lanka as the country proceeds towards implementation.
Lanka plans becoming benchmark for paperless int’l trade

Sri Lanka intends to become a benchmark for an integrated, paperless international trade thereby reduce time and cost currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies, with the implementation of National Single Window (NSW).

These views were expressed by Dr. R.H.S Samaratunge, Secretary to the Treasury, Ministry of Finance, at the second of four public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka, organized by the Geneva-based International Trade Centre (ITC), in association with Sri Lanka’s National Trade Facilitation Committee (NTFC) in Colombo yesterday.

Dr. Samaratunge, said further, Sri Lanka has ideally positioned to become a regional trade and logistics hub and is striving to make its economy more interconnected with regional and global markets.

“This excise is undertaken to compliment the work being done by the World Bank to prepare the blueprint for Sri Lanka’s single window initiative and is a timely intervention as it is important to obtain views of all stakeholders at the very initial stage of the implementation process.”

“Improving cross border formalities is one of the key successful factors for Sri Lanka, Dr. Samarathunga said adding that, “as of today, Sri Lanka is ranked 111th among 190
economies in ease of doing business index. And the government has set up eight task forces, based on World Bank’s ease of doing business program with a view to improving the present investment climate.”

According to Dr. Samaratunga, the success of NSW will depend on careful implementation and close co-operation between many public and private stakeholders who are in international transactions.

P. S. M. Charles, Chairperson NTFC, Director General of Customs, speaking at the event noted that it is imperative to identify the governance mechanism and response model during the development and operational phase of NSW. In this endeavor, ITC has prepared a discussion paper under the theme of governance mechanism of the national single window for the trade Sri Lanka, Charles noted.

The discussion paper highlights organizations structures for the governance mechanism during the development and implementation phase.

In addition to that, ITC has agreed for financing capacity building activities of customs on timely study, risk management, post clearance audit and etc.
World Accreditation Day 2018 in SL

Sri Lanka Accreditation Board for Conformity Assessments, will be celebrating World Accreditation Day 2018 in collaboration with United Nations Industrial Development Organization (UNIDO) under the theme “Delivering a Safer World”.

This National Seminar will take place on June 21, 2018 at Hotel Kingsbury, Colombo for the 10th consecutive year. World Accreditation Day has been jointly announced by the International Accreditation Forum (IAF) and International Laboratory Accreditation Cooperation (ILAC).

The Chief Guest of the event is Wong Wang Wah from Innovation and Technology Commission, Hong Kong. He is the current Chair of Asia Pacific Laboratory Accreditation Forum as well. The inauguration of this event will be carried out by Minister of Science, Technology, Research, Skills Development, Vocational Training and Kandyan Heritage, Dr. Sarath Amunugama.

This seminar will be held with the participation of 300 stakeholders representing policy makers, government agencies, regulatory bodies, conformity assessment bodies, and academia and research organizations, students of schools and universities, interest groups, consumers and media representatives.

The main objective of this seminar is to bring all key stakeholders to a common platform in order to broaden their understanding on the vital role accreditation plays in delivering a safer world and to recognize their contribution to promote quality and accreditation. The seminar will focus on the areas of Food safety, Health, Environment and Energy.

Importance of providing a safe working environment has been widely discussed throughout the world due to the bad experiences on occupational accidents or work related diseases happening in different work environments. It has been identified as a measure of reducing costs, lowering employee absence and turnover rates, suffering fewer accidents, lessening the threat of legal action, protecting reputation for corporate responsibility among investors and customers and increasing productivity through a healthier and better motivated workforce in the businesses.

Sri Lanka Accreditation Board, which was established in 2005 is being involved in accreditation of Conformity Assessment Bodies in various fields: Testing laboratories, Certification bodies, Inspection bodies, GHG verification and validation bodies, Research Laboratories, etc and is internationally recognized by International Accreditation Forum (IAF), International Laboratory Accreditation Cooperation (ILAC), Asia Pacific Laboratory Accreditation Cooperation (APLAC) and Pacific Accreditation Cooperation (PAC).
National policy for spices, an urgent need of the hour

The pungency of our cinnamon, pepper, cloves, nutmeg and much more launched many ships of the Portuguese, Dutch and the British. Forts were erected to keep the potential enemy at bay as this exotic ‘spice island’ was too good to lose. However, the spice legacy of the colonial island cannot afford to be complacent. Today ‘forts’ of modernity, lending the industry food and safety standards, good agronomic practices (GAP) and good manufacturing practices (GMP) need to be adopted, if we are to swim with the sharks. A national policy for our spices has been a pipe dream for too long and the call for it is now unprecedented.

The National Policy for Export Agriculture 2014-2025 which was prepared with in-depth input from multiple stakeholders is ‘printed, available and thrown aside’ as the founder Chairman of the Spice Council of Sri Lanka and the immediate Past Chairman of the National Chamber of Exporters, Sarada de Silva tells the Sunday Times.

“The industry is in a predicament when a complete U-turn has to be taken with each change- be it government, ministerial or even secretarial change,” charges the third-generation cinnamon industrialist who points out that rather than reinventing the wheel, a consistent policy, along with a favourable environment should be realised sooner than later.

With multiple ‘studies’ and ‘strategies’ devised to put our spices on a more lucrative road, it is now more a situation of paying lip service to the industry than actually walking the talk. The policy, as Mr. De Silva reiterates cannot afford to change with each regime, but essentially create a level playing field for our spices. Sri Lanka 2018-2022 National Export Strategy (NES) which is now pending cabinet approval as reliable sources inform the Sunday Times, is seen to be offering impetus to expedite the National Policy for spices.
In 2017 our spice exports recorded US$ 352.95 million as Sri Lanka Export Development Board (EDB) figures affirm. The figure, as Mr. De Silva explains, is excluding the essential oils which are largely derived from spices. The export figure of essential oils in 2017 recorded US$ 46.04 million. Our spice export’s actual potential is a billion dollar industry, standing out both in value and volume, for which right direction is imperative.

The spices — be they cinnamon, pepper or otherwise — are grown, harvested, processed and exported by the private sector and for the private sector to take long-term decisions and make long-term investments, long term policies are pressing. “Given the fact that agricultural returns are fairly long-term, far-thinking policies become even more valid,” points out the industrialist. Among the policy elements, improving productivity, reducing cost of production, strengthening research and development, branding of local spices and registering a Geographical Identification (GI) protection for special spices such as Cinnamon and increasing employment opportunities are particularly significant. The long awaited National Policy also aspires to impact our plantation sector which is now at cross roads, opines Mr. De Silva. “The macro picture has to be clear to win bigger players,” he notes, adding that currently the real threat is from poor quality standards and Phyto-sanitary standards. He also calls for regulatory standards for the export of spices.

Working towards higher productivity is also envisioned through such policy. Citing the experience of regional counterparts such as India, Vietnam and Cambodia, Mr. De Silva says that the potential for Lankan spices to surpass those of the region in terms of value is unlimited, given their intrinsic properties. Encouraging GMP and GAP enabling small players in the industry to benchmark themselves with the best players are also proposed by him. “In 1984 when the Indian Spices Board was set up, our export volume was far above theirs. Today, India is in the range of almost 100 US$ billion.”

The Geographical Indication (GI) which is mooted through a National Policy can multiply the export revenue for our spices, says Mr. De Silva who cites the example of Mexican Tequila which dominates the market capitalizing on its GI. “Mercifully, the Lion logo now tells Ceylon Cinnamon apart from Cassia, but if we can push for GI for Cinnamon followed by other spices, notably pepper and cloves, the marketing strength of these spices in the global market is infinite. The Crying need is for the creation of GI register locally.”

Championing the dignity of labour, while making spice-related employment attractive is also aspired by a cohesive policy. The ISO: 2000 certified cinnamon factories in Galle, Ratnapura and Matara are success stories which offers a cue in this aspect, points out the senior professional. With labour shortage being a double-whammy facing the industry, mechanizing it at every stage which permits it, is also tabled by him.

Revisiting the export agriculture’s vision and mission aligned with the current realities and thereby enabling a US$ 1,500 million export value by 2020 is the way forward, says the Director General, Department of Export Agriculture, Dr. A.P. Heenkende. With ‘quality’ being the catch word in the sector, sustaining it through pre-export surveillance measures is the norm today, rather than the exception, he adds. “The agro-climatic conditions render our spices, especially cinnamon, pepper, cloves and nutmeg to be superior in their composition and we cannot compromise the quality assurance of these spices in the global market,” observes Dr. Heenkende who alludes to the GMP Certificates which are now issued by the Department of Export Agriculture in a bid to popularise GMP among small-scale cultivators and producers.
The 19 mini-labs established under a pilot project is also a move to add more teeth to the exercise.

Enhancing the value-added spice products could also boost the industry, for which muscle can be given by a consistent policy says the agriculturist. The Dhana Saviya home gardening project, productivity improvement programme and Youth Group programme are among the recent measures spearheaded by the Department to solidify the spice industry.

Prof. Buddhi Marambe, Chairman, Board of Study in Crop Science, Postgraduate Institute of Agriculture (PGIA), University of Peradeniya, avers that, despite the spice sector supporting about tens of thousands of families in the country and the global demand for spices taking a shift towards a continuous supply of high quality, value added spice products, our spice sector has not performed up to the expectations. Climate change and imperfect market systems are cited to be contributory to this state of affairs by the scholar. Moreover, low quality products and poorly-coordinated market channels have resulted in low value addition, poor incentives to the farmers/farms, and sluggish growth of the sector, he says. “A new policy with a realistic action plan is thus, needed to position the spice crops sector as the key driver for delivering about 10 % of GDP of Sri Lanka and the policy should aim at making Sri Lanka ‘The Spice Hub of Asia”, opines Prof. Marambe.

Prof. Marambe who was among the consultants to The Spice Sector Development Plan, which was launched in December 2014, by the then Ministry of Minor Export Crop Promotion, financially supported by the Food and Agriculture Organization (FAO) of the United Nations, further notes that a target-oriented development guided by the policy, will create an enabling environment to develop the sector, securing the livelihoods of cultivators and small-scale farmers and generating new employment.

A national policy on spice crops should focus on making the industry a national priority, identifying the sector as a key driver of the Sri Lankan economy, maintains Prof. Marambe. This process should be widely consultative, bringing in the state and private sectors agencies, professionals, University academia, industry experts, NGOs, growers and consumer representatives on board, he says. “This should be an integral part of the national economic development and poverty alleviation policies, aiming at export promotion, value addition, organically-grown spices, acceleration of growth of the sector, support of spice-based industries and services, creation of new employment for youth in spice-growing areas, and securing a fair living standards for the growers and producers,” he notes.
Prime Minister Ranil Wickremesinghe yesterday underscored the importance of the knowledge economy as one of the main spheres for the development of the country in the next decade, while pledging Government support to make ICT a world-class industry.

Addressing the National Chamber of Exporters (NCE)-organised ICT Forum titled 'Information technology and its Role in the Modern Organisation,' Prime Minister Wickremesinghe urged the stakeholders to be geared to face the stumbling blocks in achieving a $ 5 billion industry by 2025.

“I would like to say that this Government will be promoting the knowledge economy as one of the main spheres for economic development in the next decade.”

“We want to create a complete knowledge economy, where Sri Lankans work and benefit from it. I am confident of achieving the target, but face challenges to reach that $ 5 billion,” he said.

He said that the Government had set up a taskforce to revamp the industry and focus on the knowledge and IT sector in the next 18 months, as thrust had to come from the sector in creating a whole knowledge economy.

Noting that the Government had pledged to extend Rs. 3 billion for development of the sector in the next three years, in addition to the Rs. 300 million allocated for this year to implement various activities to promote ICT development through the Export Development Board (EDB),
he added that the sector was a priority focus areas in the National Export Strategy (NES), which would be launched this month to propel Sri Lanka into the future.

“With Rs. 300 million available now and if you can use all up this year, I will give you more money next year. Some people thought it is very optimistic when we said Rs. 300 million for the first year, and some in the Treasury were wondering how much will be left. There is Rs. 3 billion, but we can certainly give you more than Rs. 300 million if you can show us (perform) in the first year. If you're working, the Government is behind you. This is the first commitment we have made, and we are willing to go ahead to support the industry,” Wickremesinghe stated.

According to the Prime Minister, these funds will be allocated by way of grants, equity investments, credit facilities, mentoring, and technical support with the end goal of developing local startups and attract foreign investors.

“You are the newest industry in the world — the IT industry, the knowledge economy. Let’s see how you’ll perform. Certainly we are looking at helping both good performers and also backing up newcomers to come. I hope we will see you asking for more funds instead of letting the money go back to the Treasury,” he said.

He pointed out that the knowledge industry was economically important for Sri Lanka, as it was where the country could send in the most valuable human resources. “We want to use our strategic location, our people, and improve our education system to go up the value chain and become an upper middle income economy. This is the range I am talking of, but we need to see how well this challenge can be taken by you all.”

Describing ICT as a 'highly-mobile' industry, he insisted the stakeholders needed to look at ways to retain workers, citing ‘brain-drain’ as the biggest challenge. “We also have to look at issues connected to knowledge workers, remuneration, taxes and so on. However, we have to realise that once you train these knowledge workers, you may actually be training for another country. So, let us see what we can do to retain them within the local ecosystem,” the Premier emphasised.

He also called for a training plan, not only to train the bottom level, but more engineers, as there was a big market for that. “The next is the real training. This is where we actually want to help those non-government sectors who have training courses, and want to expand training courses. We can help in different ways, and if there are not-for-profit organisations, we can give them more assistance. But we need a training plan, not only to train the bottom level, but more engineers and others. We are willing to give student loans, which they can repay after their graduation. You got to look at the training aspect, otherwise you’d be overpricing yourself at the bottom by competing for the people at the bottom,” he added.

Wickremesinghe said that the Ministers of Education and Finance were working together in providing iPads for schools, which would be a massive leap forward, while adding that he would recruit the aid of other Ministries to organise boot camps for school leavers.

In terms of corporate taxation and incentives on the ICT industry, he pointed out that it was one item receiving the attention of the Government on what the post and period tax rate should be.
“We brought in the new Inland Revenue Act, but they say what is there is not sufficient as far as the soft knowledge sector is concerned, where capital is not deployed in large amounts. What we have done is based on capital investments, which is the problem when these soft sectors come in. We are re-examining that area as to what we should do to give those to the exporters, as well as to give some of those to the foreign investors who may be interested in coming here. You need a mix of both of those.”

He said that Sri Lanka had to do more on manufacturing, especially in modernising the sector, particularly with the use of semi-automation in manufacturing process. “A small country like Sri Lanka, with a small population, must make use of semi-automation because it will be in no way displace workers, but add value to your products. So this is a part where the knowledge industry, manufacturing and IT comes together.”

The Prime Minister also said that the Government had identified logistics, communication, and financial tourism to promote as new areas in making Sri Lanka the hub of the Indian Ocean.

He said that very soon the Government would have a viable arrangement for the Mattala Airport, just as they did for the Hambantota Port, making available good infrastructure in the middle of the Indian Ocean.
NIOE and ITC to conduct seminars on Dumping

The NCE welcomes the enactment of the Anti-Dumping and Countervailing Duties Act and the Safeguard Measures Act by the Government which was passed in parliament in March. The Chamber notes that these enactments fulfill the expectations of Sri Lankan Entrepreneurs to safeguard them from unfair trade practices, and to create a level playing field, which has been long overdue.

The Anti-Dumping and Countervailing Duties Act provides protection to domestic enterprises to counter low priced dumped imports, as well as imports which have received excessive subsidies, while the Safeguard Measures Act provides protection to local domestic enterprises against sudden surges of imports which are harmful to domestic industries.

The Chamber reiterates the statement made recently by the Ministry of Strategy Development and International Trade that these new laws are not aimed at providing blanket protectionism to domestic industry, but rather a credible set of remedial measures in the event of injury to domestic industry caused by dumping or by subsidies, as well as by sudden surges of imports.

Some local entrepreneurs have been making representations in the past that imports are entering the country at lower prices than their normal value. However the Chamber notes that
dumping is often mistaken and simplified to mean all cheap low priced imports, which is not the case. In this context representations have been made by local enterprises related to the imports of second hand low quality boats, and low quality electrical panel boards at low prices.

However a closer analysis of the issues related to these imports may require other remedial measures. A more realistic case as pointed out by the Department of Commerce at a recent Seminar could be the imports of low priced potatoes from India.

On the other hand in regard to Exports from Sri Lanka the Chamber notes that domestic enterprises in the USA have made representations to the US Department of Commerce regarding low priced certain types of “off road pneumatic tires”, and rubber bands from Sri Lanka which they claimed to receive subsidies in Sri Lanka.

Data of the World Trade Organization (WTO) reveals an increasing trend in complaints from affected enterprises in developed countries, as well as some developing countries. In this context there is a need for Sri Lankan exporters of various products to be aware of such sensitive export markets, to avoid issues.

The bills that have been passed in parliament clearly outline the special criteria to determine when Products are considered to be dumped or unfairly subsidized, and the provisions to levy compensatory duties. Further the website of the Department of Commerce in Sri Lanka also lists out the steps to be followed by Sri Lankan Enterprises who seek redress when reporting on dumped goods, subsidized imports and surges in imports, which entrepreneurs should be aware of.

WTO Regulations also provide certain flexibilities to developing countries when seeking redress under these laws.

The chamber recently conducted a Preliminary workshop, under the EU Trade Facilitation Project, through its affiliate training arm the National Institute of Exports (NIOE) to introduce key features of the legislation. The workshop was conducted with the assistance of the International Trade Center (ITC) in Geneva.

With a view to imparting further knowledge, and educating Sri Lankan Entrepreneurs on the various technical issues related to the above enactments, and the procedures they should follow when making an application to the Department of Commerce, which is the investigating authority, seeking redress under the legislation, the Chamber will shortly conduct Training Workshops in collaboration with the relevant state agencies.

Nevertheless the Chamber advises Sri Lankan Entrepreneurs to be alert and compile relevant information as well as data on their particular segments of industries, including the production
data of producers of the same product, or like products, to facilitate their representations when seeking protection from unfair trade practices related to imports.
SL to advance cross-border trading through NSW trade information portal

Simplification of trade procedures and documentation, harmonization of the trade practices and rules, transparent information and procedures of international flows, recourse to new technologies to promote international trade and more secured means of payment for international commerce could be identified as trade facilitation.

Asia Pacific Economic Cooperation defines trade facilitation as simplification and rationalization of customs and other administrative procedures that hinder, delay or increase the cost of moving goods across international borders.

In simple terms, it can be recognized as, making it simpler and efficient for traders to move their goods across borders. Doing Business Index compiled by World Bank is also taking ‘Trading Across Borders’ as a significant evaluation criterion in ranking countries. Under this category, time to export with regard to documentation and border compliance, cost of exports in compliance with documentation and border procedures, importation time and cost related to border procedures and documentation are taken for detailed evaluation. This confirms the importance of cross border trading at every level.

National Single Window (NSW)
The National Single Window comes in to picture, in providing above mentioned facilities in a very methodical efficient method. National Single Window, for foreign trade is a facility created using Information Technology and telecommunication platforms, initiated by a government to facilitate import, export and transit bureaucracies, by offering a single point for the submission of standardized information and documents, in order to fulfill official demands and facilitate logistics.

It handles all public and private administrative procedures in foreign trade. This single submission may be lodged through single window for reuse across a range of government agencies, by trader organizations and even by individuals. The basic principles of single window are built on this single submission of data; hence, it may be reused by the system wherever required without additional data entry.

Further, single window attributes include a single point of payment, improved business processes in government agencies, and speedier turn-around for approvals and decisions. It gives opportunity for traders and their agents to connect up with ministries of trade, agriculture, health, food security, and finance and so on to electronically lodge license applications and customs declarations.

It is a known fact that the information technology advancement and innovation has given great benefits to international trade development. Automated Custom clearances, Port operations, import and export authority requirements were able to complete much more effectively than before. In an increasingly globalized environment many economies needed a much more effective system than that automated customs operations from the 1980s namely, Asycuda.
Many Single Windows were implemented in the world and doing business index, for the first time in the year 2017, went up to the extent of measuring effectiveness of the single window systems, through Trading Across Borders. It is considered as a system that receives trade related information and disseminates to the government authorities and many private sector stake holders and individuals.

**Sri Lanka on the move**

By 31 May 2016, the Sri Lankan government ratified the WTO Trade Facilitation Agreement where it came to effect in February 2017.

Additionally, Sri Lankan government requested, the support of World Bank Group, in order to proceed with trade facilitation through a National Trade Facilitation Committee and for the implementation of Web based Trade Information Portal, and to implement National Single Window operation.

By now with the technical assistance of the World Bank, the Project Management team Sri Lanka is working through, identified eight task clusters namely; 1. Legal and regulatory framework 2. Governance and operational model 3. Revenue and fee structure 4. Technical and functional specification architecture 5. Service level agreements for agencies in the NSW 6. Business process re-engineering and change management 7. Risk management strategy and 8. Implementation capacity building for operators and participating agencies and traders/users.

Further, the project management team has identified key attributes of the National Single Window to be implemented.

Submission of Cusdecns and notifications in a paperless customs, handling shipments, taking various approvals of authorities, payment of duties and charges, single submission, information/help desk, managing bonded warehouses, use of international standards, risk management and establishment of KPIs could be categorized as some of them.

Sri Lanka Customs would be the lead agency on National Single Window and initially key institutions such as Department of Export and Import Control and Sri Lanka Ports Authority will be integrated in to the system and many other cross border related agencies would be expected to join the system with the view of providing best ever services to importers and exporters in time to come.

**Issues faced by NSW Sri Lanka**

As occurred in many countries, Sri Lanka is also going through challenges in implementing NSW. Fulfilling legal frame work requirements such as complete execution of the Electronic Transactions Act, and introducing necessary amendments to Acts and Ordinances of SL Customs, Dept of Export and Import Control, Telecom regulatory, SL Standards Institution, National Medicine Regulatory Authority, Food Control Administration, National Plant Quarantine Service and Animal Quarantine, are considered to be vital. Operational support, latest technology adoption and sustainability of implemented NSW are also of paramount importance.

**Contributing to GDP growth – Examples from other countries**

The studies have exposed that cross border trade facilitation through National Single Window will give guaranteed additional growth to GDP. But different economies choose to implement their National Window in varied complexities. For example, Mauritius implemented their single window with a major focus on Customs operations and revenue authority, Port Authority and National Chamber of Commerce of Mauritius only.
Australia
The Australian Single Window is connecting up many agencies in the process such as customs authorities, quarantine authorities and meat producers etc. It is a continuous process from the production to export, by providing sanitary inspections and certifications.

Singapore
The Single Window of Singapore was initiated way back in 1989 and considered to be one of the very first implemented in the world. Today the said system handles more than 30,000 declarations per day and they process 99 percent of permits in just 10 minutes. All the fiscal collections are happening through interbank transactions. The trading community enjoys at least 20 percent to 30 percent cost savings by using the system.

Sweden
Just like Singapore, Sweden also falls into the category of one of the very first countries to have single implemented the single window. They started with Customs Information System for mainly export facilitation and covered import and transit goods later. Today almost all the customs declarations are done online, though paper based transactions are also allowed. Over 12,000 companies and 7000 citizens are benefitted through this system and it is noteworthy that all the services are provided free of charge.

South Korea and Malaysia
South Korean Single Window is considered to be one of the best implemented so far and the immense contribution of the Information and Communication Technology for the project has made it very effective. The initial effort of the project was to provide one stop clearance service with single submission of application. Subsequently, the Korean Customs was connected with all the government agencies using integrated e-document transmission system.

Malaysia is also one of early starters of paperless customs, way back in 1990s. They managed to bring in the Single Window system by end of 2012, which was an expansion of the existing paperless system.

Single Windows moving beyond national boundaries
Association of South East Asian Nations (ASEAN) agreed in the 2003 Summit to implement ASEAN Single Window by integrating National Single Windows of the member nations in order to cooperate and exchange customs electronic data and expedite cargo clearances. It is expected that the cost of trading would go down by 8 percent through this effort. Implementation of ASEAN Single Window is a reasonably challenging situation since each member country is having their own customs regimes and legislations, and many are in the process of ratifying their home front systems. The ASEAN member countries are: Indonesia, Thailand, Malaysia, Singapore, Philippines, Vietnam, Myanmar, Cambodia, Laos and Brunei. Similar Regional efforts are visible in Latin America and Caribbean, as well as Pacific Alliance countries namely Chile, Colombia, Mexico and Peru.

All over the world, the National Single Windows are complex and sophisticated systems connecting up many border agencies both government and private sector. Agriculture authorities will connect up for sanitary inspection and certification matters. In the same manner various industry & trade bodies such as Chambers of Commerce, Department of Commerce and Ministries will also be linked to full fill licensing and certificate of origin requirements. Banks will also be on the loop for financial transactions and shipping lines and carriers will be on the system for bill of lading and other road documents. Essentially there would be Port authority and Border authorities too in the system. The customs will be handling E declarations and all other customs procedures.
Trade Information Portal (TIP)
In parallel to the National Single Window, it is expected to implement Trade Information Portal in Sri Lanka which would help generate trade and investment in the country.

The trade portal is a web-based portal system, and it will make all cross-border trade regulatory information available at a stroke of a key. The information includes all laws, prohibitions, restrictions, technical standards, the entire commodity classification and tariffs, all procedures for license and permit application and clearance, in plain language instructions. Information pertaining to government ministries & agencies, Customs, Regulatory authorities, Ports Authority and Standards Institution will be included in the TIP. Sri Lanka TIP is expected to be launched in early July.

As per the studies already conducted, Sri Lanka TIP will carry approximately 69 Acts and Circulars, 120 Gazette Notices, 23 Guidelines, 176 Measures, 186 Procedures, 225 forms and 50 information pages. It is noteworthy, that Sri Lanka is having approximately 788 regulatory documents to be uploaded to TIP and it is only second to Vietnam TIP having 1665 such documents. Countries such as Bangladesh, Lao, Cambodia, Malawi, Lesotho, Botswana and Nepal also implemented their TIPs by now.

The World Bank Group would assist Sri Lanka both Technically and financially in implementing the TIP and Government of Sri Lanka, having Department of Commerce under the Ministry of Industry and Commerce will take primary responsibility of sustainability of the TIP. Cross border trading community, specially private sector would be greatly benefitted by this Trade Information Portal and Department of Commerce is likely to launch the TIP within the month of July 2018, if all goes well.

TIP will help save both time and money, reduce error and improve transparency and transaction times to a great extent. TIP will make easier for traders to comply with regulatory requirements by having access to such regulatory procedures on the portal. Further, it would be a great opening for small and new exporters.

Implementing single window is not an easy task and requires continuous cooperation of various government authorities, political hierarchy and private sector institutions, it is certainly a costly affair at the beginning and it may take several years to be fully-operational, once implemented it would bring down cost of trading but it will increase efficiencies contributing positively to the growth of the economy. Furthermore with the usage of top of the range information technology, it would become a proven mechanism of eliminating fraud and malpractices in cross border transactions.
SRI LANKA TO ADVANCE CROSS BORDER TRADING

Simplification of trade procedures and documentation, harmonisation of the trade practices and rules, transparent information and procedures of international flows, recourse to new technologies to promote international trade and more secured means of payment for international commerce could be identified as Trade Facilitation.

Asia Pacific Economic Co-operation, defines Trade Facilitation as simplification and rationalisation of customs and other administrative procedures that hinder, delay or increase the cost of moving goods across international borders.

Trade Facilitation
In simple terms, it can be recognised as, making it simpler and efficient for traders to move their goods across borders. Doing Business Index compiled by the World Bank is also taking “Trading Across Borders” as a significant evaluation criterion in ranking countries. Under this category, time to export with regard to documentation and border compliance, cost of exports in compliance with documentation and border procedures, importation time and cost related to border procedures and documentation are taken for detailed evaluation. This confirms the importance of cross border trading at every level.

**National Single Window (NSW)**

The national single window comes into the picture, in providing the above mentioned facilities in a very methodical, efficient method. The National Single Window for Foreign Trade is a facility created using Information Technology and Telecommunication platforms, initiated by a Government to facilitate import, export and transit bureaucracies, by offering a single point for the submission of standardised information and documents, in order to fulfill official demands and facilitate logistics. It handles all public and private administrative procedures in foreign trade. This single submission may be lodged through single window for re-use across a range of Government agencies, by trader organisations and even by individuals. The basic principles of the single window are built on this single submission of data; hence, it may be re-used by the system wherever required without additional data entry. Further, single window attributes include a single point of payment, improved business processes in government agencies, and speedier turn-around for approvals and decisions. It gives opportunity for traders and their agents to connect up with Ministries of Trade, Agriculture, Health, Food Security, and Finance and so on to electronically lodge license applications and customs declarations.

It is a known fact that the information technology advancement and innovation has given great benefits to international trade development. Automated custom clearances, port operations, import and export authority requirements can be completed much more effectively than before. In an increasingly globalised environment, many economies need a much more effective system than that automated customs operations from the 1980s namely, Asycuda. Many Single Windows were implemented in the world and Doing Business Index, for the first time in the year 2017, went up to the extent of measuring effectiveness of the single window systems, through Trading Across Borders. It is considered as a system that receives trade related information and disseminates to the government authorities and many private sector stake holders and individuals.

*Sri Lanka - on the Move*
By May 31, 2016, the Sri Lankan Government ratified the WTO Trade Facilitation Agreement where it came into effect in February 2017. Additionally, the Sri Lankan Government requested the support of the World Bank Group, in order to proceed with trade facilitation through a National Trade Facilitation Committee and for the implementation of Web based Trade Information Portal, and to implement a National Single Window operation.


Further, the project management team has identified key attributes of the National Single Window to be implemented. Submission of customs and notifications in a paperless customs, handling shipments, taking various approvals from authorities, payment of duties and charges, single submission, information/help desk, managing bonded warehouses, use of international standards, risk management and establishment of KPIs could be categorised as some of them. Sri Lanka Customs would be the lead agency on National Single Window and initially, key institutions such as the Department of Export and Import Control and Sri Lanka Ports Authority will be integrated into the system and many other cross border related agencies would be expected to join the system with the view of providing the best ever services to importers and exporters in time to come.

Issues faced by NSW Sri Lanka

As it has occurred in many countries, Sri Lanka is also going through challenges in implementing NSW. Fulfilling legal frame work requirements such as complete execution of the Electronic Transactions Act, and introducing necessary amendments to Acts and Ordinances of SL Customs, Dept of Export and Import Control, Telecom Regulatory Authority, SL Standards Institution, National Medicine Regulatory Authority, Food Control Administration, National Plant Quarantine Service and Animal Quarantine, are considered to be vital. Operational Support, latest technology adoption and sustainability of the implemented NSW is also of paramount importance.

Contributing to GDP growth – Examples from other countries.

The studies have exposed that cross border trade facilitation through National Single Window will give guaranteed additional growth to GDP. But different economies choose to implement their National Window in varied complexities. For example, Mauritius implemented their single window with a major focus on customs operations and revenue authority, Port Authority and National Chamber of Commerce of Mauritius only.

Australia
The Australian Single Window is connecting up many agencies in the process such as customs authorities, quarantine authorities and meat producers etc. It is a continues process from production to export by providing sanitary inspections and certifications.

**Singapore**

The Single Window of Singapore was initiated way back in 1989 and considered to be one of the very first implemented in the world. Today, the said system handles more than 30,000 declarations per day and they process 99% of permits in just 10 minutes. All the fiscal collections are happening through inter-bank transactions. The trading community enjoys at least 20% to 30% cost savings by using the system.

**Sweden**

Just like Singapore, Sweden also falls into the category of one of the very first countries to have implemented the single window. They started with the Customs Information System for mainly export facilitation and covered import and transit goods later. Today, almost all the customs declarations are done online, though paper based transactions are also allowed. Over 12,000 companies and 7000 citizens are benefitted through this system and it is noteworthy that all the services are provided free of charge.

**South Korea and Malaysia**

South Korean Single Window is considered to be one of the best implemented so far and the immense contribution of Information and Communication Technology for the project has made it very effective. The initial effort of the project was to provide a one stop clearance service with the single submission of an application. Subsequently, the Korean Customs was connected with all the government agencies using integrated e-document transmission system. Malaysia is also one of early starters of paperless customs, way back in the 1990s. They managed to bring in the Single Window system by end 2012, which was an expansion of the existing paperless system.

**Single Windows moving beyond their National Boundaries**

Association of South East Asian Nations (ASEAN) agreed at the 2003 Summit to implement ASEAN Single Window by integrating National Single Windows of the member nations in order to co-operate and exchange customs electronic data and expedite cargo clearances. It is expected that the cost of trading would go down by 8% through this effort. Implementation of ASEAN Single Window is a reasonably challenging situation since each member country is having their own customs regimes and legislations, and many are in the process of ratifying their home front systems. The ASEAN member countries are: Indonesia, Thailand, Malaysia, Singapore, Philippines, Vietnam, Myanmar, Cambodia, Laos and Brunei. Similar Regional efforts are visible in Latin America and Caribbean, as well as Pacific Alliance countries namely Chile, Colombia, Mexico and Peru.

All over the world, the National Single Windows are complex and sophisticated systems connecting up many border agencies both government and private sector. Agriculture authorities will connect up for sanitary inspection and certification matters. In the same manner various
industry & trade bodies such as Chambers of Commerce, Departments of Commerce and Ministries will also be linked to full fill licensing and certificate of origin requirements. Banks will also be on the loop for financial transactions and shipping lines and carriers will be on the system for bill of lading and other road documents. Essentially, there would be Port Authority and Border authorities too in the system. The customs will be handling E declarations and all other customs procedures.

**Trade Information Portal (TIP)**

In parallel to the National Single Window, it is expected to implement a Trade Information Portal in Sri Lanka which would help generate trade and investment in the country. The trade portal is a web-based portal system, and it will make all cross-border trade regulatory information available at the stroke of a key. The information includes all laws, prohibitions, restrictions, technical standards, the entire commodity classification and tariffs, all procedures for license and permit application and clearance in simple language instructions. Information pertaining to government ministries & agencies, customs, regulatory authorities, ports authority and Standards Institution will be included in the TIP. The Sri Lanka TIP is expected to be launched in early July.

As per the studies already conducted, the Sri Lanka TIP will carry approximately 69 acts and circulars, 120 gazette notices, 23 guidelines, 176 measures, 186 procedures, 225 forms and 50 information pages. It is noteworthy, that Sri Lanka is having approximately 788 regulatory documents to be uploaded to TIP and is only second to the Vietnam TIP having 1665 such documents. Countries such as Bangladesh, Lao, Cambodia, Malawi, Lesotho, Botswana and Nepal have also implemented their TIPs by now. The World Bank Group would assist Sri Lanka both technically and financially in implementing the TIP and the Government of Sri Lanka, having the Department of Commerce under the Ministry of Industry and Commerce will take primary responsibility of sustainability of the TIP. The cross border trading community, specially the private sector would be greatly benefitted by this Trade Information Portal and Department of Commerce is likely to launch the TIP within the month of July 2018, if all goes well.

TIP will help save both time and money, reduce error and improve transparency and transaction times to a great extent. TIP will make easier for traders to comply with regulatory requirements by having access to such regulatory procedures on the portal. Further, it would be a great opening for small and new exporters.

Implementing single window is not an easy task and requires continuous co-operation of various government authorities, political hierarchy and private sector institutions. It is certainly a costly affair at the beginning and it may take several years to be fully operational, once implemented it would bring down cost of trading but it will increase efficiencies contributing positively to the growth of the economy. Furthermore, with the usage of top of the range information technology, it would become a proven mechanism of eliminating fraud and malpractices in cross border transactions.
SRI LANKA TARGETS $200M IN BOAT EXPORTS BY 2022

Sri Lanka’s footprint in global boats and shipping sector may be smaller, but Lankan exports in it continue to surge in strong numbers. As a result, Sri Lanka is ambitiously positioning for USD 200 million boats and shipping exports by 2022.

“Global ship and boat building industry has slowed down with less and less demand due to global economic pressures. Despite this it is interesting to note that Sri Lankan boat builders and exporters have shown resilience and even increased export revenues,” Minister of Industry and Commerce Rishard Badurdeen told guests at the launch event of Boat Show Sri Lanka 2018 at Cinnamon Grand Hotel recently.

The pioneering web portal for the Lankan boat industry www.srilankaboating.com was also jointly unveiled on this occasion by Ministers Malik Samarawickrama (International Trade) John Amaratunga (Tourism), Rishard Badurdeen (Industry & Commerce) with Chairperson of EDB, Indira Malwatte, and Chairman of Boat Building Technology Improvement Institute, Neil Fernando.
“This show will be the first ever marine festival in Sri Lanka organised to showcase the country’s capabilities in marine tourism, recreational boating and yacht building and related services for export and local markets,” said Minister Badurdeen and added, “The event is expected to provide ample opportunities to network and get to know the best of the Marine Industry of the region. The National Export Strategy (NES) of the Export Development Board with technical assistance of the International Trade Centre, Geneva, has included the boat and ship building sector as one of the priority sectors to be actively promoted in the export strategy.

“As a result, Budget 2018, allocated Rs. 100 million for the initial activities of promoting investment in the infrastructure development required for the boating industry. Global ship and boat building industry has slowed down with less and less demand due to global economic pressures.

“Despite this it is interesting to note that Sri Lankan boat builders and exporters have shown resilience and even increased export revenues. Therefore, I am pleased that this event is announced in a background of new reports we receive about increasing export revenues from our boats and ships sector. “Last year our boats and ship exports increased by 50% to $97 million in comparison to 2016’s $65 million. Many Lankan companies are involved in making boats and ships while 11 identified companies are in exports. I thank all the workers and companies involved in this sector for their commitment to develop our manufacturing and exports,” he said.

Chairman of Cey-NOr Foundation, B.K. Jagath Perera said the Government is aiming at a revenue of $100 million in boat and ship exports in 2018.

He surprised everyone when he said, “The 2017 total exports of $97 million does not include our re-exports of ships and boats, which is $ 157 million by such firms as China Harbour Corp.”

EDB says National Export Strategy ready for Cabinet approval

The Sri Lanka Export Development Board (EDB) yesterday said the National Export Strategy (NES) it has designed in collaboration with the export sector stakeholders is ready to be presented to the Cabinet of Ministers for approval.

More than 700 public and private sector stakeholders participated in designing and formulating the NES, the EDB said.

The state-run export promotion agency also said 70 public and private institutions identified to carry out the NES implementation have reviewed its operational plans and activities and confirmed their commitment to integrate these interventions in their respective work plans.

The NES provides a coherent roadmap to coordinate actions between multiple institutions and agencies across Sri Lanka.

In order to fast track implementation, many national institutions have already planned to implement the NES priorities rapidly.

As such, the budgetary allocations for many NES priorities were included in the 2018 national budget. Major reforms of export administrative processes, setting up of new tools and systems to ease trade, as well as stimulating export innovation and promotion are now ready to commence.

“The NES is a timely catalyst through which the export sector will be expanded. It supports the National Economic Council’s objective of increasing export incomes and developing local industries.

The current wave of economic reforms combined with increasing regional trade opportunities, provide a unique window for Sri Lanka to modernize and start a new cycle of export growth,” the EDB said in a statement.

“To seize this opportunity, Sri Lanka’s NES proposes a clear-cut vision to drive the reforms needed for Sri Lanka to reach its true export potential,” it added.

The NES-focused industries are IT-BPM, wellness tourism, spices and concentrates, boating industry, processed foods and beverages and electronic and electrical components.

The time frame for the implementation of the NES is 2018-2022 and it aims at increasing Sri Lanka’s export revenue to US $ 28 billion by 2022.
Minister Amunugama Chief Guest at World Accreditation Day

Minister Dr Sarath Amunugama will be the Chief Guest at the World Accreditation Day 2018 to be held at Hotel Kingsbury at 9.00 a.m. on Thursday with the participation of 300 stakeholders.

Sri Lanka Accreditation Board (SLAB) in collaboration with United Nations Industrial Development Organization (UNIDO) under the framework of EU-Sri Lanka Trade Related Assistance programme, has organized a national seminar to mark the occasion under the theme "Delivering a safer world" in line with the World Accreditation Day 2018.

The main objective of this seminar is to bring key stakeholders to a common platform in order to broaden their understanding on the vital role accreditation plays in delivering a safer world and to recognize their contribution to promote quality and accreditation. The seminar will focus on the areas of Food Safety, Health, Environment and Energy.

Chairman of Asia Pacific Laboratory Accreditation Cooperation and Assistant Commissioner of Infrastructure and Quality Service of the Innovation and Technology Commission of Hong Kong Wong Wah Wah will be the keynote speaker.
Despite globally challenging scenario
Private sector-led FDI will boost growth

Sri Lanka can accelerate economic growth through private sector-led foreign investment, Senior Deputy Governor of the Central Bank of Sri Lanka, Dr. P. Nandalal Weerasinghe said yesterday.

He stressed the importance to provide specific incentives for the private sector to attract foreign investment to the country.

“There must be clear and separate incentive policies for domestic and foreign investment. Because foreign-funded projects are the real guardians of the economy”, Weerasinghe remarked.

Addressing a workshop on investment relations jointly organized by the International Trade Centre and European Union in collaboration with the Government, he however, said Sri Lanka’s real economic annual growth potential was around 6 per cent.

“We are currently well below our real growth potential because of lagging private sector-led foreign investment,” he elaborated.

Weerasinghe also said the ideal way to fill the savings and investment gap was by attracting private sector-led foreign investment.

“It will avoid a ‘crowding out effect’ of the domestic economy and also secure a sustainable high economic growth of the country”, he said.

Meanwhile, speaking at the occasion Director General of Commerce - Department of Commerce, Sonali Wijeratne said, “We, the developing nations in particular had to contend with the rising challenge in the negative trend of the global investment scenario in 2017 global flows of FDI declined by 23%”.

“A very modest recovery is predicted for 2018”, she said.

According to Dr Nandalal Weerasinghe, international investment or capital flows fall into three principal categories: commercial loans such as sovereign Bond issues, foreign direct investment (FDI) and foreign portfolio investment (FPI) such as the Colombo Stock Market investments and government securities market.

Nandalal Weerasinghe said the Sri Lankan stock market is not large enough to attract the larger portfolio investment to the country.
He also said that government securities investments such as Treasury Bond investments were the easiest way to attract foreign investors but there are sudden outflow risks relating to global volatile economic situations.

“When considering FDIs, we have to fulfill domestic political legal and other related conditions to attract global FDIs. For example we have to maintain sound land policies, and investment protection policies” he noted. He also said the ongoing, $850 million John Keells PLC led Waterfront project is an ideal example for private sector-foreign investment in Sri Lanka. He said commercial loans such as Sri Lanka's recent US$ 2.5 b sovereign bond issues and upcoming US$ 1 b Chinese funded loans were helpful to strengthen the external economy for a medium to longer term period.

Last year’s annual domestic savings was 29.3% of GDP and investments was 36.5%. Therefore, Domestic Savings - Investment Gap was 7.2% of GDP. National savings as a percentage of GDP increased to 33.9% in 2017 from 32.8% in 2016.

Meanwhile, due to the relatively higher growth in investment expenditure, the national savings-investment gap widened to 2.6% of GDP in 2017 from 2.1% of GDP in 2016.
The rate of investment and domestic savings supplemented with foreign direct investment will be the most pertinent determinants to achieve desired 6% economic growth in Sri Lanka, said Dr. P. Nandalal Weerasinghe, Senior Deputy Governor, Central Bank of Sri Lanka.

Emphasising that savings and investment gap to be financed through portfolio investment, increased foreign direct investment and loan and grant inflows to the government, Dr. Nandalal said that in Sri Lanka, investment as a percentage of GDP is hovering around 32%-35% while domestic savings has hovered around 25%-28%.

He made these remarks speaking at EU-Sri Lanka Trade related assistance workshop on Investment Negotiations.

“So, it is essential to increase domestic savings and attract higher amounts of foreign investment to achieve the desired growth rate.”

Underscoring the importance of adopting a rule based transparent system to attract FDI into Sri Lanka, Dr. Nandalal said, “there is a gap between what is available in domestic savings and what is required to attract investment into the country .This where foreign investments come into play.” The deputy governor also stressed that those who bring in money to Sri Lanka should be encouraged and given concessions.
Quoting Global Investment Report 2018, Sonali Wijeratne, Director General of Commerce, Department of Commerce speaking at the event said global flows of foreign direct investment fell by 23 per cent in 2017. Cross-border investment in developed and transition economies dropped sharply, while growth was near zero in developing economies.

With only a very modest recovery predicted for 2018, this negative trend is a long-term concern for policymakers worldwide, especially for developing countries, where international investment is indispensable for sustainable industrial development.

“Structural impacts of the digital economy on foreign direct investment are posing formidable challenges for developing and least developing countries. Developing countries also need to contain rising challenges such as negative trends in global investment scenario.” Developing countries are beset by structural constraints and lack of adequate infrastructure, scarce facilities to finance, strategic issues and domestic labor shortages, she noted. Wijeratne also underscored the need to create a conducive investment environment in the face of troubling global picture characterized by open, transparent and non-discriminatory investment policies.

Dayaratna Silva, National Project Coordinator-EU-Sri Lanka Trade Related Assistance program speaking at the workshop noted that free trade negotiations are key components of the government’s policy agenda and modern free trade agreements are going beyond trade and goods encompassing a wide range of trade policy issues such as investments.

I believe sound investment policies, aimed at attracting FDI is an important component of the development strategy and Sri Lanka’s investment policies too should fall in line with industrial policies.

“Industrial policy shouldn’t be a taboo world. In certain circles, it is a taboo world.”

According to the World Investment Report 2018, 101 countries have adopted industrial development strategies during the last decade.

The report also shows that new types of industrial policies have emerged, responding to the opportunities and challenges associated with a new industrial revolution.
FTA goals should match local industrial policy for growth

In the backdrop of declining global foreign investment flows Government policy should focus on matching local industrial policy with free trade deals as structural changes in the economy cannot be accomplished through liberalisation alone, a top official said yesterday.

Director General of Commerce Sonali Wijeratne, addressing a workshop on investment negotiations organised by the International Trade Centre, pointed out that governments would have to include investment in their trade deals, like Sri Lanka had done in its Free Trade Agreement (FTA) with Singapore, to gain the best benefits from the deal.

“The current global trend in bilateral free trade agreements and regional trade agreements is that they are increasingly covering investment in their treaties. As we all know, investment, in particular Foreign Direct Investment (FDI), plays a central role in achieving economic growth. In a conducive environment investment helps to boost economic productivity, a country’s growth potential, employment creation and eventually to achieve higher standards of living,” she said.

However, developing countries in particularly have to contend with the rising challenge in the negative trend of global investment. In 2017 global inflows of FDI declined by 23%. A very modest recovery is predicted for 2018. According to the World Investment Report 2018, FDI growth remained near zero in developing countries with a steep fall in cross border investment in developing and transitional economies, Wijeratne added.

A formidable factor is the structural impact of the digital economy on foreign direct investment, posing challenges to developing and least developed countries. Developing countries are beset by structural complaints such as a lack of adequate infrastructure, scarce access to finance, strategic issues, automated manufacturing that vitiates against cheap domestic labour, and off shoring locations that hamper their ability to attract investment.

Wijeratne pointed out the importance of manufacturing for raising living conditions through the creation of employment in the formal sector. She drew a connection between new industrial policies and investment policies. A chapter on investment liberalisation in a FTA for example cannot stand alone from a holistic and integrated industrial and agricultural policy which according to the World Investment Report 2018 has to contain detailed pragmatic recommendations and a timeline for action with clearly delineated division of responsibility among public and private sector stakeholders, she went on to say.

“It is in this context that the current global debate on investment policy has realised that structural transformation does not automatically happen due to deregulation and liberalisation
initiatives alone. It is important to realise that governments around the world have redesigned and reinvigorated their industrial policies through multiple instruments ranging from trade to education. Foreign investment is the catalyst that builds and upgrades these industries mainly due to the update of existing investment policy instruments that include investment incentives, special economic zones, investment facilitation and foreign investment screening mechanisms.”

Wijeratne was candid that there could be downsides to FDI, stressing that Sri Lanka was among many countries that had experienced disputes between investors and the state.

“As we can observe, countries experience increasing investor-State disputes mainly based on the countries bilateral investment treaties. There are ongoing discussions on the need of reviewing and reforming international investment laws. Given the surge in recent Investor-to-State dispute cases, several countries, including both developed and developing economies, have been reviewing their approach to investment treaties. Governments are looking at ways of keeping their policy space to fulfill obligations to the general public by reducing their legal liability under bilateral investment treaties. Sri Lanka is also one of the victims of such Investor-State disputes.”
Top officials urge accreditation upgrade to boost SL exports

Amunugama pledges to ensure accreditation meets global standards
Backs outsourcing as state agencies lack capacity and time
Accreditation would help SL tell world about its quality exports
Catalyst to attract investment and expand into advanced markets

Sri Lanka’s exports could expand their footprint and break into new markets if the country could upgrade accreditation mechanisms to denote quality and improve market differentiation, top officials said yesterday.

Science, Technology, Research, Skills Development and Vocational Training Minister Dr. Sarath Amunugama called on all agencies that were providing accreditation functions in a
transparent, efficient and conscientious manner to ensure that Sri Lanka’s seal would be treated with respect in the international market.

The Minister was addressing a national seminar organised in conjunction with World Accreditation Day 2018 under the theme ‘Accreditation: Delivering a Safer World’ in Colombo.

“I think accreditation is a very vital component. I am determined to see that this process is transparent and free of corruption, which is what the Sri Lankan public demands of these accreditation agencies. The general public needs to rest assured that the commodities they consume meet those global standards,” he added.

The Minister asserted that Sri Lanka gives serious consideration to formulating regulations and implementing mechanisms for public safety, environmental protection and consumer protection.

“The country cannot afford to have a reputation in the world that these things can be easily fixed or negotiated. These things will never happen under my purview,” he assured.

Dr. Amunugama said that he had allowed certain elements to be outsourced to universities in situations where accreditation agencies lack capacity and time.

He urged the accreditation agencies to issue the required certifications to businesses highlighting the fact that the delays would cost those firms a competitive edge in the international market.

The European Union Sri Lanka and the Maldives Ambassador and Head of Delegation Tung Lai Margue said that the country should reflect globally about the quality of its exports, insisting that accreditation helped market differentiation and offered objective proof that products were safe.

“It will help Sri Lanka act locally but think globally about the quality of its exports. This is the reason we want to invest in your country’s systems to ensure food safety, health and a cleaner environment,” he said.

He said the possibilities for Sri Lanka to develop better regulations and to have better monitoring and inspection schemes that protect citizens and the environment rely enormously on the technical capacity of laboratories, inspectors and certification entities.

“In essence, accreditation and certification will help businesses importing to the EU demonstrate compliance with best practices by implementing a health and safety management system,” he pointed out.

As the country will rely on having more and better accredited conformity assessment bodies, the Ambassador said that within the framework of the EU-funded ‘EU-Sri Lanka Trade-related Assistance’ project, UNIDO’s work with the Sri Lanka Accreditation Board (SLAB) addresses several aspects of ensuring a safer world., where the project will continue to support SLAB in training and capacity building with respect to accreditation to personnel certification, proficiency testing agencies and product certification, covering organic and geographical indication.
In addition, he said the EU, through another program, namely SWITCH Asia, was currently working with SLAB and the Sri Lanka Standards Institute (SLSI) to help design an eco-labelling platform, which will encourage demand and supply for products and services that are less harmful to the environment.

“In today’s free-market societies, people have an expectation and a right to the availability of safe products and services. The EU attaches great importance to a safer world for its citizens and the world at large,” he added.

Saying that World Accreditation Day was celebrated on 9 June, the Ambassador stated that now was the perfect time for organisations to consider the role ISO and related standards could play in their operation, not just for trade but for sustainable consumption and production, where everyone could depend on obtaining products that were safe and reliable.

With the world facing critical challenges to ensure food safety and nutrition in the decades to come, Margue questioned as to how nine billion people living on Earth would have access to a sufficient supply of safe and nutritious food by 2050.

“Well the answer to this question is not an easy one. We have to consider that the world’s natural resources are being steadily depleted and the effects of climate change are yet to be fully felt. Already today 10% of the population faces chronic food insecurity, with one billion people suffering chronic hunger,” he said.

He said the EU was committed to implementing policies and legislation that supported sustainable food systems, in close co-operation with its member states and agri-food chain stakeholders, discussing together with all countries on the best way forward as the EU believes it has a key role to play in achieving the ultimate goal of food sustainability.
National accreditation seminar tomorrow

In line with this year’s World Accreditation Day theme, ‘Accreditation: Delivering a Safer World’, the Sri Lanka Accreditation Board (SLAB), in collaboration with the United National Industrial Development Organisation, is organising a full-day workshop on June 21, 2018, at The Kingsbury Hotel in Colombo.

Science, Technology, Research, Skills Development, Vocational Training and Kandyan Heritage Minister Dr. Sarath Amunugama together with European Union Ambassador to Sri Lanka and the Maldives Tung-lai Margue will inaugurate the event.

Wong Wang Wah of the Innovation and Technology Commission in Hong Kong and former President of the Asia Pacific Laboratory Accreditation Forum will deliver the keynote address.

Ahead of the event, Margue noted, “The accreditation facilitates for Sri Lanka to act locally but think globally about the quality of their exports” and commended the SLAB for hosting this event for the tenth consecutive year.

Up to 300 stakeholders are expected to participate in the seminar representing policymakers, government agencies, regulatory bodies, conformity assessment bodies, academic and research organisations, consumers, media and other interest groups.

The main objective of this seminar is to broaden the understanding of the vital role accreditation plays in delivering a safer world and raising awareness of the importance of accreditation in promoting a culture of quality. The seminar will also cover areas of food safety, health, environment and energy.

Accreditation provides a means to access and control risks in business operations and deliver products and services which conform to accepted standards. Accreditation is the independent evaluation of laboratories, certification bodies and inspection bodies against recognized standards to authenticate their competency, impartiality and integrity in delivering services to their clients, whether business or regulatory.

The World Accreditation Day was marked on June 9. It is a global initiative jointly established by the International Accreditation Forum and International Laboratory Accreditation Cooperation to raise awareness on the importance of accreditation.
Adopting good regulatory practices in Accreditation and certification vital-EU

Adopting good regulatory practices in the area of accreditation and certification will keep people safe in all aspects of their lives and deliver a safer world, said Tung Lai Margue, Ambassador and Head of Delegation, Delegation of the European Union to Sri Lanka and the Maldives.

He made these views addressing a national seminar organized in line with the World Accreditation Day 2018 under the theme, ‘Accreditation; Delivering a safer World’.

Accreditation and certification plays a vital role in keeping people safe in all aspects of their lives. The European Union attaches great importance to a safer world and its citizens and also world at large.”

Accreditation provides a globally recognized tool to not only assess and control risks of the internal operation of businesses, but also the products and services that they place on the market, in this way regulators, purchases and employees can demonstrate confidence that accreditations delivers a safer world, the Ambassador noted.

He also said that it is a formidable task to create access to sufficient supply of safe and nutritious food for nine billion people living on the planet of earth by 2020.
“World’s natural resources are increasingly being depleted and effects of climate change are not yet fully being felt. Already 10% of the population faces chronic food and security issues with one billion people suffering from chronic hunger.”

The European Union has a key role to play towards achieving the ultimate goal of food sustainability, the ambassador said adding that the EU is committed to implement policies and legislations that support sustainable food systems in close corporation with all of the EU member states and every food chain stakeholders in the world.

Speaking at the event, the Minister of Science, Technology, Research, Skills Development, Vocational Training and Kandyan Heritage Sarath Amunugama emphasised that Sri Lanka gives serious consideration when it comes to formulating regulations and implementing mechanisms for public safety, environmental protection and consumers protection.

“Today we are living in a world of exchange; be it in trade, science, liberal arts. The most important thing is innovation and exchange.”

However the minister stressed that all the accreditation agencies must maintain a good rapport with all the business chambers, not with individual industries in the country in order to address loopholes and existing issues in the area of accreditation and certification and to ensure that Sri Lankan seal is treated with respect and preference by the international community.
Renewed approach for bilateral investment treaties urged

From left: World Trade Institute (WTI) Prof. Rodrigo Polanco, Department of Commerce, Director General Sonali Wijeratne, Central Bank Senior Deputy Governor Dr. P.N. Weerasinghe, Board of Investment (BOI) Executive Director-Research & Policy Advocacy Champika Malalgoda, EU-Sri Lanka Trade-Related Assistance-National Project Coordinator Dayaratna Silva

Commerce DG says SL has become victim of investor-State relations Govt. urged to achieve greater clarity in bilateral investment chapters of FTAs.

The Department of Commerce (DoC) yesterday called for a renewed approach to bilateral investment treaties, as Sri Lanka has become a victim of investor-State disputes in the backdrop of a surge in investment treaties-based disputes globally.

Highlighting the downsides of Foreign Direct Investments (FDIs) at the opening session of a workshop on investment negotiation under the EU-Sri Lanka Trade-Related Assistance Programme yesterday, Department of Commerce (DoC), Director General (DG) Sonali Wijeratne said, “We can observe countries experience increasing investor-State disputes mainly based on the bilateral investment treaties.

Given the surge in recent Investor-to-State dispute cases, several countries including both developed and developing, have been reviewing their approach to investment treaties.

Governments are looking at ways of keeping their policy space to fulfil obligations to the general public by reducing their legal liability under bilateral investment treaties. Sri Lanka is also one of the victims of such investor-State relations.”
Simultaneously, Wijeratne noted that there are ongoing discussions at international level on the need for reviewing and reforming international investment laws. Board of Investment (BOI) Executive Director, Research and Policy Advocacy, Champika Malalgoda also insisted that Sri Lanka should put more effort in achieving a greater clarity in bilateral investment chapters of Free Trade Agreements (FTAs) as Sri Lanka has planned several FTAs, after signing the country’s first comprehensive FTA with Singapore this year.

Referring to the World Investment Report 2018 – UNCTAD, Wijeratne also asserted that a chapter on investment liberalisation in a FTA, for an example, cannot stand alone from a holistic and integrated industrial and agricultural policy, which has to contain detail pragmatic recommendations and timelines for action with clear delineated division of responsibilities among public and private sector stakeholders.

Malalgoda also agreed with Wijeratne’s comments which stressed the need for greater clarity for each commitment of investment chapters.

She also stressed that de-regulation and liberalisation initiatives alone wouldn’t drive structural transformation to facilitate investments via creating a conducive environment for investments to boost economic productivity, growth potential, employment creation and eventually to achieve higher standards of living.

“It is important to realise that governments around the globe have re-designed and re-invigorated their industrial policies through multiple instruments ranging from trade to education. Foreign investments are the catalysts that build and upgrade these industries mainly due to the update of existing investment policy instrument that include investment, incentives, special economic zones, investment facilitation and foreign investment screening mechanisms,” Wijeratne added. (NF)

Special treatment for foreign investments

The Central Bank Senior Deputy Governor Dr. Nandalal Weerasinghe has insisted that preferential treatments should be provided for foreign investments, including foreign financing of local investors, to encourage more foreign investments to the country, if Sri Lanka is to achieve a 6 percent growth.

Though some view these preferential treatments as a discrimination against local investors, Weerasinghe pointed out that in order to bridge the gap between low domestic saving rate and required investments, Sri Lanka needs to rely on foreign investments to reach the potential economic growth.

However, Weerasinghe said that local investors who finance their investments through foreign financing should also be given the same preferential treatments, as they bring savings of other countries to Sri Lanka without crowding out the already limited savings of Sri Lankans.

He noted that JKH’s Cinnamon Life is such a project, which is partly funded through foreign debt financing.
He elaborated that Sri Lanka has failed to attract sufficient equity investments through FDIs due to various constraints while the government performed well in getting foreign loans from the bond market, which has clear rules.

However, he noted that these loans are volatile and not long-term investments.
Govt. pledges to improve local accreditation and certification process to international standards

- All products entering and leaving the country to be certified
- Minister urges need for good regulatory practice

As Sri Lanka is on the lookout for avenues to boost the quality of the products moving in and out of the country, the government yesterday pledged to iron out issues in the local accreditation system and bring it on par with international standards.

Currently it is alleged that the accreditation and certification processes, regardless of the industry, are a lengthy and unproductive system and have taxed local businesses, losing shares in the international markets due to competitors having the edge of getting their products onto shelves faster. It is also alleged that Sri Lanka’s poor certification processes have resulted in the flooding of substandard products in the local market for local consumption.

Acknowledging issues prevailing in the area of certification and accreditation, Science, Technology and Research Minister Dr. Sarath Amunugama assured that all will be done within his power to ensure Sri Lanka’s processes reach international standards.

“We need to have a nation seal to identify the certification from Sri Lanka so there will be no further doubts in our competencies. That is our target.

“We cannot afford to have a reputation where the world sees that such don’t matter to us and that these matters (certifications) can be fixed or negotiated. This will never
happen under my watch. I will make sure all those accreditation agencies under my ministry function in a transparent, efficient and conscientious manner," Amunugama stressed.

The minister made his pledge while addressing the National Conference on World Accreditation Day 2018 in Colombo yesterday.

According to Amunugama, a number of agencies are looking to have the local accreditation process “subverted”. “This is a truth the country must not hide.” The minister stressed that all accreditation must be given in a spirit of honesty, transparency and certainty.

“It is a big responsibility to certify all products entering and leaving the country. We are having problems in certifying tea, rubber, and other primary products. We cannot sweep this under the carpet,” Amunugama said.

It was pointed out that in most of the current regulations of Sri Lanka, mechanisms for implementation are not adequately addressed and no proper regulatory impact analysis has been done thus far.

The minister stressed that it is a requirement of ‘good regulatory practice’ to carry out regulatory impact analysis to make sure the regulations are effectively implemented while giving the intended results.

Highlighted was also that in many cases the implementation is not effective due to the lack of resources, policies and rules, which are not suitable and do not comply with current trade practices.

With the possibility of using accreditation and conformity assessment, according to WTO principles, as an effective supporting tool to implement technical regulations, it was asserted that there is an urgent need to complete the review of technical regulations in this regard, and carry out proper regulatory impact assessment to align the current regulations to meet national and international requirements.

In that context, it was strongly suggested that institutions such as the Sri Lanka Standards Institute (SLSI), Measurement Units Standards and Services Department (MUSSD) and Sri Lanka Accreditation Board (SLAB) work closely in identifying and implementing strategies to improve the quality of products marketed in the domestic market and produced for the export market.

**EU will continue investing in Lanka’s accreditation system**

The European Union (EU) yesterday said that having acknowledged Sri Lanka’s strive towards boosting trade, it will invest in the country’s accreditation system to ensure food safety, health and a cleaner environment.
Noting that accreditation provides market differentiation and objective proof that products are safe, EU Ambassador to Sri Lanka and the Maldives and Head of Delegation Tung – Lai Margue opined an effective accreditation system will help Sri Lanka to act locally, but think globally about the quality of its exports.

“The possibilities for Sri Lanka to develop better regulations and to have better monitoring and inspection schemes that protect citizens and the environment, relies enormously on the technical capacity of laboratories, inspectors and certification entities.

In other words, the country will depend and rely on having more and better accredited conformity assessment bodies,” said Margue told the National Conference on World Accreditation Day 2018 held yesterday.

It was pointed out that within the framework of the EU-funded EU-Sri Lanka Trade-Related Assistance Project, UNIDO’s work with Sri Lanka Accreditation Board addresses several aspects of ensuring a safer world.

While the project aims to address the training needs identified by Sri Lanka Accreditation Board (SLAB), the agency is supported to align with the changes in the international standards for laboratory accreditation.

Extensive training of assessors has been carried out on the revised ISO/IEC standards and a series of awareness trainings have been facilitated for conformity assessment bodies to make the transition smoothly.

Margue said that the project will continue to support SLAB in training and capacity building with respect to accreditation to personnel certification, proficiency testing agencies and product certification, covering organic and geographical indication
NATIONAL EXPORT STRATEGY TO BE PRESENTED TO CABINET

Lead implementers were closely consulted concerning the implementation modalities of the National Export Strategy (NES) to ensure a smooth transition from design to implementation stage.

Over 700 public and private sector stakeholders participated in designing and formulating the NES and it is now ready for Cabinet endorsement. Seventy public and private institutions identified to carry out NES implementation have reviewed its operational plans and activities and confirmed their commitment to integrate these interventions in their respective work plans.

The approval of NES priorities by national implementing agencies have paved the way for the NES to be submitted to Cabinet for endorsement.

The NES provides a coherent roadmap to coordinate activities between multiple institutions and agencies across Sri Lanka. The NES consultative process has built widespread national consensus for moving towards successful implementation.

Efficient coordination between the public and private sectors have built strong momentum for the progress of the NES.
The strength of this collaboration ensures commitment to roll out implementation immediately after Cabinet approval.

To fast track implementation, many national institutions have already planned to implement NES priorities rapidly. As such, budgetary allocation for many NES priorities were included in the 2018 national budget.

Major reforms of export administrative processes, setting up of new tools and systems to ease trade, as well as stimulating export innovation and promotion are now ready to commence.

The National Export Strategy (NES) is a timely catalyst through which the export sector will expand. It supports the National Economic Council’s objective of increasing export incomes and developing local industries.

The current wave of economic reforms combined with increasing regional trade opportunities, provide a unique window for Sri Lanka to modernise and start a new cycle of export growth.

To seize this opportunity, Sri Lanka’s NES proposes a clear-cut vision to drive the reforms needed for Sri Lanka to reach its true export potential: ‘Sri Lanka – An Export Hub driven by Innovation and Investment’.

While providing the conditions necessary to strengthen emerging sectors, all export industries of Sri Lanka will benefit from the implementation of the NES.

NES implementation will create a favourable business environment for all Sri Lankan enterprises by strengthening key trade functions such as logistics, national quality infrastructure, innovation and entrepreneurship, and trade information and promotion.

The NES will empower the emergence of new champions while supporting growth of traditional export industries.

The NES focus industries are IT-BPM, wellness tourism, spices and concentrates, boating industry, processed foods and beverages, and electronic and electrical components.

The timeframe for implementation of the NES is from 2018-2022 and it aims at increasing Sri Lanka’s export revenue to USD$ 28 billion by 2022.
Sri Lanka’s “living” export strategy to set $28 bn target by 2022

Sri Lanka will launch its National Export Strategy (NES) next month aimed at ensuring US$28 billion in export values by 2022. The document was sent to the Cabinet on Tuesday for approval to commence achieving targets set out for the next five years.

Export Development Board (EDB) Policy and Strategic Planning Director Dayani Wegapitiya told the Business Times that the NES is a “living document” in that it has been designed in a manner in which its strategy could be updated and changed with time and has been established through the participation of all stakeholders public and private.

In future it would be implemented through the active participation of the public and private sectors. The launch of the new strategic plan would be held at a ceremony on July 19 at Temple Trees, it was stated.

She noted that the NES focusses on six key sectors for innovation and export diversification: ICT/BPM, wellness tourism, boating industry, electrical and electronic components, processed food and beverages, and spices and concentrates.

Further, authorities would be looking for more diversified markets to enter like China, India, Myanmar and Japan.

The plan is to ensure Sri Lanka becomes an export hub driven by innovation and investment, she said outlining the plan of the NES.

The export target for the next five years are $17.4 billion in 2018, $20 billion in 2019, $23.1 billion in 2020, $25.4 billion in 2021 and $28 billion by 2022. Export revenue reached $11.4 billion in 2017.

Merchandise and Services exports are expected to grow by 15 per cent in 2018, 2019 and 2020 with EU GSP +, growth in NES focused sectors, favourable impact from new FTAs and US GSP.

From 2020 onwards to 2025, merchandise and services exports are expected to grow at a stable rate of 10 per cent annually.

As part of the strategy the budget proposals too had been implemented to ensure the different sectors could thrive in exports and grow at the targeted rates.

In this respect, the budget allocated Rs.470 million to implement the “Export Market Access Support” programme; establishment of the “IT Initiative Programme” costing Rs.300 million.

In addition the electronics industry is hoping to attract new investors already part of the global network to be engaged with local partners through joint ventures with Sri Lankan Electronic Exporters and Manufacturers for which Rs.25 million has been allocated. This would be carried out through the Ministry of Development Strategies and International Trade (MODSIT) together with the Board of Investment (BOI) and the EDB as well.
Moreover, the EDB will create a dedicated industry zone for boat building through a Rs.79 million budgetary allocation to establish infrastructure facilities for the Boat Building industry in the Koggala Industrial Zone and Weligama.

The establishment of a trade portal on the E-Trade Information and Promotion Platform has been allocated Rs.25 million. Another Rs.25 million has been set aside to launch a credit scheme titled “Arabuma” through the EDB.

A key component of the strategic plan is the implementation of these targets and projects that has been detailed through the creation of 19 advisory committees considered essential in strategic planning, Ms. Wegapitiya explained.

The monitoring unit for implementation would be established at MODSIT and would comprise: two EDB officers, two BOI officers, one private sector official, a Chamber of Commerce representative, one from the government programe management and two consultants from the International Trade Centre.

The plan has been drafted through funding and assistance and in consultation with the International Trade Centre and the EU.
National Export Strategy gets Cabinet approval

Sri Lanka’s Cabinet of Ministers has approved the National Export Strategy (NES)—a five-year strategy aimed at increasing exports and generating enhanced revenue for Sri Lanka’s small and medium enterprises and exporters, a communiqué by the Export Development Board (EDB) said.

The EDB, Sri Lanka’s apex body for export promotion, said the implementation of the NES would increase Sri Lanka’s export revenue to US $ 28 billion by 2022.

The NES is a flagship development project spearheaded by the Development Strategies and International Trade Ministry and EDB together with public-private partnership.

“The focus of the government is to shift the economic growth model from one that was heavily dependent on debt-fuelled public infrastructure spending to growth driven by more public enterprises, exports and foreign direct investment,” Development Strategies and International Trade Minister Malik Samarawickrama said.

Development Strategies and International Trade Ministry Secretary Chandanie Wijayawardhana, who worked closely with the EDB and other public-private stakeholders in the run up to the Cabinet approval of the NES, said, “The National Export Strategy will have a tangible impact on how trade is being done in Sri Lanka and will give way to suitable trade reform.”

With the Cabinet approval for the NES, Sri Lanka now has the opportunity to catch up with fast-growing Asian exporting countries.
Sri Lanka’s exports had come down to about 12.4 percent of gross domestic product (GDP) in 2014 from 33 percent in 2000.

The EDB said the IT-BPM, spices and concentrates, wellness tourism, processed food and beverages, boat-building and electrical and electronic machinery would be identified as priority sectors under the NES.

Meanwhile, International Trade State Minister Sujeewa Senasinghe said the NES would play “a tangible role in attracting more foreign direct investment to Sri Lanka”.

Sri Lanka recorded a trade deficit of US $ 10 billion despite the record high export earnings of over US $ 11 billion, last year.
NATIONAL EXPORT STRATEGY: LAUNCH THIS WEEK

The Sri Lanka Export Development Board (EDB) with the Ministry of International Trade and Development Strategies in collaboration with the International Trade Centre (ITC) Geneva will launch the ‘National Export Strategy (NES) of Sri Lanka’ under the patronage of the Prime Minister Ranil Wickremesinghe on Thursday at Temple Trees.

The NES is a comprehensive and carefully structured five-year strategy aimed at increasing exports and generating enhanced revenue for Sri Lanka’s SMEs and exporters. The implementation of this endeavour will witness the increasing of Sri Lanka’s export revenue to USD$ 28 billion by 2022.

The priority sectors have been selected to ensure a balanced export expansion from visionary, emerging and mature sectors. In line with the objectives of the NES for an innovative and diversified export sector, the national stakeholders, using quantitative and qualitative information, have selected the following industries: IT-BPM, Spices and Concentrates, Wellness
Tourism, Processed Food and Beverages, Boat-building, and Electrical and Electronic machinery.

“The focus of the Government is to shift the economic growth model from one that was heavily dependent on debt fuelled public infrastructure spending, to growth driven by more public enterprises, exports and foreign direct investment,” Minister of Development Strategies and International Trade Malik Samarawickrama said.

State Minister Sujeewa Senasinghe said, “As Sri Lanka’s export basket diversifies and with renewed interests in newer products in the local markets, Trade Information and Promotion will help to market Sri Lanka to foreign investors. I am confident that the National Export Strategy will have a tangible role in attracting more Foreign Direct Investment to Sri Lanka.”

President National Chamber of Exporters, Ramal Jasinghe said, “The NES is a well thought and coordinated effort and it is a great example of PPP mechanism. All stakeholders were involved in all the stages of the preparation of the strategy and the facilitation of ITC is a clear evidence that the NES was a well thought document.”

The private sector, particularly the exporters were clamoring for consistency in policies. The NES is the first step for a robust and sustainable policy document that would remain consistent irrespective of future political changes of the country. The Chamber underline consistency of policy to be the backbone of export growth and development, he said.

The Strategy will improve the business environment for all Sri Lankan enterprises. While the NES provides the conditions to enable diversification by strengthening emerging sectors, all export industries of Sri Lanka will benefit from the increased performance of key Trade Support Functions.

These include logistics, national quality infrastructure, innovation and entrepreneurship, and trade information and promotion.

The approving of the NES highlights the strong commitment of the Government to increase Sri Lanka’s export potential to project Sri Lanka as the next regional trade hub. With the launch of the Strategy, Sri Lanka now has the opportunity to catch up with fast-growing Asian exporting countries. The NES aims to empower the emergence of new champions while supporting growth of traditional export industries. Major systemic issues hindering the rapid expansion of Sri Lanka’s exports will be corrected to favour growth of higher-technology and knowledge-intensive exports, which are less vulnerable to cost shifts.
The Export Strategy is a flagship development project spearheaded by the Ministry of Development Strategies and International Trade (MODSIT) and the Sri Lanka Export Development Board (EDB) together with public private partnership.

It is well aligned with, complements and operationalises other national initiatives such as enterprise Sri Lanka and Vision 2025. Vision 2025 seeks to create a Blue-Green economy, harnessing the resources of the ocean surrounding us and the green environmental resources around us.

The National Export Strategy is reinvigorating the trading environment and maximising its potential to usher in a period of sustained growth, aimed at increasing livelihoods for millions of Sri Lankans.

The NES is navigating Sri Lanka to its rightful place in the Indian Ocean, as a sophisticated, innovative and dynamic trade hub serving Asia and beyond.
National Export Strategy to be launched this week

Jul 16, 2018 (LBO) – Sri Lanka is to launch a long-awaited National Export Strategy (NES) later this week on the 19th.

“The National Export Strategy (NES) is a fantastic opportunity for the private sector and the government to work together but the success of it will depend entirely on the political will of the incumbent government to drive it forward,” Harin De Silva, Chairman, Export Association of Sri Lanka (EASL) said.

“The private sector cannot get involved in running these things because we run our own businesses,” he added.

The National Export Strategy (NES) has been developed by private and public stakeholders through extensive consultations which commenced from the First National Symposium held in April 2017.

During these consultations, a strategic vision for Sri Lanka’s export growth was developed: ‘Sri Lanka – An Export Hub driven by Innovation and Investment’.

Six priority sectors and four trade support functions (TSF) were identified by the private and public stakeholders at the consultations. These focus on diversification through support to the priority sectors which are ICT, Wellness Tourism, Spice Concentrates, Boat Building, Processed Food & Beverages, and Electronic, Electrical and Machinery.

All export sectors including the mature sectors will benefit from the strengthening of trade support functions. These TSFs include National Quality Infrastructure, Innovation and R&D, Logistics and Trade Promotion.
Major public, private stakeholders undergo trade remedy law training

DAILY Mirror SRI Lanka 18 July 2018

In response to the demands by the Commerce Department to enhance the understanding and increase knowledge of trade remedy laws and procedures, the International Trade Centre (ITC) organized video-based training sessions for public and private sector representatives from May to June 2018.

These training sessions are part of the European Union (EU)-Sri Lanka Trade-related Assistance project, funded by the EU. The sessions were conducted by experts from the Geneva-based Advisory Centre for WTO Law (ACWL), who had also conducted an introductory workshop in 2017. The ACWL advises and trains developing and least-developed countries on all issues relating to the WTO law and also assists them in the World Trade Organization (WTO) litigation.

The training comprised of ten intensive sessions for 30 officials from the Trade Remedies Unit of the Commerce Department, Attorney General’s Department and other relevant government agencies such as the Board of Investment, Inland Revenue Department and Sri Lanka Customs.

Representatives from the private sector included officials from the Ceylon Chamber of Commerce (CCCC), Federation of Chambers of Commerce and Industry of Sri Lanka, National Chamber of Commerce of Sri Lanka and European Chamber of Commerce of Sri Lanka.

This was the first time that a comprehensive training of this nature on trade remedies had been carried out.

The sessions aimed to provide a platform for participants to understand trade remedies and conduct investigations.

Commenting on the relevance and usefulness of the training, Commerce Department Director General Sossali Wijeratne stated, “The Commerce Department has now set up a Trade Remedies Unit, which is vested with the responsibility of conducting investigations and making recommendations of appropriate remedial action on possible unfair trade practices. The well-conducted training is very useful to enhance the knowledge of both state and private sector stakeholders who will be closely involved in the implementation of Sri Lanka’s trade remedy legislation.”

Expressing her views, Jayani Rameshwar, a participant and an economist at the CCC stated, “This training was very timely and we find it extremely useful for the private sector. These long overdue laws, which are now in place, equip the private sector with tools to remedy unfair trading practices. This training helped both the private and public sector participants to understand the implications of the trade remedy law within a Sri Lankan context.”

Further support by the ITC is being provided with regard to the strengthening of the Commerce Department’s trade remedy unit. Further to this, an ITC expert is currently preparing a report with recommendations on how to operationalize the implementation of trade remedies in Sri Lanka.

The legislation on anti-dumping and countervailing duties and on safeguard measures was passed by the Sri Lankan government in March 2018. Anti-dumping duties, countervailing duties and safeguard measures are mechanisms used to protect domestic industries from the adverse effects of unfair trade practices by exporting countries or of sudden surges of imports into a country. By passing these laws, Sri Lanka now aligns itself with the majority of its fellow WTO members that also have trade remedy laws.
Sri Lanka stepping up its pursuit of trade-led growth

The Government aims to more than double exports to $28 billion per year by 2022, and to capitalise on Sri Lanka's location between Singapore and Dubai to turn the island into Asia's next major trade hub – Pic by Shehan Gunasekara

- ITC stands ready to help it turn ambitious plans into a more prosperous, more inclusive, reality
“We were a trading nation since the era of ancient kings,” Prime Minister Ranil Wickremesinghe reminded Parliament in his Economic Policy Statement last fall. “Sri Lanka was the hub for transferring goods and knowledge from East to West, and West to East.”

This was more than a history lesson. The Prime Minister was setting out ambitious three-year targets to create one million new jobs, increase inward investment, and boost per capita incomes by over 20%.

Reviving Sri Lanka’s role as a centre for trade was at the heart of the plan. The Government aims to more than double exports to $28 billion per year by 2022, and to capitalise on Sri Lanka’s location between Singapore and Dubai to turn the island into Asia’s next major trade hub.

The focus on trade – on increasing the share of tradables in Sri Lanka’s economy, on diversifying the country’s export basket into innovation-based goods and services, on boosting its physical and digital connectivity to the rest of the world – is not an end in itself. It is a means to realising Vision 2025, Sri Lanka’s plan to achieve upper-middle-income status within a decade while reducing income inequality and regional disparities. Sri Lanka is seeking to use trade to create better – and better-paying – jobs for all Sri Lankans, in the urban as well as in the rural areas.

Trade matters for countries like Sri Lanka. Tapping into global demand allows Sri Lankan businesses to achieve economies of scale that are not possible in a home market of 21 million. In developing countries, because tradable activities tend to be more productive than domestically-focused sectors, shifting people and capital into firms dealing in tradable goods and services tends to make for a more productive economy overall.

Sri Lanka is now seeking to emulate the success of regional neighbours like Thailand and Vietnam at connecting to international value chains for higher-value products such as electronics.

Setting lofty goals for trade performance is one thing. Achieving them is another. Laying the groundwork for export success requires action on multiple fronts – legal and regulatory changes, institutional investments, physical infrastructure construction – while money and political capital are finite.

Sri Lanka’s new National Export Strategy is a tool to enable policymakers to achieve the highest ‘bang for the buck’ – that is, the biggest improvements in trade performance and economic inclusion – for their reform efforts. It is a roadmap for Sri Lanka to make the most of the international market access it enjoys, both through the World Trade Organization and its free trade agreements with countries like Singapore, India, and Pakistan.

Formulated by the Government after extensive consultations with hundreds of representatives from the public and private sectors, the strategy identifies the most pressing bottlenecks on export success, and sets out specific measures to address them. It emphasises measures to enable micro, small and medium-sized enterprises to tap into international markets, because
these businesses – since they account for the vast majority of job creation – are central to ensuring that trade benefits people across the labour force.

To improve the business environment for all would-be exporters, the strategy proposes measures such as institutionalised public-private cooperation to make trade policymaking more responsive and predictable. It identifies outdated laws and regulations that are holding back commerce, and spells out steps to encourage investment in shipping, air, road, and logistics.

It also defines an agenda for upgrading national institutions to lower the cost to Sri Lankan businesses of complying with health and safety standards and other requirements for their products to enter foreign markets.

The strategy identifies six high-potential sectors for Sri Lanka to broaden its export basket: information technology and business process management; wellness tourism; boat building; electronics; processed food; and spices and concentrates.

For each, it describes – and provides costs estimates for – policy changes and key investments needed to build supply-side capacity.

While the formal launch of the National Export Strategy is taking place this week in Colombo, Sri Lanka has already been implementing parts of it. The 2018 Budget provides for $130 million in expenditures related to the strategy. Half this amount is slated for setting up an export credit agency. Other initiatives are already underway.

For example, the Government in April set up advisory committees to ensure policy coordination for each of the sectors identified in the Strategy.

The ‘Island of Ingenuity’ branding campaign is marketing Sri Lanka’s tech sector to potential foreign investors. Funding has been allocated to develop an online export promotion portal to provide trade and market intelligence to exporters through regional chambers of commerce from Jaffna to Matara. Preliminary investments have been made to inventory existing capacity to certify that products comply with international standards.

The International Trade Centre (ITC) has been honoured to provide technical support to the Sri Lankan government through the process of formulating the National Export Strategy, drawing on years of experience with trade strategy design in countries around the world.

With funding from the European Union, ITC is partnering with Sri Lanka to bring private sector voices into the trade facilitation reform process, to improve the quality management infrastructure, and to enable businesses in the agri-food sector to take full advantage of international market opportunities.

As Sri Lanka’s steps up its pursuit of trade-led growth, ITC stands ready to help it turn ambitious plans into a more prosperous, more inclusive, reality.

(Arancha González is Executive Director of the International Trade Centre, the joint agency of the United Nations and the World Trade Organization. Follow her on Twitter: @AranchaGlezLaya)
PM to launch 5-year National Export Strategy today

The much-awaited five-year National Export Strategy (NES) that lays emphasis on diversification of exports through strengthening of emerging sectors to chart the next export growth cycle of Sri Lanka will be unveiled under the patronage of Prime Minister Ranil Wickremesinghe today at a ceremony at the Temple Trees, Colombo.

The development of this strategy was a central component of the ‘EU-Sri Lanka Trade-Related Assistance: Increasing SMEs’ trade competitiveness in regional and EU markets’ project, implemented by the International Trade Centre (ITC) and funded by the European Union (EU). Bearing in mind different growth trends, the NES focuses on ICT, wellness tourism, spice concentrates, boat-building, processed food and beverages, and the electronic and electrical machinery sectors. These focused sectors were identified based on quantitative and qualitative parameters derived from export potential assessments, conducted by the Export Development Board (EDB) and the Board of Investment (BOI) under the guidance of Harvard University, and further sector analysis by the Commonwealth Secretariat, McKinsey Co., the ITC and the World Bank.

In addition, the NES will ensure that all export sectors, including mature sectors such as tea, apparel and rubber, will benefit from the strengthening of trade support functions.

Through wide public-private consultations, trade support functions (TSF) were shortlisted to achieve the NES vision and strategic objectives of national quality infrastructure, innovation and R&D, and logistics. These TSFs aim at improving the overall competitiveness of Sri Lanka’s export sector.

The implementation of the NES also expects it to increase export earnings up to $28 billion by 2022.
ITC to host third public-private consultations on operational model for National Single Window

The Geneva-based International Trade Centre (ITC), in close collaboration with the Sri Lanka National Trade Facilitation Committee (NTFC), is organising the third of four public-private consultations on the establishment of a National Single Window (NSW) in Sri Lanka. The objective of these public-private consultations is to stimulate discussions and seek recommendations from border regulatory representatives and the business community on the implementation modalities of the NSW.

Forty high-level representatives will attend the event from business associations, Government agencies, and trade operators. Dignitaries gracing the opening ceremony will include ITC Senior Trade Facilitation Adviser Dr. Mohammad Saeed, Industry and Commerce Ministry Secretary Neil Ranjith Asoka, and Federation of Chambers of Commerce & Industry of Sri Lanka Secretary General/CEO Ajith D. Perera. A special address will be delivered by Sri Lanka Ports Authority Managing Director H. D. A. S. Premachandra.

Organised within the mandate of the EU-Sri Lanka Trade-Related Assistance project funded by the European Union (EU), this event will be held on 24 July at the Cinnamon Lakeside Hotel, Colombo.

As one of the fastest growing economies in the Asia-Pacific region, Sri Lanka has risen steadily to become a regional trade and logistics hub, and is striving to make its economy more interconnected with regional and global markets. In this context, the Government of Sri Lanka has committed to create a NSW as a national priority, to reduce time and costs currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies. The NSW will allow parties involved in trade and transportation to lodge information and documents with a single-entry point to fulfil all import, export, and transit-related regulatory requirements.

The third public-private consultation follows two other consultations that took place recently. The objective of this third round of consultations is to facilitate the exchange of views between trade stakeholders on the operations of the NSW, discussing different operational patterns and touching upon a number of available ownership and fee structure models to run the operations of the NSW.

The recommendations from this consultation will be shared with the NTFC as well as the World Bank Group who are currently involved in the development of a Single Window Blueprint that will formulate recommendations for the consideration of the Government of Sri Lanka as the country proceeds towards implementation.
The government is implementing a trade adjustment policy for the first time in Sri Lanka with the launch of the National Export Strategy (NES).

Prime Minister Ranil Wickremesinghe made this comment at the launch of the NES at Temple Trees in Colombo on Thursday.

He said the government is looking at legislation which will cover a single window for investors and ease of doing business. This legislation is seen in Bangladesh, Kenya, South Africa and it’s time that Sri Lanka bring it in. “We don’t want any domestic enterprise to be adversely affected. Our domestic enterprises have grown and we are now bringing for the first time a trade adjustment policy,” he added.

He also stated that the tax incentive is applicable even for domestic industries to become more competitive. The trade adjustment policy is for the government to help industries to become competitive. This will create many jobs in the export industry which is an essential part of the economy and should be assisted to adjust to the new trading environment.

The NES focusses on the development of the export sector of Sri Lanka until 2022. The key objective of the strategy is to increase the capacity of Sri Lanka’s export sector and to improve trade performances. “This competitiveness ensures that our different sectors of the economy become more competitive to get the share of the global market. This is not only a national strategy, but a job and income strategy,” reiterated Mr. Wickremesinghe.

Global trade today is conducted in the most intensely competitive environment driven by the rapid advancement in science and technology that now underpin industry and commerce. “We have to go up the value chain and exploit the global market,” he noted.

Deputy Head of Delegation of the European Union (EU) to Sri Lanka and Maldives, Paul Godfrey at the launch, said that the government of Sri Lanka is confident to move to a liberal economic model that has export growth. The EU accounts for 27 per cent of Sri Lanka’s global exports making it the largest market. This strategy can be the platform for increasing that figure, he added.

He said there is real potential for increasing export growth in food and spices. Reducing the cost for exporters in compliance with international standards is an important contribution that this strategy can drive. Information Technology is also an area with great potential for further development. (RM)
PM unveils National Export Strategy

The five-year National Export Strategy (NES) of the Sri Lankan Government was launched by Prime Minister Ranil Wickremesinghe in Colombo on Thursday. The NES is a blueprint for achieving increased exports, enhanced regional cooperation and job creation. Pix by Pradeep Dilrukshana
Prime Minister launches five-year National Export Strategy to strengthen exports

Sri Lanka Prime Minister Ranil Wickremesinghe Thursday unveiled the much-awaited five-year National Export Strategy at a ceremony at the Temple Trees, Colombo.

The National Export Strategy, which emphasizes on diversification of exports through strengthening of emerging sectors to chart the next export growth cycle of Sri Lanka, aims to increase export earnings up to US$ 28 billion by 2022.

Launching the National Export Strategy, the Premier said it will build on the strong export base the government has delivered.

"We have already achieved record exports and by sticking to our plans to grow this further we are ensuring better jobs, more money and a better life for people," he said.

The National Export Strategy (NES) has been developed by about 750 private and public stakeholders through extensive consultations initiated by the Prime Minister Ranil Wickremesinghe last year.
Ministry of Development Strategies and International Trade, Export Development Board and Department of Commerce were engaged in consultations with the private and public stakeholders in the preparation of the National Export Strategy.

Technical support for the design & implementation of the National Export Strategy was provided by International Trade Center (ITC) as part of the EU-Sri Lanka Trade Related Assistance project funded by the European Union.

According to the Sri Lanka Export Development Board (EDB), NES is a keenly awaited policy development that will have a positive impact on how trade is done in Sri Lanka and it is aligned with other national initiatives such as Vision 2025 and is an important milestone ahead of Sri Lanka's aspirations to become Asia's next regional trade hub.

The NES, which seeks to establish Sri Lanka as a competitive export hub driven by a knowledge-based economy, is the flagship development project of the EDB and Ministry of Development Strategies and International Trade.

It will focus on six priority sectors: IT/BPM; spices and concentrates; wellness tourism; processed food and beverages; boat building; and electronics & electrical components.

The National Export Strategy will transform Sri Lanka's trading ecosystem to benefit ALL local industries, by providing improved Logistics, National Quality Infrastructure, Trade Information & Promotion and Innovation & Entrepreneurship, according to the EDB.
Sri Lanka unveils the ‘National Export Strategy (2018-2022)’ which will boost the country’s entrepreneurs capabilities to take advantage of opportunities in global markets.
While exports in 2017 were the highest on record, Sri Lanka has a long way to go to catch up with its Asian peers.

The five-year National Export Strategy (NES) will help to make Sri Lanka a major regional export hub, Prime Minister, Ranil Wickremesinghe said yesterday.

Speaking at the launch of the National Export Strategy at Temple Trees he said that Sri Lanka hopes to earn a US$ 28 billion export revenue by 2022 with the launch of this programme.

“NES is a blueprint for achieving increased exports, enhanced regional cooperation and job creation. Technical assistance for developing the NES was provided through the EU-Sri Lanka Trade Related Assistance project funded by the European Union.”

The Strategy sets out specific priority actions and investments to address competitiveness constraints, modernise regulatory systems for improved efficiency, and boost Sri Lankan industries in order to increase exports. It also sets targets to improve opportunities for Sri Lanka’s micro, small and medium-sized enterprises (MSMEs) and exporters in regional and global trade.

Minister of Development Strategies and International Trade, Malik Samarawickrama said, “The NES further strengthens our ongoing shift in the economic growth model from one that was heavily dependent on debt-fuelled public infrastructure spending, to growth driven more by private enterprises, exports and foreign direct investment.”

The launch ceremony at Temple Trees was attended by key corporate leaders, exporters and the members of international trade agencies and diplomatic missions.

Paul Godfrey, Charge d’ Affaires of the European Union to Sri Lanka and the Maldives said, ‘This National Export Strategy is vital to Sri Lanka’s trade infrastructure and will consolidate and expand the country’s reach in the region and in European markets. I am sure this Strategy will help Sri Lanka take advantage of GSP+ by both stimulating growth and increasing the prosperity of the peoples of this island.’

ITC Executive Director Arancha González said, “The strategy is a tool to transform the trade landscape of Sri Lanka. By helping to improve the trade environment and by supporting greater local value addition trade could support the creation of better quality jobs.”

The National Export Strategy will help the development of new exporters and support the growth of traditional export industries. It identifies six sectors to ensure more value addition and facilitate greater access to regional and global markets. They are: information technology
and business process management (IT-BPM); spices and concentrates; wellness tourism; processed food and beverages; boat building; and electronics and electrical components.

The Strategy also focuses on four cross-cutting areas which impact all exporting enterprises, namely the improvement of island-wide logistics services, national quality infrastructure, innovation and entrepreneurship and access to trade information and promotion services.
Exports must be everyone’s business: Malik

- Drives home the point that one agency or one ministry cannot be responsible for boosting growth

For Sri Lanka’s exports to reach ultimate success they have to become the business of all stakeholders, Development Strategies and International Trade Minister Malik Samarawickrama said yesterday, calling on all officials and the private sector to join the National Export Strategy (NES) implementation.

Samarawickrama insisted on the importance of everyone’s commitment to driving it forward. “We need to collaborate to ensure things happen on the focused priority sectors on a fast-tracked basis for the next five years. Exports must now be everyone’s business, not just one agency or one ministry. It is the only option Sri Lanka has to create better jobs for our younger generation and to ensure sustainable transition into a higher income economy,” he said.

The Minister emphasized that Sri Lanka still has time to reverse negative, inward looking, protectionist policies and make up for lost time by making a transition to an export and foreign direct investment (FDI) led growth trajectory.
“What is very clear is that Sri Lanka has a long way to go, and if we concentrate only on our 21 million market, we will never be able to achieve the rapid economic development that Sri Lanka needs. Our only choice is to integrate with the world markets, and exports is a key pathway in that,” he added.

The Minister pointed out that there was overwhelming evidence on the important role that trade, exports and investment play in accelerating economic growth and yet, Sri Lanka still has some people who deny this and want to stile policy push towards this direction.

“Put aside narrow political agendas because really, there is only one agenda that is truly at stake here — the future of our youth, the next generation of workers and entrepreneurs. For them, we need to shape a country that is integrated with world markets, and create high-paying jobs, not a country that is inward looking, isolated and uncompetitive,” he emphasised.

Samarawickrama stressed that anyone who claims that we should be careful before opening up because we might not be able to compete is doing Sri Lanka a huge injustice.

“Why should we be scared of competing with the world? Our medical gloves are used by the world’s best surgeons, our electronic sensors are used in the world’s top car brands, our apparels are worn by the world’s top athletes and our IT software is used by the world’s leading stock exchanges. We can compete and our industries are already showing how it’s done,” he expressed.

The Minister said with the onset of deep and far reaching technological progress, the nature of cross border trade and economic relationships are changing at a dizzying speed. “Physical goods are international products. This new paradigm demands that we adopt new approaches for competitiveness or we risk falling further behind. Hence, I believe NES is timely and ushers in a very important era for all of us,” he added.
Govt. launches landmark five-year National Export Strategy

- SL eyes $28 b export revenue by 2022
- PM says NES catalyst to link to global value chains, increase exports and create jobs
- Officials to meet exporters every six months to monitor implementation progress
- Stresses SL should have focused on exports despite the war
- Disappointed SL still lagging behind growth needed to fast-track development

Opening a new chapter to link local exports to global value chains, Prime Minister Ranil Wickremesinghe yesterday launched the National Export Strategy (NES) as the latest Government effort to boost foreign exchange earnings and employment.

Addressing the launch as Chief Guest, the Prime Minister said the key objective of the five-year NES was to increase the capacity of the local export sector, improve trade performance and competitiveness and ensure different sectors of the economy evolved to grab a share of the global market in reaching the Government’s goal of $28 billion in export revenue by 2022.
“This is not only a strategy for national exports, but also a jobs and incomes strategy,” he said.

Govt. launches...

Insisting that NES was an important element in charting the economic growth of Sri Lanka, the Prime Minister noted that Government officials would meet exporters every six months to discuss and monitor implementation progress.

“None of us want any domestic enterprise to be adversely affected. Our domestic enterprises withstood the opening of markets in 1977 and we have grown and are now bringing in for the first time a trade adjustment policy. We're not opening up tomorrow to destroy them. They create as many jobs as export industries and are an essential part of the economy and they should be assisted to adjust to the new trading environment. The tax incentive available for domestic industries is to become more competitive," he added.

“These are the policies we are following to ensure that the people in this country have better jobs, better incomes, better housing, better education and better healthcare. This is the only way. You can't have all these without money and you can't have money if you don't earn your foreign exchange," the Prime Minister said.

He emphasised that all the developed economies of Asia had become successful today by becoming export economies, particularly South Korea, Singapore and Vietnam.

“Sri Lanka was one of the first export economies of Asia in the modern world when we planted tea, rubber and coconut with the same principles of management of commerce and industry in the late 19th Century. In 1977, we launched our wave of the export strategy by initiating an open market economy. However, we haven't reached that though we started in 1977,” Wickremesinghe pointed out.

He stressed that Sri Lanka should have focused on exports despite the war and recalled that when President Jayawardena opened up the economy Sri Lanka started the free trade zones (FTZs) allowing investors to come and produce for exports, while President Premadasa launched the 200 garment industry program which pushed the country as a key player in the Asian apparel exports market.

“Some say that we had a war, but President Premadasa pushed the 200 garments program during the war and those in Vavuniya, Anuradhapura and Polonnaruwa were not touched by the war then — that's a hard fact. No bomb exploded inside a hotel. So we have given excuses for non-performance," he stated.

The Premier expressed disappointment in Sri Lankanot being able to achieve the kind of growth that’s required to give a future to the younger generation even after many years.

“We established ourselves in apparel and rubber. We may not have the volumes but we certainly are higher up the value chain. We expanded our rubber-based industries. Thereafter the export push came to an end. We neglected our exports sector and neglected many other sectors and what is the result? Look at Bangladesh, they were the last of the South Asians to open up but where are they today and where are we?” he asked.
Wickremesinghe said that the country had not really reflected on why it failed to perform, give people better incomes and created more employment opportunities.

“We can no longer say we will make shoes to carry on with the apparel. We need to move up the value chain and that is what this Government has started to do,” he stressed.

He said that from the time President Maithripala Sirisena took over and formed a government, they pledged themselves to becoming an export country and winning that benefit for its people.

“We got GSP+ back which means it’s not merely a few items but a large range of items and may not be a few items in large volumes. It also makes us safer today looking at the global trading environment to specialise in niche markets,” he added.

The Prime Minister also highlighted the free trade agreement (FTA) entered into with Singapore, while noting that they were also seeking to deepen trade relations with other economies in the region.

“We have China who is talking of an FTA with us; we want to spread that over 10 years. We’re also talking about deepening trade with India. After Singapore FTA, Thailand, Malaysia and Indonesia are keen on FTAs; we are covering the whole Bay of Bengal, which are going to be our new markets,” he stated.

With regards to the FTA with Singapore, Wickremesinghe reassured that both countries had agreed that there would be no free movement of people.

To drive entrepreneurs, he said the Government recently launched ‘Enterprise Sri Lanka’.

“We are opening up new industrial estates. We will establish a development bank but before that we will ensure Rs.10 billion is available to the local industrialists. These are some of the efforts we are taking,” he added.

Delegation of the European Union to Sri Lanka and the Maldives Chargé d’ Affaires Paul Godfrey said that since coming to power the Government had been clear in its desire and ambition to move to a more liberal economic model that had export growth as a cornerstone in the quest for growth and greater prosperity for all Sri Lankans.

“The Government made a specific request to the EU to provide trade-related assistance. I am pleased to say that today’s event is a fruit of that request thanks to the important facilitation work done by our partners ITC and UNIDO,” he added.

He said the EU had already given a huge opportunity for significant growth in exports to the European market through Sri Lanka being re-awarded GSP+.

“The EU already accounts for 27% of Sri Lanka’s exports, making it the largest market for their exports. I hope that this strategy can be the platform for increasing that figure and see Sri Lanka take greater advantage of the wider range of product lines under GSP+ to support greater economic diversification,” Godfrey stated.
In addition he said reducing the cost for exporters in complying with international standards is an important contribution that NES can drive.

The food, spices and ICT sectors were outlined as sectors that had great potential for increasing export in Sri Lanka.

He stated that if the Government was to achieve its ambition of Sri Lanka becoming a regional hub for the South Asian region, there needed to be clear advantages for businesses engaged in the country.

“The number of important facilitating methods have already been taken, but it is unfortunate that those reforms haven’t yet impacted significantly on the perception of the business environment in the country. Implementation of the existing measures and consistent, concerted and serious action to address the corruption and red tape will be needed if there needs to be clear blue water in business terms as well as in geography between Sri Lanka and its neighbours,” he pointed out.

He said the EU would continue to value its partnership with the Government in addressing these challenges.

“We will stand steady and continue to support and assist the Government in realising its Vision 2025. We believe the NES will make an important contribution to turning that vision into a reality,” Godfrey added.

With the rapid development of trade corridors across the region and growing demands of Asian consumers, International Trade Centre (ITC) Executive Director Arancha Gonzalez expressed confidence that Sri Lanka was strategically positioned in the Indian Ocean to service regional trade and leverage immense trading opportunities going beyond the domestic market.

“The current economic reform agenda of Sri Lanka, which aims to transform the country into an open and dynamic trading economy, symbolises a confident nation. Sri Lanka’s dynamic workforce, combined with structured efforts to stimulate innovation and entrepreneurship and growing a dynamic ICT industry, provided with all the right ingredients for the island to create value in regional and global production networks,” she added.

She believes the modernisation of Sri Lanka’s trading environment will guide efforts towards diversification and greater local value additions.

“With its alignment with the Government’s Vision 2025, the National Trade Policy and the NES is a key enabler of Sri Lankan trade reforms. It is a tool for the country to become a key regional trade hub serving Asia and beyond,” she noted.

Gonzalez said she was pleased that implementation had already started with financial allocations from the National Budget 2018, noting that it signified the earnestness of the Government for quickly moving into action.

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

The National Export Strategy (NES) will help increase the capacity of the export sector and improve trade performance, Prime Minister Ranil Wickremesinghe said.

He was addressing the launch of the National Export Strategy, a five-year plan to increase and diversify Sri Lanka’s exports and harness Sri Lanka’s strategic position on east-west trade routes.

The plan aims to make Sri Lanka a trade hub in the Indian Ocean and to assist in achieving Sri Lanka’s goal of $28 billion in exports by 2022. Developed with the support of the International Trade Centre (ITC) and the European Union (EU), the plan has over 600 public and private sector stakeholders.

“This is not only a national export strategy, it is also a jobs and income strategy,” the Premier added.

The Prime Minister compared Sri Lanka’s economic progress to that of other countries in the region. “If you look at all the developed countries of Asia, they have done so by becoming export economies.” He pointed out that Sri Lanka opened up trade in 1977, but still lags behind countries such as Bangladesh, who opened up later. “We have given excuses for non-performance.

We haven’t looked at why we didn’t perform or why we haven’t given our people more employment,” the Premier said.

The Prime Minister also highlighted the development of Free Trade Agreements (FTA) with a number of countries. “We have China who is talking over FTAs with us and we are talking about deepening FTAs with India,” he said, adding that someday, Sri Lanka will negotiate FTAs across the Bay of Bengal as well.

The NES will support traditional export industries and specifically focus on the development of six sectors: information technology and business process management; spices and concentrates; wellness tourism; processed food and beverages; boat building; and electronics and electrical components.

Development Strategies and International Trade Minister Malik Samarawickrama assured stakeholders that the NES will positively impact all sectors, not just those listed.

Samarawickrama echoed the PM’s sentiment, looking to Singapore, Malaysia, Thailand, Vietnam, and Taiwan as models.
“Rapid development has taken place in those countries by liberalizing their trade policies and improving the ease of doing business,” he said. Paul Godfrey, Chargé d’Affaires of the Delegation of the EU to Sri Lanka and the Maldives, stressed the importance of Sri Lanka’s curtailing corruption to gain trust from foreign investors.

“If the government is to achieve the ambition of Sri Lanka becoming a regional hub, there needs to be clear advantages for businesses basing their services in Sri Lanka,” he said. “Reforms have not impacted business perspective,” Godfrey added.

Arancha Gonzales, Executive Director at the ITC in Geneva praised the government for allocating the proper funds for NES in the national budget of 2018 and for appointing advisory committees under the Export Development Board (EDB) to coordinate implementation.

“The commitment of all key public and private institutions, from Hambantota in the south to Jaffna in the north, is a true demonstration of the Sri Lankan commitment to making the Island recognized for its export potential,” she said.

The ITC will offer continued support and assist in the implementation of the NES over the next five years. The government also plans to check in with exporters every six months to track progress.
Sri Lanka launches 5-year National Export

COLOMBO: The Sri Lankan government has launched a five-year National Export Strategy (NES) to boost foreign investments, foreign exchange earnings and employment, the media reported on Friday.

Addressing the launch of the five-year NES strategy, Prime Minister Ranil Wickremesinghe said the key objective of the NES was to increase the capacity of the local export sector, improve trade performance and competitiveness and ensure evolution of different sectors of the economy to grab a share of the global market and achieve the government’s goal of $28 billion in export revenue by 2022.

Insisting that the NES was an important element in strengthening the economic growth of Sri Lanka, Wickremesinghe said that government officials would meet exporters every six months to discuss and monitor the implementation progress, Xinhua news agency reported.

“These are the policies we are following to ensure that the people in this country have better jobs, better incomes, better housing, better education and better healthcare,” he said.

“You can’t have all these without money and you can’t have money if you don’t earn your foreign exchange.”

Wickremesinghe further emphasised that all the developed economies of Asia had become successful by becoming export economies, particularly South Korea, Singapore and Vietnam.
ITC hails SL trade policies, but counsels faster pace

Strong commitment by the public and private sectors to increase capacity of local exports and improve trade performance and competitiveness augurs well for Sri Lanka to become a successful modern economy, believes International Trade Centre (ITC) Executive Director Arancha González, with the caveat that fast-pacing the effort would be crucial to success.

"In my view, Sri Lanka is going in the right direction, but probably needs to accelerate the pace, because the world around this island nation is moving very fast. It is now time that the country becomes stronger at home, opens up to the rest of the world and invests in its citizens, who are Sri Lanka’s largest asset," she told the Daily FT.

In a world where technology is becoming critical, she insisted on the need to ensure all men and women in an economy are properly skilled today, to take up the jobs of tomorrow.

"The biggest and the best recipe is to invest in your people’s education, creativity, ingenuity, innovation, and skills to allow Sri Lanka to succeed as an economy of the 21st century," she added.

As Sri Lanka is a small nation, González stressed that it cannot play in the league of big bulk products, and the focus should be more on higher value added, higher quality, smaller volume products, and services catering to niche markets, where SMEs can earn higher revenues for their products.

“Cutting red tape and liberalising certain services essential for the smooth function of international trade is important. Help businesses get better intelligence, ensure that credit flows at affordable rates for the micro, small and medium enterprises (MSMEs), particularly to those at the base of the pyramid, to open market opportunities and ensure they can use this opportunity to generate more growth in the island," she stated.

Describing protectionism as a ‘disease’ spreading throughout the world, she said some countries are tempted to take trade protectionist measures to close their markets.

"Invest in becoming more competitive, rather than shutting ourselves from international competitiveness, which will only make us boring. Taking trade protectionist measures is the wrong avenue to become competitive in the market," González added.

González also touched on the importance of enhancing rural communities, which are at the
base of the pyramid, where the largest pockets of poverty and untapped potential exist in Sri Lanka.

When rural communities fail to earn decent incomes they migrate to urban areas. “A big effort needs to be taken, not to bring these people to the urban areas, but to bring the urban areas to them. To help them get a decent income from where they are, to move from livelihood agriculture to agro-processing and to empower them to bring out the best of their abilities,” she stressed.

She also said that ITC was helping Sri Lanka to draft its logistics regulation to become a hub that connects to the enormously growing economic powerhouse of Asia.
Sri Lanka launches 5-year NES to boost economic growth

COLOMBO: The Sri Lankan government has launched a five-year National Export Strategy (NES) to boost foreign investments, foreign exchange earnings and employment, local media reported Friday.

Addressing the launch of the five-year NES strategy, Prime Minister Ranil Wickremesinghe said the key objective of the NES was to increase the capacity of the local export sector, improve trade performance and competitiveness and ensure different sectors of the economy evolved to grab a share of the global market in reaching the government’s goal of 28 billion U.S. dollars in export revenue by 2022, reports Xinhua.

Insisting that the NES was an important element in strengthening the economic growth of Sri Lanka, the Prime Minister noted that government officials would meet exporters every six months to discuss and monitor the implementation progress.

“These are the policies we are following to ensure that the people in this country have better jobs, better incomes, better housing, better education and better healthcare,” Wickremesinghe said.

“You can’t have all these without money and you can’t have money if you don’t earn your foreign exchange,” he added.
National Single Window blueprint implementation plan ready soon

- World Bank outlines different outputs being delivered under 8 key sectors
The World Bank yesterday said that the implementation plan of the National Single Window (NSW) to achieve a single-entry point to fulfill trade-related regulatory requirements would be presented to the Government by the end of this month.

“The PM Group will be handing over the report to World Bank and following some consultations within the bank. The implementation plan of the blueprint on NSW will be handed over to the Government by end of July,” World Bank Consultant Dinesha Samaranayake said, addressing the third public-private consultation on NSW organised by the International Trade Centre (ITC) in Colombo yesterday.

Outlining the objectives of the session and providing an update on the latest development of the World Bank initiative in developing a blueprint for the implementation of the NSW in Sri Lanka, she said that different outputs had been delivered under eight key sectors which include legal and regulatory, governance and operational models, revenue model and fee structure, technical and functional architecture, service level agreements, business process re-engineering change management and communications, risk management strategy and implementation and capacity building.

“All of these reports have been distributed to the National Trade Facilitation Committee (NTFC) and we expect the change management and communications as well as the capacity building plan to be delivered by this month, in addition to the implementation plan,” she added.

In developing the blueprint, she noted that it included a dozen one-to-one consultations, particularly with the team that developed the Trade Information Portal (TIP), in addition to the many one-to-one consultations with Government agencies and large group events including technical assistance.

“There have been a lot of discussions and consultations for the blueprint process, which took about seven months from November last year, but the implementation is much a more complex process than compiling the blueprint,” Samaranayake pointed out.

Insisting that the NSW was a country level initiative that required a lot of consultation and collaboration with different stakeholders, she stressed that it was not something that could happen overnight. “It is important to understand the concerns of all stakeholders before the implementation of the blueprint. Hence, the key decisions that are required to be made during implementation can actually be advanced earlier and as a result some of the delays that you expect during the implementation can actually be reduced,” she added.

She said the World Bank had shared the operational model in March this year, which looks at models built on implementation phase as well as the operational phase of the blueprint.

“There are three operation recommendations given in the report, but irrespective of the options, the key is that there are very specific technical management skills that are required in this operation model needs to be played by the private sector in terms supporting with finance, technical assistance or management assistance. There are specific options again discussed in the revenue and the fee model which includes a no fee based, not having a fee initially to encourage users to use the system more and having a user fee which could have different variations such as annual fee or a trade transaction fee,” she stated.

In terms of the next steps, Samaranayake asserted that once the preparation phase and the blueprint were completed, they expected a program setup for acquisition and procurement, which would then go to the implementation and operational phase of the NSW.
“The World Bank has been requested to support the acquisition and implementation phase by the Government, and currently the bank is exploring the possibility of financing this, possibly through a project that looks at the overall trade and logistics environment,” she added.

The Government committed to create a NSW as a national priority to reduce time and costs currently spent by traders in preparing and submitting information and documents to multiple border regulatory agencies. The NSW will allow parties involved in trade and transport to lodge information and documents with a single-entry point to fulfil all import, export, and transit-related regulatory requirements.

The objective of the public-private consultation is to facilitate the exchange of views between trade stakeholders on the governance mechanism for the NSW. The recommendations from this consultation will be shared with the NTFC as well as the World Bank Group which are currently involved in the development of Single Window Blueprint that will formulate recommendations for the consideration of the Government of Sri Lanka as the country proceeds towards implementation.
Implementation plan to Government by end July

The implementation plan of the National Single Window (NSW) blueprint initiative will be presented to the Government by the end of July, 2018, said World Bank, Consultant Dinesha Samaranayake.

Samaranayake disclosed this speaking at the Third Public Private Consultation on Sri Lanka National Single Window, organized by the International Trade Centre (ITC), in collaboration with Sri Lanka’s National Trade Facilitation Committee, in Colombo yesterday.

In addition to the implementation plan, change management, communications and capacity building plan of the NSW blueprint project will be delivered by the end of this month.

Discussing operational models and current progress of the NSW blueprint project in Sri Lanka, Samaranayake added that the project is being developed under eight task clusters which include governance and operational models, legal and regulatory, service level agreements, revenue model and fee structure, technical and functional architecture, business process re-engineering change management and communications, risk management strategy and implementation and capacity building.

The objective of the NSW is to set up a facility which allows parties involved in trade and transport to lodge information and documents with a single entry point to fulfill all import, export and transit-related regulatory requirements.

Also, the implementation of the NSW will assist traders to enhance accountability and transparency, while it will also reduce time and costs currently spent in preparing and submitting information and documents to multiple border regulatory agencies. Noting that the NSW initiative requires a lot of consultation, collaboration with different stakeholders, she said that implementation is much more complex process than compiling the blueprint.

“There have been a lot of discussions and consultations that have been done for the blueprint process, which took about seven months from November last year.”

World Bank expects that once the blueprint is completed, there would be a program setup for acquisition and procurement, which then goes to implementation and operational phase of the NSW.

She also revealed that the World Bank has been requested to support the acquisition phase by the Government, and currently the bank is exploring the possibility of financing this possibly through a project that looks at overall trade and logistics environment.

She also mentioned that world bank has already shared Governance and operational model of NSW blueprint in March, this year while data harmonization,risk management and revenue and fee models of this initiative has also been shared in June, 2018 with relevant authorities.

Speaking at the event, Seetha Senaratne, Additional Secretary of Ministry of Industry and Commerce said, “The implementation of the NSW is also an obligation of the country under the WTO trade facilitation agreement which Sri Lanka has already ratified.

“The government is also thinking of cross-border facilitation as a national priority.
We expect that the NSW will reduce the time and cost currently spent by traders in preparing and submitting information and documentations to multiple border agencies.”

Identifying the crucial role played by the SMEs in Sri Lankan economy, Senaratne said the Ministry of Industry and Commerce has developed an action plan for SME development and NSW also strongly underlines the importance of bringing benefits to the businesses especially SMEs by facilitating trade and reducing the cost of trading cross borders while allowing SMEs to make most of the potential opportunities especially under the EU generalized scheme of preferences.
A delighted Geneva calls Sri Lanka to chase Trade-to-Jobs next

With the recent unveiling of trade related national projects such as NES and SLTIP, there is clear progress in the management of Sri Lanka's international trade and now it's time to leverage these initiatives to move to the next level, stressed Geneva's International Trade Centre (ITC) in Colombo on 20 July. Acknowledging ITC's call, Sri Lanka meanwhile swiftly nudged Geneva to support the country's SMEs so that they could take on a bigger role in the country's exports.

“There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased. The glass is half full for Sri Lanka’s trade, and you need to fill the rest” advised Geneva International Trade Centre (ITC)'s Executive Director Arancha González on 20 July in Colombo. ITC Director Ms González was in discussions with Sri Lankan Minister of Industry and Commerce Rishad Bathiudeen on 20 July at the Kingsbury Hotel on the side-lines of the launch of Sri Lanka Trade information Portal (SLTIP) by his Department of Commerce.

Minister Bathiudeen, addressing ITC Director Ms González thanked ITC for its role in Sri Lanka’s trade reform initiatives. “I thank the ITC for the support extended to the Government of Sri Lanka to implement the WTO Trade Facilitation Agreement. Both the World Bank and the ITC coordinated their activities in Sri Lanka’s trade facilitation very well. Continuous collaboration between donors and development partners is key to maximize the benefits of technical assistance in Sri Lanka” said Minister Bathiudeen and added: “In this context I would like to welcome ITC offer to further support our TIP in the coming years. This complements World Bank’s efforts and also ensures the sustainability of the large scale trade reforms by our Unity Government. We have a registered SME base of more than one million. When adding the unregistered SME numbers, it translates into an even larger base of economic activity.
These SMEs play a considerable role in our domestic consumer, supply and even value chains. As the Minister in charge of our SMEs, I believe that time has come to integrate this sector into our exports and make these brands visible globally. Today I call upon ITC to extend its support to our ongoing efforts to link SMEs to global chains."

ITC Director Ms González praised Sri Lanka’s trade reform initiatives. “There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased of National Export Strategy and Sri Lanka Trade Information Portal. The glass is half full for Sri Lanka’s trade, and you need to fill the rest. The NES and SLTIP should now be operationalised well. European Union is very supportive of these initiatives” said Ms González and stressed: “Sri Lanka should start leveraging this progress now. In that, progress in trade should be translated into new employment generation. The impact of structural reforms is medium to long term. In that way, Trade-to-Jobs too is a medium to long term transformation and therefore this needs to be managed politically. Sri Lanka’s immediate strategy should be to showcase what is working. Therefore, there needs to be immediate visibility for Sri Lanka’s winning brands in global markets. This means Sri Lanka should next look at where attention is not (sufficiently) paid in its trade, and should swiftly move to address them.”

Minister Bathiudeen responded: “I believe that SMEs in exports is where we should be focusing next. And I am pleased that ITC mirrors our thinking in this regard.”

Minister Bathiudeen and ITC Director Ms González also reviewed the progress of other projects (in his Ministry) supported by ITC on 20 July.
ITC backs focus on export-led job creation

The International Trade Centre (ITC) has called on the Government to translate its export push to new employment generation, pointing out that this would be a medium- to long-term effort that will require political management, the Industry and Commerce Ministry said in a statement yesterday.

"There is clear progress in the management of Sri Lanka’s international trade. We at the International Trade Centre are pleased. The glass is half-full for Sri Lanka's trade and you need to fill the rest," advised Geneva International Trade Centre (ITC)'s Executive Director Arancha González during a visit to Colombo.

Gonzales called on Sri Lanka to start leveraging this progress immediately, noting that progress in trade should be translated into new employment generation. Since the impact of structural reforms was medium- to long-term, transferring trade development into more and
better paying jobs is also a medium- to long-term transformation and therefore this needed to be managed politically, she observed.

“Sri Lanka’s immediate strategy should be to showcase what is working. Therefore there needs to be immediate visibility for Sri Lanka’s winning brands in global markets. This means Sri Lanka should next look at where attention is not (sufficiently) paid in its trade, and should swiftly move to address them.”

The Government has called on the International Trade Centre (ITC) to support Sri Lanka’s Small and Medium Enterprises (SMEs) as part of its efforts to improve exports by linking greater funding access to the National Export Strategy and Sri Lanka Trade Information Portal (SLTIP) that was launched recently. Minister Bathiudeen thanked ITC for its role in Sri Lanka’s trade reform initiatives and noted that continuous collaboration between donors and development partners was key to maximise the benefits of technical assistance in Sri Lanka.

“In this context I would like to welcome ITC’s offer to further support our TIP in the coming years. This complements the World Bank’s efforts and also ensures the sustainability of the large-scale trade reforms by our Unity Government. We have a registered SME base of more than one million. When adding the unregistered SME numbers, it translates into an even larger base of economic activity. These SMEs play a considerable role in our domestic consumer market, supply and even value chains. As the Minister in charge of our SMEs, I believe that the time has come to integrate this sector into our exports and make these brands visible globally. Today I call upon ITC to extend its support to our ongoing efforts to link SMEs to global chains.”
ITC calls Sri Lanka to chase Trade-to-Jobs next

With the recent unveiling of trade related national projects such as NES and SLTIP, there is clear progress in the management of Sri Lanka’s international trade, Geneva’s International Trade Centre (ITC) said last week.

It’s time to leverage these initiatives to move to the next level, stressed Geneva’s International Trade Centre (ITC) in Colombo.

“There is clear progress in the management of Sri Lanka’s international trade. We at the International Trade Centre are pleased. The glass is half full for Sri Lanka’s trade and you need to fill the rest,” Geneva International Trade Centre (ITC)’s Executive Director Arancha González said in Colombo last Friday. González was in discussions with Industry and Commerce Minister Rishad Bathiudeen on the sidelines of the launch of Sri Lanka Trade information Portal (SLTIP) by the Commerce Department.

Acknowledging ITC’s call, Sri Lanka nudged Geneva to support the country’s SMEs so that they could take on a bigger role in the country’s exports.

Minister Bathiudeen thanked ITC for its role in Sri Lanka’s trade reform initiatives. “I thank the ITC for the support extended to the Government to implement the WTO Trade Facilitation Agreement. The World Bank and the ITC coordinated their activities in Sri Lanka’s trade facilitation very well. Continuous collaboration between donors and development partners is key to maximise benefits of technical assistance in Sri Lanka,” Minister Bathiudeen said. “I welcome ITC offer to further support our TIP in the coming years. This complements World Bank’s efforts and also ensures the sustainability of the large scale trade reforms by our Government. We have a registered SME base of more than one million. When adding the unregistered SME numbers, it translates into an even larger base of economic activity. These SMEs play a considerable role in our domestic consumer, supply and even value chains. As the Minister in charge of our SMEs, I believe that time has come to integrate this sector into our exports and make these brands visible globally.

I call on ITC to extend its support to our ongoing efforts to link SMEs to global chains.” González praised Sri Lanka’s trade reform initiatives. “There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased of National Export
Strategy and Sri Lanka Trade Information Portal. The glass is half full for Sri Lanka’s trade, and you need to fill the rest. The NES and SLTIP should now be operationalised well. European Union is very supportive of these initiatives,” González said.

“Sri Lanka should start leveraging this progress,” she said.
Glass is half full for Sri Lanka trade, fill the rest – ITC Director Ms. González

With the recent unveiling of trade related national projects such as NES and SLTIP, there is clear progress in the management of Sri Lanka’s international trade. Now it’s time to leverage these initiatives to move to the next level, stressed Geneva’s International Trade Centre (ITC) in Colombo on July 20. Acknowledging ITC’s call, Sri Lanka meanwhile swiftly nudged Geneva to support the country’s SMEs so that they could take on a bigger role in the country’s exports.

“There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased. The glass is half full for Sri Lanka’s trade, and you need to fill the rest,” advised Geneva International Trade Centre (ITC)’s Executive Director, Arancha González on July 20 in Colombo. Ms González was in discussions with Sri Lankan Minister of Industry and Commerce, Rishad Bathiudeen at the Kingsbury Hotel on the side-lines of the launch of Sri Lanka Trade information Portal (SLTIP) by his Department of Commerce.

Minister Bathiudeen, addressing ITC Director Ms González thanked ITC for its role in Sri Lanka’s trade reform initiatives. “I thank the ITC for the support extended to the Government of Sri Lanka to implement the WTO Trade Facilitation Agreement. Both the World Bank and the ITC coordinated their activities in Sri Lanka’s trade facilitation very well. Continuous collaboration between donors and development partners is key to maximize the benefits of technical assistance in Sri Lanka,” said Minister Bathiudeen.
He also said, “In this context I would like to welcome ITC offer to further support our TIP in the coming years. This complements World Bank’s efforts and also ensures the sustainability of the large scale trade reforms by our Unity Government. We have a registered SME base of more than one million. When adding the unregistered SME numbers, it translates into an even larger base of economic activity. These SMEs play a considerable role in our domestic consumer, supply and even value chains. As the Minister in charge of our SMEs, I believe that time has come to integrate this sector into our exports and make these brands visible globally. Today I call upon ITC to extend its support to our ongoing efforts to link SMEs to global chains.”

ITC Director Ms González praised Sri Lanka’s trade reform initiatives. “There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased of National Export Strategy and Sri Lanka Trade Information Portal. The glass is half full for Sri Lanka’s trade, and you need to fill the rest. The NES and SLTIP should now be operationalised well. European Union is very supportive of these initiatives,” said Ms. González.

She also stressed, “Sri Lanka should start leveraging this progress now. In that, progress in trade should be translated into new employment generation. The impact of structural reforms is medium to long term. In that way, Trade-to-Jobs too is a medium to long term transformation and therefore this needs to be managed politically. Sri Lanka’s immediate strategy should be to showcase what is working. Therefore, there needs to be immediate visibility for Sri Lanka’s winning brands in global markets. This means Sri Lanka should next look at where attention is not (sufficiently) paid in its trade, and should swiftly move to address them.”

Minister Bathiudeen responded, “I believe that SMEs in exports is where we should be focusing next. And I am pleased that ITC mirrors our thinking in this regard.”

Minister Bathiudeen and ITC Director Ms González also reviewed the progress of other projects in his Ministry supported by ITC on July 20.
TRANSLATE PROGRESS IN TRADE TO EMPLOYMENT GENERATION, SAYS ITC DIRECTOR

With the recent unveiling of trade related national projects such as NES and SLTIP, there is clear progress in the management of Sri Lanka’s international trade, and it’s time to leverage these initiatives to move to the next level, stressed Geneva International Trade Centre’s (ITC) Executive Director Arancha González in Colombo last week.

Acknowledging ITC’s call, Sri Lanka nudged Geneva to help the country’s SMEs to play a bigger role in exports.

“There is clear progress in the management of Sri Lanka’s international trade. We at International Trade Centre are pleased. The glass is half full for Sri Lanka’s trade, and you need to fill the rest,” advised González during a discussion with Minister of Industry and Commerce, Rishad Bathiudeen on the sidelines of the launch of Sri Lanka Trade information Portal (SLTIP) by the Department of Commerce.
Minister Bathiudeen said, “The World Bank and the ITC coordinated their activities in the trade facilitation work very well. Continuous collaboration between donors and development partners is important to maximise the benefits of technical assistance to Sri Lanka.”

“I welcome ITC’s offer to further support our TIP in the coming years. This complements the World Bank’s efforts and also ensures the sustainability of the large scale trade reforms by our Government. We have a registered SME base of over one million. Adding the unregistered SMEs, it translates into an even larger base of economic activity.

These SMEs play a considerable role in our domestic consumer, supply and even value chains. I believe that time has come to integrate this sector into our exports and make these brands visible globally. Today I call upon ITC to extend its support to our ongoing efforts to link SMEs to global chains.”

ITC Director Ms González said, “The NES and SLTIP should now be operationalised well and the European Union is very supportive of these initiatives.”

“Sri Lanka should start leveraging this progress now. Progress in trade should be translated into new employment generation. The impact of structural reforms is medium to long term. Trade-to-Jobs too is a medium to long term transformation and therefore, this needs to be managed politically.

“Sri Lanka’s immediate strategy should be to showcase what is working. Therefore, there needs to be immediate visibility for Sri Lanka’s winning brands in global markets. This means Sri Lanka should next look at where attention is not (sufficiently) paid in its trade, and should swiftly move to address them.”
The Free Trade Zone Manufacturers’ Association (FTZMA), the apex body of export manufacturers operating in the Katunayake Export Processing Zone which largely consists of foreign investors, has hailed the new National Export Strategy (NES) launched last week, as an initiative to boost exports.

This strategy which was developed by about 750 private and public stakeholders through extensive consultations initiated by the Prime Minister last year is expected to boost export earnings up to US$8 billion by 2022. Association President Fazal Abdeen, in a media release, while praising this initiative also urged the Government to pay attention to the labour crisis which is currently faced by member companies of the FTZMA which he said was affecting the output levels and export earnings of the country as a result.

“We think the National Export Strategy is a timely intervention and we salute the government for this step in the right direction. However, one of the biggest issues faced by most exporters especially in the Katunayaka Export Processing Zone is the severe shortage of labour which we urge the subject minister, Malik Samarawickrama, to promptly intervene and help solve,” he said in the release.

Further, member investors expect consistency in the state policies on foreign investment facilitation, tax regulations and tangible incentives as well as trade deals with the developed world which are mutually beneficial in sustaining and expanding investments. “There are about 5000 vacancies currently and we think in order to meet this high demand, we might have to look outside of Sri Lanka for labour,” Mr. Abdeen was quoted as saying.

The FTZMA President said he was hopeful that the relevant authorities will take necessary steps in the near future to find a sustainable solution to the above matter so that exporters can make the most of the current opportunities and momentum afforded through FTAs. Ministry of Development Strategies and International Trade, Export Development Board and Department of Commerce were engaged in consultations with the private and public stakeholders in the preparation of the National Export Strategy.
Founded in 1981, the FTZMA comprises both foreign and local companies that have established export-oriented business in the Katunayaka Export Processing Zone which is the first and largest EPZ in Sri Lanka.
Part II: National Export Strategy 2018-22: Introducing measurable physical targets

Prime Minister Ranil Wickremesinghe talks to Development Strategies and International Trade Minister Malik Samarawickrama at the launch of the National Export Strategy last month. Others from left are Export Development Board Chairperson Indira Malwatte, Geneva based International Trade Centre Executive Director Arancha Gonzalez and State Minister of Finance Eran Wickramaratne

The story so far

In part I of our analysis of the National Export Strategy or NES (available at: http://www.ft.lk/columns/Part-I--National-Export-Strategy-2018-22--Disrupt-the-economy-fast-if-the-goals-are-to-be-attained/4-659860), we commended the Export Development Board
(EDB) for presenting a national export strategy (NES), though it was a belated product. It was pointed out that since NES had envisaged changing the country’s export structure for good, to attain that goal, the whole economy had to be disrupted. That was because Sri Lanka had been into a ‘complacent lull’ with respect to its mediocre achievements on the economic front in the past. Thus, if it was to change its course now, it was necessary to push it toward a stormy weather governed by an ‘economic gale’, as argued by the Austrian-American economist Joseph Schumpeter. These gales, known as creative destructions, are a must for an economy if it is to move forward.

However, they may harm some sections in society, which are unable to adapt themselves to the quickly changing environment. The danger in such a scenario is that the opposition coming from them may impede the progress on the achievement of the goals set in the strategy. Hence, it was argued that the new strategy should be carried forward by an effective leader – called a game changer – until the desired results have been achieved. It was, therefore, pointed out that the announced export strategy, which was simply a dream at present, should be converted to policy, policy to programs, programs to projects, and projects to implementing project units. In order to avoid conflicts, the need for making the export policy consistent with the national economic plan being formulated by the National Economic Council was also emphasised.

**Trying for self-sufficiency is not a practical reality**

Though self-sufficiency has been in a deeper place in the heart of many, it cannot be achieved by a nation to perfection. This is because a nation will have to buy many goods and services produced by other nations to satisfy its own needs.

In the case of Sri Lanka, fuel, machinery, transport equipment, raw materials for industry, and a very low amount of consumer goods have been in this list. Unfortunately, the total of this far exceeds the earnings of Sri Lanka by selling its goods to the rest of the world. As a result, there has always been a deficit between what it buys – called imports – and what it sells – called exports. In economics, this part of a nation’s transactions is called ‘visible merchandise trade’.

In addition to these visibles, a nation has to buy and sell services – called invisibles – from and to foreigners. Mainly thanks to growing tourism and transport sectors, Sri Lanka earns a net surplus from invisible trade. However, that is insufficient to set off the deficit in the country’s merchandise trade.

**Sri Lanka’s external sector is in a precarious situation**

Since Sri Lanka has borrowed a lot from foreign sources, it has to pay interest in foreign exchange. Foreigners have invested in its enterprises. for which they have to take away
dividends and government securities and shares, for which they have to take away interest and profits. When these net payments are added, Sri Lanka’s foreign exchange deficit is close to its merchandise trade deficit. For instance, in 2017, merchandise deficit amounted to 11.6% of GDP, while the deficit in all the payments mentioned above was as high as 11.0% of GDP.

These are all economic transactions done by Sri Lanka with the rest of the world. Fortunately, it receives a huge amount of money from its citizens working abroad – known in economics as remittances. But that flow is stagnant at around $7 billion in the past few years. Further, they are also insufficient to offset the foreign exchange deficit arising from its economic transactions with other nations. The result is, again, a sizable deficit in its foreign exchange earnings – called the current account deficit in the balance of payments – and it has to be financed, either by borrowing, or attracting more foreign investments into its businesses or securities market, or by a combination of both.

**Sri Lanka’s present choice: export or perish**

This is the situation faced by Sri Lanka at the time its EDB came up with NES. Hence, the goal of NES should be to convert this deficit into a surplus. If it could be done, it has two added advantages.

First, when the country generates a surplus on goods, services and other incomes, it uses its resources for productive work, generating a new output of goods and services. It increases its growth rate, GDP, and the real per capita income of the people. It will help a country now struggling to move from a lower middle-income status to higher middle-income status, and eventually, if the growth trend is sustained, to a rich country status.

The second is when there is a surplus in the goods, services and other incomes, that surplus amounts to savings made by Sri Lankans as against foreigners. Right now, with a deficit in these transactions, it is a dissaving that reduces the country’s overall savings rate, needing foreign funds to fill the gap between desired investments and available savings. Hence, when a surplus is made in these transactions, that surplus would augment the available savings, enabling it to undertake a higher level of investments. Those investments, if productively made, will generate further economic growth, making it easy for Sri Lanka to join the rich country club, the avowed goal of the country today. Hence, the present choice before Sri Lanka is ‘export or perish’.

**NES plans to increase selected goods and services**

Today, foreign earnings are made not only through visible merchandise goods, but also through invisible services. Hence, a country at a certain stage is required to shift its attention to the promotion of invisible services, to supplement the earnings from visible merchandise goods. This strategy is crucial for Sri Lanka today. That is because with its resource limitations, it will find it difficult to increase its merchandise exports without bringing more imports as inputs. For instance, the garment industry in the country presently uses about 60-70% of imported inputs. Hence, increasing garment exports means increasing the country’s import bill as well.

As such, the greater potential for earning foreign exchange is provided by invisible services.
Therefore, countries today speak of the exportation of both goods and services. In Sri Lanka’s case, in 2017, the export of merchandise goods brought foreign exchange earnings amounting to $11 billion. Services brought close to $8 billion, placing the total earnings from both sources at $19 billion. This amounted to 23% of GDP in 2017.

End of the period targets do not show growth orientation

NES has not come up with any indicative annual goals, or an explicit end-year goal for the export of goods and services. The Prime Minister, in his message, has loosely indicated that by 2022, the total exports will be $28 billion, meaning perhaps both the goods and services. The Minister of Development Strategies and International Trade, in his message, has indicated a target export level of $27 billion by the same year.

The difference may be due to some editorial oversight. If the higher figure given by the Prime Minister is accepted, the growth in the period 2018 to 2022 should be around 10% per annum on average, a jump from the historical average of 7% experienced by Sri Lanka. It is a seriously ambitious target. However, it scales down the share of export of goods and services in GDP from 23% in 2017 to 20% of the projected GDP of $135 billion in 2022. If the two numbers are believed, it is not an export growth that would induce economic growth as planned in NES.

The estimated decline in the share indicates that even in 2022, economic growth will come from the other parts of the national economy, and not from the promised boosting of the external sector of the country. If the export of goods and services is to deliver economic growth, which NES has branded as the next wave of growth, the target figure in 2022 should be more than $31 billion, an ambitious minimum average annual growth of 13% over the next 5-year period.

The challenge to make it growth-oriented will become more critical since the export performance in the first five months of 2018 has not been that impressive. According to the Central Bank data, exports have increased during this period only by 6.7%, requiring Sri Lanka to work harder to catch up the lost amount, if it is to stay on course with the targeted growth in the export of goods and services.

Absence of measurable annual targets is a serious deficiency

A medium-term export strategy has no meaning if it does not have measurable annual quantitative targets. The absence of such targets is a serious deficiency in the current NES. Perhaps the designers of NES would have thought that it is better to allow the market system to come up with physical results, once the facilitating environment is created for exports to take place.

But that strategy has a pitfall, because in developing countries where political authorities are revered as divine beings, civil servants break their necks to show that goals set by political leaders – which they sometimes visualise in dreams – are divinely blessed and reachable.

In Sri Lanka, there is a previous case where a senior civil servant announced a high growth rate for the year and the statisticians in the statistical bureau allegedly massaged the number
to prove that the senior civil servant was correct (available at: http://www.ft.lk/columns/alleged-massaging-of-growth-numbers-should-a-credibility-restoration-exercise-be-launched-for-sri-lanka/4-233962). This is a pitfall which should be avoided at all costs.

**Avoid pitfall of working backward to prove that leaders are correct**

Since the Prime Minister has now indicated an end of the period goal, care should be taken not to work backward and prove that that goal is actually accurate. Therefore, it would have been a transparent exercise if annual quantitative goals are set in NES itself. Since this has not been done, the next available step is to incorporate them into the national export policy that has to be designed to realise NES. Then, the job of the game changer who has to take leadership in implementing NES becomes challenging. His work, which is not pleasant at all, involves monitoring the targets, conducting diagnostic studies when targets have not been achieved, taking appropriate corrective action to set the project on course with targets and continuously post-reviewing the entire policy framework in line with changing global developments.

As argued in the previous article, there are also game changing technologies that are being developed at a rate, and Sri Lanka may need to revise its NES completely to reflect the changing global environment for production and distribution. One has only to visit the website of the World Economic Forum or WEF to find the new list of such game changing technologies which are updated by it every year (available at: https://www.weforum.org/agenda/archive/emerging-technologies/). The list is long and is being added onto practically every day.

**Six focus sectors to increase the number of new exports**

Sri Lanka’s exports in the past had concentrated only in a few selected items. Before 1977, it was tea, rubber and coconut. After 1977, these three tree crops were taken over by garments and apparels. In the last 40-year period, no significant addition has been made to this list. Hence, NES has chosen six focus sectors for development, taking into the country’s current potential and global needs. They have some promise with two mature sectors, two emerging sectors, and two visionary sectors. The two mature sectors are the development of the country’s information technology plus business process management, and spices and concentrates. The two emerging sectors are the wellness tourism, and processed foods and beverages. The two visionary sectors are building boats, and electrical and electronic components.

In the next part, we will look at these six focus sectors more closely.

(W A Wijewardena, a former Deputy Governor of the Central Bank of Sri Lanka, can be reached at waw1949@gmail.com)
Lankan entrepreneurs clinch top Asian award amid calls to embrace national SME policy

Industry and Commerce Minister Rishad Bathiudeen (left) hands over an APEA 2018 award to Interpharm Ltd. Chairman & Managing Director Kalana Gamani Kodituwakku Hewamallika (centre) as Enterprise Asia President Dato' William Ng (right) looks on in Colombo on 10 August

Sri Lanka has called its entrepreneurs to study and make use of the recently launched national SME policy.

“The National Enterprise Development Agency (NEDA) under my Ministry has introduced the new SME Policy for the first time in our SME history. NEDA is the leading state institution in Sri Lanka that facilitates development of Lankan entrepreneurs and SMEs,” said Industry and Commerce Minister Rishad Bathiudeen, addressing the Asia Pacific Entrepreneurship Awards 2018 (APEA 2018) in Colombo on 10 August. The fourth in this series of awards to be held in Colombo, APEA 2018 honoured nine Sri Lankan entrepreneurs with APEA accolades. Over 1200 international business leaders and entrepreneurs have been awarded since 2007, in Malaysia, Indonesia, Brunei, Singapore, Hong Kong, India, and China. APEA - the regional Award Recognition Program recognising entrepreneurial excellence - is an initiative of Enterprise Asia, Asia’s leading NGO for entrepreneurship. Joining the event were Tourism Development, Christian Religious Affairs and Land Minister John Amaratunga, Enterprise Asia President Dato’ William Ng, and International Chamber of Commerce Sri Lanka Chairman Dinesh Weerakkody. The nine winning Lankan entrepreneurs at the APEA 2018 were:
Anverally & Sons Chairman Mohamed Anverally; Milco Ltd. Chairman Eng. Abdul Cader Mohamed Zulfikar; Bhathiya Group of Companies Managing Director Bhathiya Udumalagala; Interpharm Ltd. Chairman & Managing Director Kalana Gamani Kodituwakku Hewamallika; Lanka Sportreizen Chairman & Managing Director Thilak Weerasinghe; Global Rubber Industries Ltd. Executive Director Ananda Caldera, Bopitiya Auto Enterprises Founder Jude Rodrigo, and Kapruka.com Founder & Chairman Dulith Herath.

“The new policy focuses on many innovative aspects relevant to SMEs. It identifies high potential SME clusters, enabling environments, modern appropriate technologies, entrepreneurial culture, skills development, access to finance, market facilitation, research & development, and SME resource efficiencies. It is time for our entrepreneurs, especially the winning entrepreneurs today, to study it carefully and make use of it. I am pleased to say that this policy is a result of Prime Minister Ranil Wickremesinghe’s economic vision statement to the Parliament. His vision was that local entrepreneurs should now enter the global markets. For this, the Government shall support in enhancing their productivity levels, and develop their competitiveness. In fact, I am pleased to say that my Ministry has been actively working to not only develop SMEs, but even to create new SMEs. Our continued efforts to develop SMEs have been recognised internationally. For example, as a result of the efforts of my Ministry’s Department of Commerce, we received a large support initiative of Euro 8 million for trade development, from which we are also allowed to strengthen our SMEs. I wish to thank the European Union and International Trade Centre, for extending valuable support to develop our trade and SMEs in many ways.”

“Entrepreneurship is the engine towards sustainable and progressive economic and social development within a world of economic equality,” said Enterprise Asia President Dato’ William Ng, and added: “Enterprise Asia organises more than 15 regional programs for its stakeholders annually, including but not limited to entrepreneurs, Governments, universities, youth groups and the community at large.”

Sri Lanka’s SME framework policy is now available for download at neda.gov.lk (under ‘Resources’ > ‘Policies’).
Sri Lanka was black balled and lost its GSP+ concession in December 2009 due to allegations of human rights violations, resulting in a loss of export revenue of Rs. 150-250 billion, till the reinstatement of GSP+ in May 2017.

While it is difficult to provide a full analysis of what was lost, looking at how Sri Lanka’s competitors fared in the EU market, gives some sense of how Sri Lanka lost out to Asian apparel exporters.

According to the International Trade Centre, Vietnam, Pakistan and Cambodia all trailed Sri Lanka in 2009, with EU exports at US$ 2.1 billion, US$ 1.5 billion and US $ 1.09 billion,
respectively, against Sri Lanka’s US$ 2.3 billion. By 2015, however, Vietnam’s apparel exports to the EU had risen to US$ 3.9 billion, Pakistan’s to US$ 2.9 billion and Cambodia’s to US$ 3.7 billion, with Sri Lanka trailing at US$ 2.4 billion.

The European Union (EU) reinstated the EU GSP Plus facility to Sri Lanka on May 19, 2017. This provides Sri Lankan exports a level playing field with other countries such as our neighbours from Bangladesh and Pakistan, and several countries from Africa and South America who enjoy preferential market access.

The additional tariff concession gained by the sectors varies – in many apparels categories duties are cut from 9.6 percent to zero, in the seafood sector from 18.5 percent to zero, in the fresh and processed fruits and vegetable sector from 12.5 percent to zero, in the porcelain and ceramic ware sector from 8.4 percent to zero and in the toy products sector from 1.2 percent to zero.

**Overview**

GSP Plus offers incentives in the form of duty reductions on exports as a reward to developing countries for their commitment to upholding the 27 core international conventions on human and labour rights, sustainable development and good governance.

Then the country must also be considered ‘vulnerable’ under two conditions – the country is not competitive in the EU market (the import-share ratio is less than 6.5 percent of the EU’s total GSP imports) and the country does not have a diversified export base (seven products account for over 75 percent of the country’s total GSP imports by the EU).

Apparel is by far our biggest export to the EU. Given that the Rules of Origin under GSP Plus requires fabric to be sourced from Sri Lanka or from an area that qualifies for regional cumulation to qualify for GSP Plus, there will be an increase in demand for fabric sourced from Sri Lankan fabric mills, rather than from countries such as China.
Sri Lanka will continue to be eligible for GSP Plus as long as the periodic reviews (the first one coming in less than a year) by the EU do not raise any red flags with regard to the implementation of agreed human rights and governance reforms.

Yet, once the country graduates to an ‘upper-middle-income economy’ status (as classified by the World Bank) and remains at that classification for three years, then Sri Lanka becomes no longer eligible for GSP Plus (with a grace period of around two years). Thus, we should have the GSP plus benefit till 2023.

Twelve months after

Overall, EU exports are up by 11% in the 12 months after regaining GSP.

Apparel accounts for nearly 60% of exports and has grown 8%:

Apparel volume growth has outstripped revenue by 1-2%, suggesting modest sharing of pricing benefit with customers.

The past two months’ exports have been strong. An estimate of the increase in jobs for the apparel sector along is at least 7,500... excludes locally sourced fabric.

We have already achieved an increase in exports of $150m which is 1/3rd of our stated target of $500m increment for the apparel sector.

Other notable growth sectors are fisheries and tyres:

Fisheries volume of exports has literally doubled since the removal of the fish ban and regaining GSP plus – business links restored and new orders received.

Rubber tyres and gloves volume growth is lower than value, suggesting benefits from pricing increases and/or the strengthening euro

Processed foods comprising mostly the catering arm of Sri Lankan Airlines has declined because of reduced services to Germany and France.
Group Finance Director of Brandix Goup, Hasitha Premaratne said, “The apparel sector promotes inclusive growth and job creation. It is not just the big three (Brandix, MAS, Hidaramani) manufacturers that have had an immediate uplift in EU volumes from the GSP concession but many SME manufacturers, local fabric producers such as Teejay and Hayleys Fabric, other participants in the value chain (e.g. trim suppliers, packaging, logistics), and thousands of operators, who we are obliged by the EU to pass on benefits to."

**Moving forward**

Producing higher quality products and following ethical practices will become key strengths for Sri Lanka. Further, Sri Lankan companies are progressively moving towards and practicing sustainable production concepts such as the organic produce, green production, as well as Fair Trade practices which are highly valued by the consumers world over and in particular in the EU.

The ability to penetrate the EU market as a strong country respecting basic human rights, rule of law and good governance would send a strong signal to the international investor community which will facilitate the attraction of inward FDI.

The GSP+ scheme encourages increased value addition within Sri Lanka, and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Benefits of GSP+ status will need to trickle down to Sri Lanka’s rural workforce. The concessions under GSP+ are likely to have assisted the financially less privileged farmers who are engaged in agriculture and fisheries industry in Sri Lanka. New export opportunities will eventually develop the livelihoods and raise income levels of the farmers.

Sri Lankan exporters can also exploit the potential for agro-based processed food exports in collaboration with European companies through joint ventures and transfer of technology. Small and Medium Enterprises (SMEs) need to be encouraged to work more effectively and be part of the value chains of larger companies.

Manufacturers are confident of overcoming production capacity constraints by doubling the work shifts and automating the production process. Meanwhile, seafood exporters cautioned that the noticeable decrease in live fish in the Sri Lankan deep waters is posing a threat to the medium to long-term ability of the sector to meet new demand.

The UK market accounts for a third of our EU exports. With the impending Brexit, one needs to be cognisant of establishing a mechanism to maintain our preferential market access to this key region.

EDB Chairperson Mrs Indira Malwatte said, “While we have experienced impressive export growth to the EU in the 12 months following the re-gaining of GSP plus, we need to focus on creating new products and services, and facilitating export diversification and entering direct to
the Central European markets.

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<th>May 16 to Apr 17</th>
<th>May 17 to Apr 18</th>
<th>Growth % of EU exports</th>
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<tr>
<td>Apparel</td>
<td>1,861,834,658</td>
<td>2,005,825,190</td>
<td>7.7% 58.6%</td>
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<tr>
<td>Pneumatic and retreaded rubber tyres and tubes</td>
<td>170,450,989</td>
<td>199,525,274</td>
<td>17.1% 5.8%</td>
</tr>
<tr>
<td>Tea packets</td>
<td>76,152,990</td>
<td>92,367,255</td>
<td>21.3% 2.7%</td>
</tr>
<tr>
<td>Industrial and surgical gloves of rubber</td>
<td>74,705,076</td>
<td>79,686,506</td>
<td>6.7% 2.3%</td>
</tr>
<tr>
<td>Manufactured tobacco</td>
<td>59,175,161</td>
<td>69,771,447</td>
<td>17.9% 2.0%</td>
</tr>
<tr>
<td>Frozen fish</td>
<td>33,878,060</td>
<td>68,680,825</td>
<td>162.7% 2.0%</td>
</tr>
<tr>
<td>Gaskets, washers, seals of hard rubber</td>
<td>39,861,010</td>
<td>48,985,447</td>
<td>22.9% 1.4%</td>
</tr>
<tr>
<td>Tea in bulk</td>
<td>33,984,271</td>
<td>47,388,698</td>
<td>40.0% 1.4%</td>
</tr>
<tr>
<td>Made-up textile articles</td>
<td>40,772,100</td>
<td>47,005,379</td>
<td>15.3% 1.4%</td>
</tr>
<tr>
<td>Toys games and sport requisites</td>
<td>38,083,142</td>
<td>42,021,624</td>
<td>10.3% 1.2%</td>
</tr>
<tr>
<td>Coconut oil</td>
<td>37,715,333</td>
<td>39,834,656</td>
<td>5.6% 1.2%</td>
</tr>
<tr>
<td>Coco peat and fiber pith</td>
<td>29,614,746</td>
<td>35,827,330</td>
<td>21.0% 1.0%</td>
</tr>
<tr>
<td>Liquid coconut milk</td>
<td>6,054,283</td>
<td>35,526,752</td>
<td>36.5% 1.0%</td>
</tr>
<tr>
<td>Processed food</td>
<td>46,456,808</td>
<td>34,910,831</td>
<td>-24.9% 1.0%</td>
</tr>
<tr>
<td>Gems</td>
<td>13,251,150</td>
<td>34,480,857</td>
<td>160.2% 1.0%</td>
</tr>
<tr>
<td>Unmanufactured tobacco</td>
<td>27,092,854</td>
<td>34,360,999</td>
<td>26.8% 1.0%</td>
</tr>
<tr>
<td>Motor vehicles and parts</td>
<td>20,955,530</td>
<td>32,175,354</td>
<td>53.5% 0.9%</td>
</tr>
<tr>
<td>Other electrical and electronic products</td>
<td>27,624,750</td>
<td>26,305,295</td>
<td>-4.8% 0.8%</td>
</tr>
<tr>
<td>Other textile articles</td>
<td>22,501,616</td>
<td>26,290,562</td>
<td>16.8% 0.8%</td>
</tr>
<tr>
<td>Bicycles not motorized</td>
<td>20,177,681</td>
<td>22,670,340</td>
<td>11.8% 0.7%</td>
</tr>
<tr>
<td>Desiccated coconut</td>
<td>25,791,557</td>
<td>22,083,568</td>
<td>-34.4% 0.5%</td>
</tr>
<tr>
<td>Footwear</td>
<td>18,610,548</td>
<td>21,269,049</td>
<td>14.3% 0.5%</td>
</tr>
<tr>
<td>Activated carbon</td>
<td>16,719,252</td>
<td>17,419,184</td>
<td>4.3% 0.5%</td>
</tr>
<tr>
<td>other</td>
<td>315,205,073</td>
<td>338,010,626</td>
<td>7.2% 9.9%</td>
</tr>
<tr>
<td>Total</td>
<td>3,076,764,638</td>
<td>3,422,694,058</td>
<td>11.2% 100%</td>
</tr>
</tbody>
</table>

With the new National Export Strategy launched last month with support from the EU’s International Trade Centre, new innovative product lines such as electronics, light engineering products, electrical items, wellness products and certain agricultural products, such as spices are expected to be promoted in a focused manner all of which can enter the EU market on a duty free basis.

Trade agreements

In 2017, Sri Lanka had the highest ever export earnings of 15.1 billion dollars and this year it may rise further to 17.4 billion dollars. 2017 was also a record year for foreign investment. FDI inflow was a record 1.9 billion dollars last year and in 2018 it may rise to around 2.5 billion dollars.

However, these are extremely low figures in comparison to some of the other Asian countries. For example, annual exports in Singapore is 480 billion dollars, in Taiwan it is 340 billion dollars, in Thailand is 254 billion dollars, in Vietnam it is 250 billion dollars, and in Malaysia it is 230 billion dollars.
Even Bangladesh, a country that was a much later entrant to the international trade game, is now at 41 billion dollars. Foreign Direct Investment received by these countries were 77 billion dollars to Singapore, 12 billion dollars to Vietnam, nine billion dollars to Taiwan, and five billion dollars to Thailand.

And all these countries focused on FTAs, trade liberalisation, and attracting foreign investment, to reach this level. All of these countries have been able to grow their economies and bring more good jobs and raise people’s living standards, within a short period of time.

What is very clear is that Sri Lanka has a long way to go, and if we concentrate only on our market of 21 million people, we will never be able to achieve the rapid economic development that we need.

Our only choice is to integrate with the world markets, and this is one of the primary reasons for the FTAs – to enter into new markets and bring in the investments we need along with new technology and know-how so that we can compete with the best in the world.

We would encourage and invite FDI from the EU. In addition, to GSP+ we have executed the Singapore FTA earlier this year, we are in the advance stages of negotiating a FTA with China, and expanding our current FTA with India through Economic and Technology Cooperation Agreement (ETCA).

ETCA can increase Sri Lanka’s competitiveness in industrial exports and also increase our supply capacity, to better utilise the market access to India. In addition, ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many of the existing procedural barriers and delays in Indian ports of entry, particularly through Mutual Recognised Agreements.

Together the Chinese FTA and Indian ETCA will give Sri Lanka preferential access to a market of 2 billion people and an emerging middle class larger than the whole of the EU.

The Government is aware of the possible trade disruptions that can occur during the transition period and therefore we are looking at providing a trade adjustment package for local industrialists to upgrade machinery and introduce new technology so that these industries can be more competitive and serve the local market as well as export to the regional and global markets.

The Government is committed to improving the Ease of Doing Business in Sri Lanka under the theme Sri Lanka means business. We have set the ambitious task of jumping 40 places in the World Bank’s Ease of Doing Business index by 2020 and are conscious that other countries are not remaining still. We have developed a road map with the World Bank to eliminate unnecessary regulatory and procedural obstacles.

Minister of Development Strategies and International Trade, Malik Samarawickrama said, “Anyone who says we should be careful before opening up because we might not be able to compete, is doing Sri Lanka a huge injustice.

“Why should we be scared of competing with the world? Look at some of the exporters we have today – our rubber tyres are used in the world’s top aircraft, our surgical gloves are used
by the world’s best surgeons, our electronic sensors are used in the world’s top car brands, our apparels are worn by the world’s top athletes and major brands are produced in Sri Lanka, and our IT software is used by the world’s leading stock exchanges.

“We can compete. Our industries are already showing how they’ve capitalised on the regaining of GSP plus,” he said.
APEA recognises top Lankan entrepreneurs

Entrepreneurship is the engine that drives sustainable and progressive economic development

Nine most outstanding Sri Lankan business leaders were named winners of the Asia Pacific Entrepreneurship Awards 2018 (APEA) held in Colombo. This is the fourth in this series of awards held in Colombo.

Since 2007, over 1,200 international business leaders and entrepreneurs have been awarded in this series in Malaysia, Indonesia, Brunei, Singapore, Hong Kong, India and China. APEA series—the regional Award Recognition Program recognising entrepreneurial excellence—is an initiative of Enterprise Asia, Asia’s leading NGO for entrepreneurship.

The APEA 2018 which was staged in Sri Lanka showcased the country as a venue for MICE tourism. The awards stimulate the growth of local brands while ensuring sustainability and innovation. It also supports better connectivity among the regional entrepreneurs and help strengthen the regional ties, Minister Tourism Development, Christian Religious Affairs and Land John Amaratunga said.

The awards reward the fair, proactive, successful and innovative entrepreneurs, especially the youth who hold the key to the economic growth. The Enterprise Sri Lanka program is expected to harness the entrepreneur spirit and focuses on every sector of the economy to bring prosperity to the country, he said.
The Government firmly believes that progress should be inclusive. With regard to tourism, the earnings should be increased as there are numerous concessions offered to the sector. It has become the most viable sector in the country. Tourism is one area we are encouraged to create a value chain and we are concerned about the sustainability of the small entrepreneurs, the Minister said.

“The National Enterprise Development Agency (NEDA) under my Ministry has introduced the new SME Policy for the first time in our SME history. NEDA is the leading state institution in Sri Lanka that facilitates development of Lankan entrepreneurs and SMEs” said the Minister of Industry and Commerce Rishad Bathiudeen.

“The new policy focuses on many innovative aspects relevant to SMEs. It identifies high potential SME clusters, enabling environments, modern appropriate technologies, entrepreneurial culture, skills development, access to finance, market facilitation, research and development and SME resource efficiencies. It is time for our entrepreneurs, especially the winning entrepreneurs of today, to study it carefully and make use of it. I am pleased to say that this policy is a result of Prime Minister Ranil Wickremesinghe’s economic vision statement to the Parliament. His vision was that local entrepreneurs should now enter the global markets. For this, the Government shall support in enhancing their productivity levels and develop their competitiveness. In fact, I am pleased to say that my Ministry has been actively working to develop not only SMEs but even to create new SMEs. Our continued efforts to develop SMEs have been recognised internationally. For example, as a result of the efforts of my Ministry’s Department of Commerce, we received a large support initiative of Euro eight million for trade development from which we are also allowed to strengthen our SMEs.

I wish to thank the European Union and International Trade Centre for extending valuable support to develop our trade and SMEs in many ways.”

“Entrepreneurship is the engine that drives sustainable and progressive economic and social development within a world of economic equality. We can say with certainty that the recipients of the APEA are like none others. Not only do they have to prove their entrepreneurial skills and experience in one of the toughest contests in the world, they also subject themselves to a pledge to uphold the highest standards of entrepreneurship, which includes allegiance to the two founding pillars of Enterprise Asia, namely Investment in People and Responsible Entrepreneurship,” President of Enterprise Asia, Dato William Ng said.

“Enterprise Asia organises more than 15 regional programs for its stakeholders annually including governments, universities, youth groups and the community at large, but not limited to Entrepreneurs,” he said.

The APEA is aimed at promoting entrepreneurship globally. Beyond recognising the efforts of these entrepreneurs, we hope to encourage them to continue taking their businesses to the next level in the current digitalisation era, and in the process, providing more job opportunities to the people in the region, and help to drive the economy forward which is in align to Enterprise Asia’s purpose, Democratising Entrepreneurship, Institutionalising Sustainability and Empowering Innovation, he said.
The APEA is held in over 14 countries across the region, including Sri Lanka is a regional recognition program that aims to band leading entrepreneurs across the region to spur greater innovation, fair practises and entrepreneurship development.

The recognition not only open doors to join an exclusive alumni of Enterprise Asia, but enables them to be part of one of the largest networking platforms for business leaders across Asia Pacific.

Winners • Mohamed Anverally, Chairman of Anverally and Sons (Pvt) Ltd - Food and Beverage Industry
• Bhathiya Udumalagala, Managing Director of Bhathiya Group of Companies - Industrial and Commercial Products Industry
• Jude Rodrigo, Founder of Bopitiya Auto Enterprises - Manufacturing Industry
• Ananda Caldera, Executive Director of Global Rubber Industries Pvt Ltd - Manufacturing Industry
• Kalana Gamani Kodituwakku Hewamallika, Chairman and Managing Director of Interpharm (Pvt) Ltd - Healthcare, Pharmaceutical & Biotechnology Industry
• Dulith Herath, Founder Chairman of Kapruka.com - Retail Industry
• Thilak Weerasinghe, Chairman and Managing Director of Lanka Sportreizen - Hospitality, Food Service and Tourism Industry
• Nilan Wickramasinghe, Chairman and Managing Director of Lion Royal Tourism and Lion Royal Resorts - Hospitality, Food Services and Tourism Industry
• Abdul Cader Mohamed Zulfikar, Chairman of Milco (Pvt) Ltd - Food and Beverage Industry
GSP Plus impact

Fisheries volume of exports has literally doubled since the removal of the fish ban and regaining GSP Plus – Pic by Shehan Gunasekara

By Export Development Board, Ministry of Development Strategies and International Trade

Competitive disadvantage erased

Sri Lanka was blackballed and lost its GSP+ concession in August 2010 due to allegations of human rights, resulting in a loss of export revenues till the reinstatement of GSP+ in May 2017 of Rs. 150-250 billion.

While it is difficult to provide a full analysis of what was lost, looking at how Sri Lanka’s competitors fared in the EU market, give some sense of how Sri Lanka lost out to Asian apparel exporters.

According to the International Trade Centre, Vietnam, Pakistan and Cambodia all trailed Sri Lanka in 2009, with EU exports at $ 2.1 billion, $ 1.5 billion and $ 1.09 billion, respectively, against Sri Lanka’s $ 2.3 billion. By 2015, however, Vietnam’s apparel exports to the EU had
risen to $3.9 billion, Pakistan’s to $2.9 billion and Cambodia’s to $3.7 billion, with Sri Lanka trailing at $2.4 billion.

The European Union (EU) reinstated the EU GSP Plus facility to Sri Lanka with effect from 19 May 2017. Importantly, this will provide Sri Lankan exports a level playing field with other countries such as our neighbours from Bangladesh and Pakistan, and several countries from Africa and South America who enjoy preferential market access.

The additional tariff concession gained by sectors varies – in many apparels categories duties are cut from 9.6% to zero, in the seafood sector from 18.5% to zero, in the fresh and processed fruits and vegetable sector from 12.5% to zero, in the porcelain and ceramic ware sector from 8.4% to zero and in the toy products sector from 1.2% to zero.

**Overview of GSP Plus**

GSP Plus offers incentives in the form of duty reductions on exports as a reward to developing countries for their commitment to upholding the 27 core international conventions on human and labour rights, sustainable development and good governance.

Then the country must also be considered ‘vulnerable’ under two conditions – the country is not competitive in the EU market (the import-share ratio is less than 6.5% of the EU’s total GSP imports) and the country does not have a diversified export base (seven products account for over 75% of that country’s total GSP imports to the EU).

Apparel is by far our biggest export to the EU. Given that the Rules of Origin under GSP Plus requires fabric to be sourced from Sri Lanka or from an area that qualifies for regional cumulation in order to qualify for GSP Plus, there will be an increase in demand for fabric sourced from Sri Lankan fabric mills, rather than from countries such as China. Sri Lanka will continue to be eligible for GSP Plus as long as the periodic reviews (the first one coming in less than a year) by the EU do not raise any red flags with regard to the implementation of agreed human rights and governance reforms. Yet, once the country graduates to an ‘upper-middle-income economy’ status (as classified by the World Bank) and remains at that classification for three years, then Sri Lanka becomes no longer eligible for GSP Plus (with a grace period of around two years). Thus, we should have the GSP Plus benefit till 2023.
12 months after regaining GSP+

- Overall, EU exports are up by 11% in the 12 months after regaining GSP
- Apparel accounts for nearly 60% of exports and has grown ~8%

Apparel volume growth has outstripped revenue by 1-2%, suggesting modest sharing of pricing benefit with customers

- Last two months’ exports have been strong. An estimate of the increase in jobs for the apparel sector along is at least 7,500… excludes locally-sourced fabric

- We have already achieved an increase in exports of $150m which is ~1/3rd of our stated target of $500m increment for the apparel sector

- Other notable growth sectors are fisheries and tyres
  - Fisheries volume of exports has literally doubled since the removal of the fish ban and regaining GSP Plus – business links restored and new orders received
  - Rubber tyres and gloves volume growth is lower than value, suggesting benefits from pricing increases and/or the strengthening euro

- Processed foods comprising mostly the catering arm of Sri Lankan Airlines has declined because of reduced services to Germany and France
Hasitha Premaratne, Group Finance Director of leading apparel exporter, Brandix Group, commented: “The apparel sector promotes inclusive growth and job creation. It is not just the big three (Brandix, MAS, Hirdaramani) manufacturers that have had an immediate uplift in EU volumes from the GSP concession but many SME manufacturers, local fabric producers such as Teejay and Hayleys Fabric, other participants in the value chain (e.g. trim suppliers, packaging, logistics), and thousands of operators, who we are obliged by the EU to pass on benefits to.”

Moving forward

Producing higher quality products and following ethical practices will become key strengths for Sri Lanka. Further, Sri Lankan companies are progressively moving towards and practicing sustainable production concepts such as the organic produce, green production, as well as Fair Trade practices which are highly valued by the consumers world over and in particular in the EU.

The ability to penetrate the EU market as a strong country respecting basic human rights, rule of law and good governance would send a strong signal to the international investor community which will facilitate the attraction of inward FDI.

The GSP+ scheme encourages increased value addition within Sri Lanka, and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Benefits of GSP-Plus status will need to trickle down to Sri Lanka’s rural workforce. The concessions under GSP+ are likely to have assisted the financially less privileged farmers who are engaged in agriculture and fisheries industry in Sri Lanka. New export opportunities will eventually develop the livelihoods and raise income levels of the farmers.

Sri Lankan exporters can also exploit the potential for agro-based processed food exports in collaboration with European companies through joint ventures and transfer of technology. Small and Medium Enterprises (SMEs) need to be encouraged to work more effectively and be part of the value chains of larger companies. Manufacturers are confident on overcoming production capacity constraints by doubling the work shifts and automating the production process. Meanwhile, the seafood exporters cautioned that the noticeable decrease in live fish in the Sri Lankan deep waters is posing a threat to the medium to long-term ability of the sector to meet new demand.

The UK market accounts for a third of our EU exports. With the impending Brexit, one needs to be cognisant of establishing a mechanism to maintain our preferential market access to this key region.

EDB Chairperson Indira Malwatte commented, “While we have experienced impressive export growth to the EU in the 12 months following the re-gaining of GSP Plus, we need to focus on creating new products and services, and facilitating export diversification and entering direct to the Central European markets. With the new National Export Strategy launched last month with support from the EU’s International Trade Centre, new innovative product lines such as electronics, light engineering products, electrical items, wellness products and certain
agricultural products, such as spices are expected to be promoted in a focused manner all of which can enter the EU market on a duty free basis."

**Benefits of Trade Agreements**

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However, these are extremely low figures in comparison to some of the other Asian countries. For example, annual exports in Singapore is 480 billion dollars, in Taiwan it is 340 billion dollars, in Thailand is 254 billion dollars, in Vietnam it is 250 billion dollars, and in Malaysia it is 230 billion dollars. Even Bangladesh, a country that was a much later entrant to the international trade game, is now at 41 billion dollars. Foreign Direct Investment received by these countries were 77 billion dollars to Singapore, 12 billion dollars to Vietnam, nine billion dollars to Taiwan, and five billion dollars to Thailand.

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In addition, ETCA negotiations are addressing outstanding non-tariff barriers in the Indian market as well as many of the existing procedural barriers and delays in Indian ports of entry, particularly through Mutual Recognised Agreements. Together the Chinese FTA and Indian ETCA will give Sri Lanka preferential access to a market of two billion people and an emerging middle class larger than the whole of the EU.

The Government of Sri Lanka is aware of the possible trade disruptions that can occur during the transition period and therefore we are looking at providing a trade adjustment package for local industrialists to upgrade machinery and introduce new technology so that these industries can be more competitive and serve the local market as well as export to the regional and global markets.

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Minister of Development Strategies and International Trade Malik Samarawickrama commented: “Anyone who says we should be careful before opening up because we might not be able to compete, is doing Sri Lanka a huge injustice. Why should we be scared of competing with the world? Look at some of the exporters we have today – our rubber tyres are used in the world’s top aircrafts, our surgical gloves are used by the world’s best surgeons, our electronic sensors are used in the world’s top car brands, our apparels are worn by the world’s top athletes and major brands are produced in Sri Lanka, and our IT software is used by the world’s leading stock exchanges. We can compete. Our industries are already showing how they’ve capitalised on the regaining of GSP Plus.”
SLAB, UNIDO host workshop on personnel certification standards

The Sri Lanka Accreditation Board (SLAB), the national accreditation authority of Sri Lanka, together with the support of the United Nations Industrial Development Organisation (UNIDO), hosted a two-day awareness workshop on ‘The Role of Accredited Personnel Certification in Capacity Building, Job Creation, and Economic Development’ on 13 and 14 August at the JAIC Hilton in Colombo. Joined by more than 160 participants, it marked the first-ever event in Sri Lanka on standards related to personnel certification.

These awareness workshops were followed by a five-day assessor training from 15 to 17 August, with further sessions scheduled on 28 and 29 August at the SLAB Auditorium.

Technical assistance provided by UNIDO takes place within the framework of the EU – Sri Lanka Trade-Related Assistance project, funded by the European Union.

Dr. Vijay Krishna, who was the designated technical lead for these events, is the leading expert for ISO/IEC 17024, the specific standard used for personnel certification programs.

American National Standards Institute (ANSI) Credentialing Programs Senior Director, and Pacific Accreditation Cooperation ISO/IEC 17024 Working Group Chair Dr. Krishna regularly conducts training sessions globally on establishing and implementing personnel certification programs. Personnel certification is crucial for the acceptability of qualified professionals in an interconnected world. Certified personnel are significantly more likely to obtain the confidence of regulators to monitor the compliance of regulatory practices in day-to-day activities of different trades. With the implementation of this standard, consumer interests are protected and the public can be assured that the capabilities and competence of certified persons providing services adhere to a global benchmark that is consistent, comparable and reliable across national borders. Among the specialties that require certified personnel are inspectors and auditors for food safety and quality, such as for non-destructive testing, compliance managers and trainers, and cinnamon peelers and processors, all of whom are direct beneficiaries of technical assistance provided by UNIDO.

These awareness workshops and training sessions are designed to equip regulators, conformity assessment bodies, training institutes, and other relevant stakeholders to conduct well-planned and structured evaluations that ensure impartiality of operations, which ultimately contributes to the strengthening of Sri Lanka’s national quality infrastructure.
Fifteen representatives of Sri Lanka border regulatory agencies, private sector organisations, chambers of commerce and members of the Sri Lanka National Trade Facilitation Committee (NTFC) embarked on a familiarisation tour to Australia from 27-31 August.
The delegation is headed by NTFC Chairperson and Customs Director General P.S.M. Charles and Co-Chairperson and Commerce Director General Sonali Wijeratne.

During this visit, the Sri Lankan delegation will learn best practices for trade facilitation in Australia. They will also travel to Canberra as the part of the program and will have meetings with Australian Government officials from the Department of Foreign Affairs and Trade (DFAT), Home Affairs, Department of Agriculture and Water Resources, Austrade and Australian Chambers of Commerce.

This program was implemented under the EU-Sri Lanka Trade Related Assistance Project by the International Trade Centre (ITC) and UNIDO. Under this project, the ITC in close collaboration with the Export Council of Australia (ECA) and DFAT organised a tour for the Sri Lankan delegation to build their capacity in the area of trade facilitation.

Consul General Lal Wickrematunge and Consul (Commercial) Abdul Raheem of the Consulate General of Sri Lanka in Sydney spoke at the official opening session of the conference, along with ECA Chair Dianne Tipping. ITC Project Coordinator Dr. Dayaratne de Silva also conducted a briefing on the objective of the Sri Lankan delegation’s tour to Australia.
The second national Public-Private Dialogue (PPD) on Sri Lanka’s E-Commerce Reform, backed by Geneva’s International Trade Centre (ITC) will open on 6 September in Colombo. The PPD is a part of the EU-Sri Lanka Trade Related Assistance project, worth EUR 8 million funded by the European Union (2016-2020).

Minister of Industry and Commerce Rishad Bathiudeen welcomed the second PPD. “We are planning to establish a modern consumer protection framework suitable for e-commerce marketplace and encourage the development of Sri Lankan digital economy by improving access to the Internet emphasizing education and awareness of the digital economy removing legal and market barriers as well as fostering trust among both Sri Lankan consumers and SMEs” said Minister Bathiudeen. Head of Cooperation of the Delegation of the European Union Frank Hess said: "The second Public-Private Dialogue is an important platform for bringing together key people and agencies to use collective expertise in continuing the advancement of the Sri Lankan legal framework for e-commerce, and more importantly to contribute to the growth of the Sri Lankan economy".

Consumer Affairs Authority (CAA) and the Geneva-based International Trade Centre (ITC)’s national Public-Private Dialogue (PPD) titled “A Roadmap for E-Commerce Reform” will take place on 6-7 September. The PPD will build on the outcomes of the first dialogue, which took place from 15-16 March 2018, and on the recommendations made to improve the Sri Lankan E-Commerce marketplace.
The Dialogue, which will be attended by the Minister Bathiudeen, and European Union Delegation’s Frank Hess, aims to discuss the five key areas identified i.e. access, education, awareness, payments and modernization of consumer protection laws & privacy, in the roadmap for future reforms. It will also provide an overview of international best practices in these five areas, an opportunity for the lead organizations in each of the five areas to discuss future courses of action-including a legislative/regulatory gap analysis of existing laws-discuss the way forward in crafting legislative proposals that will update national laws and provide an opportunity for the private sector to participate in the reform process. The PPD shall bring together key stakeholders such as the Ministries of Telecommunication & Digital Infrastructure, Industry & Commerce, the Communication Technology Agency of Sri Lanka, University of Colombo, Central Bank of Sri Lanka, Ceylon Chamber of Commerce, and the Information & Communication Technology Agency of Sri Lanka.

The PPD will take place in the Lower Crystal Ballroom at the Taj Samudra hotel. Serious private sector stakeholders can contact CAA 0117755465.
2nd Dialogue on e-Commerce reforms to be held soon

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The PPD shall bring together key stakeholders, such as the Ministries of Telecommunication & Digital Infrastructure, Industry & Commerce, the Communication Technology Agency of Sri Lanka, University of Colombo, Central Bank of Sri Lanka, Ceylon Chamber of Commerce, and the Information & Communication Technology Agency of Sri Lanka, the release concluded.
Second dialogue on Sri Lanka e-commerce reforms opens on 6 September

From left: Ottawa University Law Professor, author on Internet Law and Expert attached to Geneva's International Trade Centre (ITC) Michael Geist, Minister of industry and Commerce Rishad Bathiudeen at the launch event of first PPD at Taj Samudra on 15 March 2018/File photo

- PPD builds on March’s first successful dialogue
- ‘Important platform’ – Rishad
- ‘Using collective expertise to advance Sri Lankan framework’ – EU’s Hess

The second national Public-Private Dialogue (PPD) on Sri Lanka’s E-Commerce Reform, backed by Geneva’s International Trade Centre (ITC) will open on 6 September in Colombo.
The PPD is a part of the EU-Sri Lanka Trade Related Assistance project, worth EUR 8 million funded by the European Union (2016-2020).

Minister of Industry and Commerce Rishad Bathiudeen welcomed the second PPD. “We are planning to establish a modern consumer protection framework suitable for e-commerce marketplace and encourage the development of Sri Lankan digital economy by improving access to the internet emphasising education and awareness of the digital economy removing legal and market barriers as well as fostering trust among both Sri Lankan consumers and SMEs,” said Minister Bathiudeen.

Head of Cooperation of the Delegation of the European Union Frank Hess said: “The second Public-Private Dialogue is an important platform for bringing together key people and agencies to use collective expertise in continuing the advancement of the Sri Lankan legal framework for e-commerce, and more importantly to contribute to the growth of the Sri Lankan economy.”

Consumer Affairs Authority (CAA) and the Geneva-based International Trade Centre (ITC)’s national Public-Private Dialogue (PPD) titled “A Roadmap for E-Commerce Reform” will take place on 6-7 September. The PPD will build on the outcomes of the first dialogue, which took place from 15-16 March, and on the recommendations made to improve the Sri Lankan E-Commerce marketplace.

The Dialogue, which will be attended by the Minister Bathiudeen, and European Union Delegation’s Frank Hess, aims to discuss the five key areas identified i.e. access, education, awareness, payments and modernisation of consumer protection laws and privacy, in the roadmap for future reforms. It will also provide an overview of international best practices in these five areas, an opportunity for the lead organisations in each of the five areas to discuss future courses of action – including a legislative/regulatory gap analysis of existing laws – discuss the way forward in crafting legislative proposals that will update national laws and provide an opportunity for the private sector to participate in the reform process. The PPD shall bring together key stakeholders such as the Ministries of Telecommunication and Digital Infrastructure, Industry and Commerce, the Communication Technology Agency of Sri Lanka, University of Colombo, Central Bank of Sri Lanka, Ceylon Chamber of Commerce, and the Information and Communication Technology Agency of Sri Lanka.

The PPD will take place in the Lower Crystal Ballroom at the Taj Samudra hotel. Serious private sector stakeholders can contact CAA 0117755465.
Second Public-Private Dialogue on Sri Lanka's E-Commerce reforms opens in Colombo

Sept 06, Colombo: The second national Public-Private Dialogue (PPD) on Sri Lanka's E-Commerce Reform, backed by Geneva's International Trade Centre (ITC) opened today in Colombo under the patronage of the Minister of Industry and Commerce Rishad Bathiudeen.

The national Public-Private Dialogue (PPD) titled "A Roadmap for E-Commerce Reform" organized by the Consumer Affairs Authority (CAA) and the Geneva-based International Trade Centre (ITC)'s will take place on 6-7 September.

The PPD is a part of the EU-Sri Lanka Trade Related Assistance project, worth EUR 8 million funded by the European Union (2016-2020).

Welcoming the second PPD, the Minister said the it has been planned to establish a modern consumer protection framework suitable for e-commerce marketplace and encourage the development of Sri Lankan digital economy by improving access to the Internet emphasizing education and awareness of the digital economy removing legal and market barriers as well as fostering trust among both Sri Lankan consumers and SMEs.

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SL e-commerce to hit US$ 400 mn by 2022

Chairman of CAA Anura Meddegoda, Minister of Industry and Commerce Rishad Bathiudeen, Head of Cooperation of the Delegation of the European Union Delegation in Sri Lanka Frank Hess, Secretary of Ministry of Telecommunication and Digital Infrastructure Chulananda Perera look on as visiting e-commerce expert from Geneva’s International Trade Centre Professor Michael Geist lights the ceremonial lamp at the launch of second e-commerce PPD in Colombo yesterday.

Sri Lanka’s e-commerce business sector is projected to hit US $ 400 million by 2022. The country has also swiftly moved one more step closer to formulating an e-commerce framework that would safeguard the country’s digital transactions locally and abroad.

According to industry experts, Sri Lanka’s annual domestic e-commerce sales value including services is around an estimated US $ 40 million (Sri Lanka Rs 6.4 billion). This can grow to US $400 million by 2022. The growing importance in retail sector in Sri Lanka’s GDP which has the potential to expand to ecommerce.

At present only 0.4% of Sri Lanka’s total annual retail sales (US $ 10 billion) is in e-commerce.

“I thank the European Union Delegation to Sri Lanka for their continued support through the EU-Sri Lanka Trade-Related Assistance Project. We acknowledge the efforts by the ITC as the lead implementing agency and for their committed initiatives in leading this second Private
Public Dialogue on Sri Lanka E-Commerce Reform,” said Minister of Industry and Commerce Rishad Bathiudeen addressing the launch event of second Private Public Dialogue on Sri Lanka E-Commerce Reform in Colombo. It was organised jointly by the Consumer Affairs Authority under hum and International Trade Centre, Geneva.

This second PPD, part of the EU-Sri Lanka Trade Related Assistance project of Euro 8 million funded by the European Union (2016-2020), follows on the successful completion of first PPD of March 15-16, 2018 in Colombo, and seeks to wrap the draft recommendations made by visiting e-commerce expert from Geneva’s ITC Professor Michael Geist following the first PPD.

“In this second dialogue CAA is working with all stakeholders to identify specific provisions where the current Sri Lanka legal framework falls short in these five themes so that updating national laws by formulating legislative proposals could follow thereafter.” As a Government Regulatory Agency it is necessary for CAA to establish national policies for consumer protection that encourages good practices applicable also to e-commerce.

Sri Lankan consumer needs to be protected at pre purchase, purchase and post-purchase stages.

This can be done by establishing a good internet infrastructure for e-commerce, updating present legal frameworks on e-commerce, preventing misuse of consumer data, providing consumer education and enforcing relevant laws.

Visiting ITC Ecommerce expert and Prof Michael Geist (Full Professor-University of Ottawa and Canada Research Chair in Internet and E-commerce Law and who sits on the Board of CIRA (Canadian Internet Registration Authority) which manages Canada’s .ca domains) said: “Sri Lanka’s e-commerce value is smaller in comparison to the region and it represents a challenge and opportunity of its potential.”

My report is designed to find a way forward for Sri Lanka e-commerce.

The five areas identified need further work in terms of legislative and programmatic aspects. Consumer protection laws & privacy is a foundational question –laws on protection may be working for off-line transactions but not for e-commerce-how do you make them to work in a digital environment.

Date protection has become a strong need especially since March after passing the General Data Protection and Regulation in EU and as a result many around the world is paying closer attention to these rules and there is room for action in Sri Lanka on this too.

(Daily News)
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Date protection has become a strong need especially since March after passing the General Data Protection and Regulation in EU and as a result many around the world is paying closer attention to these rules and there is room for action in Sri Lanka on this too.
The National Export Strategy (NES) has started sailing on high waves after obtaining Cabinet approval and being launched together with all NES stakeholders.

The NES, a flagship development project spearheaded by the Ministry of Development Strategies and International Trade and the Sri Lanka Export Development Board (EDB) together in a public-private partnership, commenced its implementation. The navigator, the State Minister for International Trade Sujeewa Senasinghe, and the core team comprising senior public and private sector representatives who were leading the design and formulation of NES, gathered at the Ministry of Development Strategies and International Trade to track and plan the future implementation of NES.

Some quick wins, which could thrive in exports and grow at the targeted rates, were extracted from the NES plan of action in consultation with advisory committees and are currently being
implemented through the Budget proposals. These include the Export Market Access Support Scheme and the establishment of the ICT Initiative.

In addition, the electronic industry is working closely with EDB and the BOI to attract new investors that are already established in the global network to be engaged with local partners through joint ventures with Sri Lankan electronic exporters and manufacturers.

Furthermore, EDB together with the ministry, BOI and other relevant government institutions and industry is heavily occupied with establishing a dedicated industry zone for boatbuilding, establishing infrastructure facilities for the boatbuilding industry in the Koggala Industrial Zone and Weligama and developing a regulatory framework for the boatbuilding industry. In addition, the establishment of a trade promotion platform is also being finalised.

Considering the plan of action, the annual export targets and sectoral targets were further discussed which have been developed in consultation with exporters and the Central Bank Economic Research Department with the guidance of the Ministry of Development Strategies and International Trade to achieve $28 billion by 2022. The EDB also mentioned that these targets had been already shared among all relevant public and private sector stakeholders and highlighted the importance of their support in achieving them.

The advisory committees have already commenced implementing the identified focused actions under each sector. These advisory committees actively facilitate the implementation of the NES by closely monitoring the Plan of Action of the Sector Strategies.

The NES Management Unit was established to lead the coordination, follow-up and monitoring of the NES, and to work closely with the relevant ministries, national agencies, industry
associations, private sector organisations and development partners in enabling the smooth sailing of NES’ implementation.

The new Budget proposals to be submitted for the National Budget 2019 were identified and extracted from NES. Hence, these new proposals mainly focused on much-needed safety and standards for the processed food sector i.e. upgrading the Food Safety Law and establishing a Control Mechanism (Food Safety and Standard Authority), development of the logistics sector and development of the Sri Lanka Wellness Tourism sector. EDB also presented its Action Plan for 2019 which includes, in addition to NES-focused sectors, the National Quality Infrastructure, Trade Information and Promotion, Logistics sectors along with the other mature sectors of Apparel, Tea, Rubber, Coconut, Gems and Jewellery, etc.

The State Minister for International Trade instructed the EDB to create awareness over NES among all stakeholders, especially among government officials. As an initiative, EDB got an opportunity to deliver a presentation on NES at a seminar organised by the Ministry of National Policies and Economic Affairs which was chaired by Prime Minister Ranil Wickremesinghe, with the secretaries of all ministries.

The NES document is hailed by think tanks as a bold, far-reaching and ambitious one. The stakeholders involved in the NES are confident that the targets are achievable as the formulation was done on a solid footing at a time the country has recorded an all-time high export turnover of $ 15.2 billion in 2017 (merchandise and services).

The NES focus sectors provide a good mix of industries with different growth trends, yet ensures the NES remains focused on achieving the key objective of export diversification during its five-year implementation period. These focus sectors were identified based on quantitative and qualitative parameters derived from export potential assessments since the existing structure of the export of goods and services is already saturated. Hence it is a dream which can be achieved by the dedication and support of each and every institution to reach high economic growth through exports.

The selection of focus sectors was also discussed and the views expressed by some of the stakeholders are listed below.

**Wellness Tourism**

Wellness Tourism is not narrowing down the tourism sector but adds more value to the general tourism industry. The Wellness Tourism (Health and Wellness Service) sector attracts wealthy foreigners from high-spending markets such as the UK, Germany, Austria, Switzerland, GCC, etc. while general tourism receives more backpackers.

The minimum stay of a medical traveller is one week including for Ayurveda treatment which sometimes goes beyond three weeks depending on their illness as they are purposely visiting knowing the value of this service.

As a country with highly skilled medical professionals in both the indigenous and western medical sector, the country could easily be on par with other medical tourism destinations if we could address policy and regulatory reforms.
Electronics

The Electrical and Electronic Components (EEC) sector as a visionary sector for growth and development for the next five years has seen steady growth in Asia. This will lead Sri Lanka towards its aspirations of becoming a hub of growth and innovation in the Asian region, and thereby providing employment and prosperity to millions of Sri Lankans.

Globally, the electronics industry has grown from $1.75 trillion in 2008 to $2.1 trillion in 2016. It is estimated to grow further to $2.4 trillion by 2020. Despite the significant growth of the sector internationally, Sri Lanka has had limited participation in the sector so far. The NES will take into account Sri Lanka’s skilled labour, infrastructure and preferential access to key destination markets (such as GSP+) to further develop its EEC industry.

The recommendations of the NES are the combined efforts of public and private sector stakeholders to optimise strength, overcome constraints and move towards establishing the Sri Lankan Electrical and Electronic Component sector as an integral manufacturing and trading hub of the Asian region.

The essential strategy is also to produce only selected components and join the global production networks since this strategy was followed by countries in East Asia such as Malaysia, Thailand and the Philippines when they penetrated the global high-tech markets.

The strategy identifies the three main approaches to making the EEC sector successful in the next five years. These are to leverage the existing capacity of being an electronic manufacturing services centre, become a component manufacturing base for large multinational brands and to leverage innovative ideas available in academia and the industry.

Processed food and beverages

The NES prioritises the food industry in the context of the very formidable social and economic opportunity that Sri Lanka has for the transformation of this sector. A lack of innovation and value addition and inadequate branding are all constraints that plague the sector which are addressed in a systematic manner in the NES. The National Quality Council and National Food Authority are two core elements of the NES in relation to food and their purpose is significantly to create an enabling environment for small and medium enterprises to understand and adapt to the requirements for branding, value addition and export of Sri Lankan produce. There are perceived disadvantages linked to weak productivity in Sri Lanka which the NES frames within the potential for the same factors to become clear advantages on account of changing consumer preferences. Food safety fears and social and lifestyle factors have created a situation where small-scale, artisanal produce is valued over its large, commodity-scale equivalent, especially where there are wellness benefits.

The evolving characteristics of the international market and associated opportunities make the prioritisation of the Sri Lankan food and beverage processing sector an important element in the NES.
National e-Commerce Charter shortly Local e-Commerce industry to grow to US$ 400M by 2022

The timely introduction of appropriate consumer protection legislation for online transactions and lowering internet and internet-related hardware equipment levies are crucial for Sri Lanka to grow its lagging e-Commerce market, a top global e-Commerce expert said yesterday.

Addressing the launch event of second Private Public Dialogue on Sri Lanka e-Commerce Reform in Colombo, organized jointly by the Consumer Affairs Authority (CAA) and the Geneva-based International Trade Centre (ITC), visiting ITC e-Commerce expert Prof Michael Geist said that Sri Lanka’s e-Commerce value is smaller in comparison to the region and presents numerous challenges and potential opportunities.

He emphasized that the Sri Lankan consumer needs to be protected at pre-purchase, purchase and post-purchase stages.
According to the experts, this can be done by establishing a good internet infrastructure for e-Commerce, updating present legal frameworks on e-Commerce, preventing the misuse of consumer data, providing consumer education, and enforcing relevant laws.

“We have identified five key areas that need further work in terms of legislative and programmatic aspects,” he said.

According to him, consumer protection laws and privacy are a foundational question.

“Laws on protection may work for offline transactions, but not for e-commerce. How do we make them work in a digital environment?” he queried.

He also stressed the importance of overcoming possible language barriers to popularize e-Commerce in the lower segments of the country.

Data protection has become a strong need, especially since March, after the EU’s passing of the General Data Protection and Regulations, which has resulted in many countries around the world paying closer attention to these rules. There is room for action in Sri Lanka on this too.

“What is the next stage after this latest session? It could be on moving for legislation and awareness creation. Also, deciding who or which stakeholder is responsible for what activity,” stated Geist. He also emphasized the importance of the collaborative work with public-private sectors, and both of them with ITC, on a global scale to tackle Sri Lanka’s next level of e-Commerce challenges.

According to industry experts, Sri Lanka’s annual domestic e-commerce sales value including services is an estimated US$ 40 million (Rs 6.4 billion).

This can grow to US$ 400 million by 2022. The growing importance is the retail sector’s impact to Sri Lanka’s GDP, which has the potential to expand through e-Commerce.

At present, only 0.4% of Sri Lanka’s total annual retail sales (US$ 10 billion) are in e-Commerce.

Also speaking at the occasion, Minister of Industry and Commerce Rishad Bathiudeen said that Sri Lanka has swiftly moved into formulating an e-Commerce framework that would safeguard the country’s digital transactions locally and abroad while projecting Sri Lanka’s e-commerce business sector to hit US$ 400 million by 2022.

Professor Geist submitted the first draft of his report in May 2018, calling for five priority areas of intervention in the roadmap for e-Commerce sector reforms: Access (benefits of access available to all); Education; Awareness (not only individuals, but SMEs and businesses as well); Payments (Eg Why isn’t Paypal not here - is it regulatory or another issue?); and the Modernization of consumer protection laws & privacy (how digital transactions are protected across multiple jurisdictions).
In this second dialogue, CAA is working with all stakeholders to identify specific provisions where the current Sri Lanka legal framework falls short in these five themes, so that updating national laws by formulating legislative proposals could follow thereafter.

The Minister also said that Sri Lanka is planning to establish a modern consumer protection framework suitable for the e-Commerce marketplace and encourage the development of Sri Lankan digital economy by improving in the five areas identified, removing legal and market barriers, and fostering trust among both Sri Lankan consumers and SMEs.

As a Government Regulatory Agency, it is necessary for CAA to establish national policies for consumer protection that encourage good practices, which are also applicable to e-Commerce. (IG)
“Sri Lanka faced export revenue losses of around Rs 250 billion after being blackballed and losing its GSP+ concession in August 2010 on allegations of human rights. The country, which according to the International Trade Centre, was much ahead of Vietnam, Pakistan and Cambodia in apparel exports in 2009, trailed them by 2015. Apparel exports in 2015 were $3.9 billion for Vietnam, $2.9 billion for Pakistan and $3.7 billion for Cambodia while Sri Lanka trailed at $2.4 billion. The European Union (EU) reinstated the EU GSP Plus facility to Sri Lanka on May 19, 2017. This facility provides Sri Lankan exports level playing field with its neighbours such as Bangladesh and Pakistan, and also several other countries from African and South American continents.”
A positive impact on the industry

A year after regaining GSP+ facility, apparel volume growth in Sri outstripped its revenue by 1-2 per cent, suggesting modest sharing of price benefit with customers. Exports in the last two months have been particularly strong. The sector further estimates an increase of around 7,500 in jobs. Exports have already increased by $150 million, 1/3rd of its stated target of $500 million increment for the apparel sector.

The GSP+ scheme encourages increased value addition within Sri Lanka, thereby promoting backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Rise in export earnings

In 2017, Sri Lanka reported the highest ever export earnings of $15.1 billion, which may further rise to $17.4 billion this year. FDI inflows in 2017 were recorded at $1.9 billion and may rise to around $2.5 billion this year. Compared to other Asian countries however, Sri Lanka still lags behind. Annual exports of Singapore are estimated at $480 billion, Taiwan’s is $340 billion, Thailand’s $254 billion, in Vietnam’s $250 billion, and Malaysia’s $230 billion.

Benefits of FTAs

All these countries focused on FTAs, trade liberalisation, and foreign direct investment, to reach this level. Sri Lanka still has a long way to go in this regard. Right now, it’s only choice is to integrate with world markets. The country executed the Singapore FTA earlier this year and is in the advance stages of negotiating a FTA with China besides expanding its current FTA with India through Economic and Technology Cooperation Agreement (ETCA). ETCA can increase Sri Lanka’s competitiveness in industrial exports and also increase its supply capacity, to better utilise the market access to India.

ETCA negotiations address outstanding non-tariff barriers in the Indian market as well as many existing procedural barriers and delays in Indian ports of entry, particularly through Mutual Recognised Agreements. Together, the Chinese FTA and Indian ETCA give Sri Lanka preferential access to a market of two billion people and an emerging middle class larger than the whole of the EU.
The Sri Lankan government further plans to provide a trade adjustment package for local industrialists to upgrade machinery and introduce new technology so that these industries can be more competitive and serve the local market as well as export to the regional and global markets.
More payment gateways mooted to expand Sri Lanka e-commerce

ECONOMYNEXT – Sri Lanka’s government could allow more payment gateways and reduce fees to expand electronic commerce, a draft road map on reforms in the sector has suggested.

The Consumer Affairs Authority (CAA) and interested parties should actively work to increase the presence and participation of national and international e-commerce companies, the report prepared by the Geneva-based International Trade Centre (ITC) said.

“The participation of several companies shed new light into current operational challenges, but wider participation from major international players such as PayPal may help to identify specific reforms to improve electronic payments.”

The paper, presented at a forum on e-commerce reforms held by the CAA and ITC with European Union funding, said Sri Lanka’s payments system was consistently identified as a key barrier to widespread adoption of e-commerce.

“Consumer and financial regulators in Sri Lanka should work to identify potential reforms that may result in new market entrants offering innovative payment systems in the country,” it said.

“They may include efforts to reduce transactional fees, the availability of new entrants, more payment gateways, increased speed of payments, and reduced delays of customs officials.”

The ITC suggested the central bank could lead on implementing a framework for payments in co-ordination with the Inland Revenue Department, Customs and Telecommunications Regulatory Commission.

(COLOMBO, 08 September, 2018)
Much progress in e-commerce reforms in SL, says ITC advisor

Sri Lanka has the potential and is on the proper path, having made considerable progress since the last Private-Public Dialogue (PPD) held last March in Colombo, to develop an e-commerce platform for trade, Trade Policy Advisor for the International Trade Centre (ITC), Giles Chapel told the second PPD on ‘a roadmap for e-commerce reform’ in Sri Lanka last week.

The second PPD for e-commerce reform was a sequel to the first PPD held on March 15-16 in Colombo organised by the Consumer Affairs Authority (CAA) in partnership with the ITC under the EU-Sri Lanka trade related assistance project.

“We have seen substantial progress made by Sri Lanka since the last meeting in March with the CAA carrying the message across all stakeholders and initiating discussions with policy makers for e-commerce reforms through an effective legal and regulatory framework,” Chapel said.

Michael Geist, an e-commerce expert at ITC also confirmed the progress made by Sri Lanka during the past five months since the first PPD to build an e-commerce platform for efficiency and enhancement in trade.
“ITC will assist Sri Lanka to strengthen institutional capacity building and promote domestic reforms through workshops and PPDs,” Geist said.

Experts underscored the importance of improving e-commerce which is rapidly growing across the globe and also which enables countries to access.

Head of Cooperation of the Delegation of the EU to Sri Lanka and the Maldives, Frank Hess said internet penetration in Sri Lanka is growing at a higher rate along with mobile usage and connectivity which is higher than the population of the country.

As Sri Lanka is about to enter into free trade agreements, set up more economic zones, diversify the export basket with the national export strategy to promote exports it is vital for the country to look at its regulatory framework for e-commerce.

Minister of Industry and Commerce Rishad Bathiudeen said plans are afoot to launch a modernised consumer protection framework to engage Sri Lanka’s digital economy emphasising education on the digital economy, removing digital barriers and fostering trust among consumers and SMEs.

“It is vital to have a national policy for consumer protection targeting education, access, data security and online consumer safety. Consumers need to be protected at pre and post purchase which could be done through consumer rights education, with relevant laws in place supported by a proper regulatory framework,” the Minister said.

The second PPD builds upon the first PPD held on the theme ‘Making the Digital Marketplace Fairer’ and the subsequent report that was drafted identifying five areas such as access, education, awareness, payments, modernising consumer protection laws and privacy which require reforms.

The aim of the second PPD was to analyse the five key areas identified in the roadmap for future reforms, provide an overview of international best practices on each of the five areas, deliberate on the way forward in crafting legislative proposals that will update national laws and enable private sector participation in the reform process.

ITC e-commerce experts said given the current legal situation in Sri Lanka, including the growing interest in e-commerce and the emphasis for it in the region and the completion of the Sri Lanka-Singapore Free Trade Agreement, the second PPD is an important opportunity to advance progress to upgrade the legal framework for e-commerce in Sri Lanka.

However, Sri Lanka’s ranking in e-government development index has slipped from 79 in 2016 to 94 this year even though experts said it is not bad comparing the ranking sub-regionally. Besides, Sri Lanka’s e-participation index ranking has slumped from 35 to 85 and its online services index is at .667 behind the sub regional leader India.

Reports reveal that global growth of e-commerce is rapidly transforming commercial activity across the world. E-commerce data show that 40 percent of global internet users have purchased goods online via desktops, mobile phones, tablets or other online devices. Experts believe that with Generation Z (People born after 1995) emerging, there will be a major shift in
advertising methods targeting the younger generation. Therefore e-commerce marketers will need to expand their advertising reach to ensure they are being noticed in the right places.

Messaging apps such as WhatsApp, Snapchat, Viber and We Chat offer more integrated functionalities. Voice is beginning to replace typ in online queries. Around 20 percent of queries in the world were made via voice in 2016. In the use of social media platforms 26 percent of people who click ads on Facebook make purchases. Google has enabled five billion tracked store visits.

In USA, online retail sales have grown over 15 percent bringing about US$ 375 billion and in China e-commerce growth was 24 percent in 2016.
ITC to host major public-private dialogue on maritime, logistics and transport reform

A public-private dialogue (PPD) will take place tomorrow to discuss reforms of the maritime, logistics and transport sector, with the participation of key public and private sector stakeholders. This event will take place at the Galle Face Hotel and is being organised by the International Trade Centre (ITC) in collaboration with the Ministry of Finance. This PPD takes place within the framework of the EU-Sri Lanka Trade-Related Assistance Project funded by the European Union.

A key objective of the Government’s Vision 2025 is to develop Sri Lanka as a maritime trading hub in the Indian Ocean by fully leveraging its favourable geographical positioning. Together with Vision 2025 and the launch of the National Export Strategy (NES), there is now an emphasis on export-led growth created through trade support functions such as shipping and logistics.

The Government of Sri Lanka, in its budget speech for 2018, announced that the current legal framework for shipping and logistics would be revised to ensure that the logistics sector is advanced to become a key driver of growth. Many regulatory frameworks, including those related to merchant shipping, customs, finance, and transportation, are due to be updated.

Further, a number of tools are set to be institutionalised to improve public-private coordination, develop marketing campaigns to stimulate growth of the logistics sector (including exports), attract skilled labour to the sector, improve linkages with other sectors of the economy, and to ensure long-term expansion and sustainability of the sector.

Consultations that took place as part of the NES highlight that only limited interactions between stakeholders take place. As a result, greater coordination needs to be facilitated between stakeholders to ensure that the needs of the logistics sector are met.

Finance Minister Mangala Samaraweera said: “Sri Lanka is on the cusp of a major developmental drive that will establish its position as a vital trade hub in the Indian Ocean region. The reform of the logistics sector as a key driver is highly instrumental for this”.

Speaking ahead of the event, Ambassador of the European Union to Sri Lanka and the Maldives Tung-Lai Margue said: “Sri Lanka is well-positioned to become a regional hub, and this event will help to identify the reforms required for Sri Lanka to achieve this goal, also for trade in Europe”.

This PPD is organised to provide a platform for all stakeholders, including the private sector, to share their views and concerns in order to overcome impediments to transparency, and accommodate greater inclusion of stakeholders in decision-making in maritime, logistics and transport reform.

The PPD will deliberate upon the potential impact of liberalisation in the shipping and logistics sector and bring in more visibility and transparency to the interested parties of the Government agenda.
Contentious Sri Lanka shipping reforms under spotlight at forum

ECONOMYNEXT - Sri Lankan government plans to liberalise shipping by removing foreign ownership controls will be discussed at a forum of key public and private sector stakeholders tomorrow.

The Public-Private Dialogue is organized to provide a platform for all stakeholders, including the private sector, to share their views and concerns, a statement by the International Trade Centre (ITC), which is hosting the forum, said.

It aims to “overcome impediments to transparency and accommodate greater inclusion of stakeholders in decision-making in maritime, logistics and transport reform,

“The PPD will deliberate upon the potential impact of liberalisation in the shipping and logistics sector and bring in more visibility and transparency to the interested parties of the government agenda.”

Consultations that took place as part of the National Export Strategy highlight that only limited interactions between stakeholders take place, the ITC said. “As a result, greater coordination needs to be facilitated between stakeholders to ensure that the needs of the logistics sector are met.”

The forum to discuss reforms of the maritime, logistics and transport sector is being organised by the International Trade Centre (ITC) and Ministry of Finance within the framework of the EU-Sri Lanka Trade-Related Assistance Project funded by the European Union.

Speaking ahead of the event, Ambassador of the European Union to Sri Lanka and the Maldives, HTung-Lai Margue said, “Sri Lanka is well-positioned to become a regional hub, and this event will help to identify the reforms required for Sri Lanka to achieve this goal, also for trade in Europe”.

Minister of Finance and Mass Media Hon. Mangala Samaraweera said, “Sri Lanka is on the cusp of a major developmental drive that will establish its position as a vital trade hub in the Indian Ocean region. The reform of the logistics sector as a key driver is highly instrumental for this”.

Samaraweera has said the government will press ahead with liberalizing the shipping industry, a move opposed by a domestic shipping agency cartel and freight forwarders.

(COLOMBO, 01 October, 2018)
Sri Lanka’s ship agency liberalisation will draw foreign investment, cut costs: Eran

ECONOMYNEXT – Liberalising Sri Lanka’s ship agency sector will attract foreign investment, improve efficiencies and reduce costs, Eran Wickramaratne, State Minister of Finance and Mass Media, said.

“Liberalisation of shipping agency business is a key stepping stone for us to develop Sri Lanka as a maritime and trading hub in the Indian Ocean,” he told a forum of key public and private sector stakeholders in the shipping industry.

“Allowing foreign ownership in the sector will expand the size of the overall market,” he said, referring to government plans to lift the 40 percent foreign ownership restriction on shipping agencies.

“We should take advantage of the window of opportunity available to us and maximise the advantage of Sri Lanka’s location,” Wickramaratne said at the Public-Private Dialogue hosted by the International Trade Centre (ITC).

It was held to provide a platform for all stakeholders, including the private sector, to share their views and concerns over liberalisation, which has been opposed by ship agencies.

Wickramaratne said that one of the island’s greatest advantages was its strategic location on maritime routes in the Indian Ocean, which has enabled it to become a container transhipment hub.

But the island’s full potential remains unused, he said.

A key aim of the government is to develop the island as a maritime and trading hub in the Indian Ocean.

“We hope to have taken the initial steps by 2025 for which we need to invest and reform our offering,” Wickramaratne said.

While port infrastructure is being developed, “another crucial step in this process is full liberalisation of the shipping industry,” he said.

Current ship agency pricing controls are artificial structures that do not reflect market dynamics.
“Also the industry is controlled by large domestic players and there is a lack of foreign participation in the agency business,” Wickramaratne said.

“Through liberalisation we could become more competitive and more efficient.

“By removing the 40 percent foreign equity ownership limit, more global firms will invest in Sri Lanka, increasing competition, leading to greater efficiency, lower cost and higher quality of services that would benefit exporters and importers.”

(COLOMBO, 02 October, 2018)
State Minister of Finance Eran Wickramaratne yesterday urged the shipping industry to embrace liberalisation, saying it benefitted all and aided the country’s push to become a maritime and logistics hub.

Speaking at the national public-private dialogue on maritime, logistics and transport reform held under the EU-funded Trade Related Assistance Project implemented by the International Trade Centre, he said one of Sri Lanka’s greatest resources was its strategic location within the Indian Ocean but the country captured only a small amount of transshipment containers while the full potential of the maritime and logistics industry remained unfulfilled.

“The key objective of the current administration is to develop Sri Lanka into the maritime and trading hub of the Indian Ocean. To achieve this vision we need to invest and reform our offering along the maritime and shipping value chain,” Wickramaratne emphasised.

“To become a maritime hub, we need to move from merely providing basic transshipment services and provide more value added services. Under the current regime global companies do not have the incentive to directly invest in the logistics space in Sri Lanka due to the minority equity ownership,” he stressed.

He also opined that the current pricing structure in the shipping agency fee was controlled by administered prices and “this artificial pricing mechanism does not reflect the current market status.”
“The industry is controlled largely by domestic players. There is a lack of foreign participation in the agency business,” he said, adding that the lack of foreign participation leads to an opportunity.

“By removing the restrictions of the 40% foreign equity ownership, as proposed in 2018 Budget, there will be more competition which will result in a lower cost, higher efficiencies and higher quality services, all of which are beneficial for exporters and importers,” he stressed.

Wickramaratne said that decreasing export costs encourages export competitiveness of Sri Lankan companies and products, enabling local entrepreneurs to provide products at more competitive prices.

Whilst acknowledging that there has been much debate since the 2018 Budget proposal, many leading export sectors such as tea and apparel have welcomed the liberalisation of the shipping agency business.

“You can either be proactive and act now and continue to grow our market share, but look back with regret years later. This is a difficult juncture for this industry but this is not new for Sri Lanka. Sri Lanka has been here before,” recalled the State Minister of Finance.

“These debates are not just about the shipping industry, but the future of the country and society. Do we protect the status quo and pass on the legacy to our children or do we create a new society? It is clear that liberalisation in the agency business is a key steppingstone for us to develop Sri Lanka into a maritime and trading hub of the Indian Ocean, allowing for foreign ownership,” stressed Wickramaratne.
The government’s plans to liberalise Sri Lanka’s shipping agency sector will augment its ambitious target of transforming Sri Lanka into a maritime and trading hub in the Indian ocean and it will also lead to attract more foreign investment, reduce costs and improve efficiencies, Eran Wickramaratne, State Minister of Finance and Mass Media told the National Public Private Dialogue (PPD) on Maritime, Logistics and Transform Reform event held at the Galle Face Hotel yesterday.

In addition to these benefits, the Minister said removing 40 percent foreign equity ownership restriction on shipping agencies will encourage knowledge sharing activities among the counterparts and also increase the overall market size.

“By removing this restriction, shipping industry will witness more global companies invest in Sri Lanka, increasing the overall competition. It is also imperative that we maximize our potential and take the advantage of the country’s geographical location,” he said.
Minister said further that the global shipping and logistics companies don’t have incentives to directly invest in maritime and logistics sector in Sri Lanka due to their minority equity ownership.

“Removing 40% foreign equity ownership restrictions will help them to invest and infuse their expertise into maritime sector in order to create a world class industry,” he said.

Noting that key objective of the government is to develop Sri Lanka’s maritime industry as a key trading hub in the Indian Ocean, the Minister said that the government is hoping to see the initial steps, taken to achieve this target to be completed by 2025 for which country needs to adopt proactive reforms and invest mainly in supply chain management.

“We have already embarked on transforming country’s ports’ infrastructure and the government will be developing the Trincomalee port to complement existing Colombo and Hambantota ports. Another important step in this process is the full liberalization of the shipping industry,” he said.

“If Sri Lanka is to become a maritime hub by 2025, the country needs to provide basic transshipment services, more value added services even to non transshipment vessels as well,” he said.

One of the Sri Lanka’s greatest advantages is its strategic location along many maritime trading routes in the Indian Ocean, which has enabled it to become a container transshipment hub. However the minister pointed out that Sri Lanka captures a small amount of basic transshipment growth in the Indian ocean and the full potential of Sri Lanka’s maritime and logistics industry remains unused.

The Minister also emphasised the need to protect current industry market share and urged industry stakeholders to be more proactive and act immediately to grow and protect the market share.

“Otherwise we will regret years later,” he said.

He also added that current artificial pricing mechanism of shipping agencies also doesn’t reflect market dynamics. In addition to that, the industry is also controlled by large domestic players and there is a lack of foreign participation in the agency business.

‘Time ripe to accelerate structural and regulatory reform in SL’
Sri Lanka needs to step up its efforts to accelerate structural and regulatory reforms to be on part with regional piers and to realise Sri Lanka’s vision of becoming a maritime and distribution centre in the region.

Tung Lai Margue, Ambassador and Head of Delegation, Delegation of the European Union to Sri Lanka and to the Maldives told the National Public–Private Dialogue On Maritime, Logistics and Transport Reform held at Galle Face Hotel yesterday.

“In a rapidly changing and developing environment where regional neighbours such as India, Dubai and Singapore have intensified their efforts to grab opportunities to increase market share, the time is ripe to accelerate structural and regulatory reform in Sri Lanka,” he said.

He further said that well performing logistics industry unlocks tremendous opportunities for growth of trade it enables connectivity of intraregional markets, helps meet the demand of a growing e-commerce industry and integrates value added services to obtain higher profitability and increases the country’s competitiveness.

“As outlined in Vision 2025, Sri Lanka aims to transform itself into South Asia’s leading maritime, logistics and distribution hub. Furthermore the industry has been identified as a priority cross-cutting sector in the recently launched National Export Strategy which the European Union was pleased to fund through the EU-Sri Lanka Trade Related Assistance Project, he said.

However he said that transforming Sri Lanka into a leading maritime, logistics and distribution hub in the Indian Ocean will require the creation of a conducive business environment and
improved infrastructure and services to compete with the likes of Dubai to the West and Singapore to the east.

Compared with regional peers Sri Lanka has a lower ranking in the World Bank’s Logistic Performance Index (LPI) and is in the 94th position (of 160 countries) in 2018. Other hubs like Singapore and Dubai have high and consistent LPI rankings.

“India used to depend on Sri Lanka for their transshipment cargo but gradual improvements to their port infrastructure have resulted in some shipping lines diverting their ships to Indian ports,” he said

Sri Lanka has also higher shipping costs in comparison to regional hubs such as Malaysia and Thailand.

The Sri Lankan Government has invested heavily in developing infrastructure—however some completed transport projects in Sri Lanka have not so far met their targets, although notable efforts are being made to transform these into profitable business.

Sri Lanka is mainly known as a container hub in South Asia. It must however rapidly diversify its business model to attract other types of ships and related services, for instance, multi modal hub providing logistical services for passing cargo such as crew changes, supplying and replenishing of food stock, bonded warehousing, cold storage solutions, packing etc.

“I noted that the Government in its 2018 budget policy speech announced that the current legal framework for shipping and logistics would be changed in order to remove government protection in the sector and to fully open up the sector for international players and greater competition.

He expressed hope that these announcements will now be implemented.
Time to accelerate structural, regulatory reform in Sri Lanka: EU Ambassador

EU Ambassador to Sri Lanka Tung-Lai Margue declared yesterday that the time was ripe for Sri Lanka to accelerate structural and regulatory reforms to become a true leading maritime, logistics and distribution hub in South Asia.

Speaking at the national public-private dialogue on maritime, logistics and transport reform held under the EU-funded Trade Related Assistance Project implemented by the International Trade Centre, he said that as with many industries, the logistics and transportation industry was confronted with immense global changes and this brought both risk and opportunity in the form of new technologies, new markets, new customer needs and expectations and new business models.

"It is undeniable that a well performing logistic industry unlocks tremendous opportunities for the growth of trade; it enables connectivity of intraregional markets, helps meet the demand of a growing e-commerce industry and integrates value-added services to obtain higher profitability and increases the country’s competitiveness," Margue said.

It was pointed out that as outlined in Vision 2025, Sri Lanka aims to transform itself into South Asia’s leading maritime, logistics and distribution hub. Furthermore, the industry has been identified as a priority cross-cutting sector in the recently launched National Export Strategy which the European Union was pleased to fund through the EU-Sri Lanka Trade Related Assistance Project.

"Proximity to emerging markets given Sri Lanka's geographic position is a huge comparative advantage – only 3.5 hours away from one billion consumers, a transshipment hub for India. But transforming Sri Lanka into a leading maritime, logistics and distribution hub in the Indian Ocean will require the creation of a conducive business environment and improved infrastructure and services to compete with the likes of Dubai to the west and Singapore to the east," the EU Ambassador pointed out.
He said India used to depend on Sri Lanka for its transhipment cargo but gradual improvements to its port infrastructure had resulted in some shipping lines diverting their ships to Indian ports.

“Sri Lanka also has higher shipping costs in comparison to regional hubs such as Malaysia and Thailand.

The Sri Lankan Government has invested heavily in developing infrastructure, however some completed transport projects in Sri Lanka have so far not met their targets, although notable efforts are being made to transform these into profitable business,“ Margue said.

Noting that Sri Lanka was mainly known as a container hub in South Asia, he said Colombo must however rapidly diversify its business model to attract other types of ships and related services, for instance being a multi modal hub providing logistical services for passing cargo such as crew changes, supplying and replenishing food stock, bonded warehousing, cold storage solutions, packing, etc.

He expressed the hope that the Government would implement the 2018 Budget announcement that the current legal framework for shipping and logistics would be changed in order to remove government protection in the sector and to fully open up the sector to international players and greater competition.

Furthermore, the National Export Strategy outlines many regulations, including those related to merchant shipping, customs, finance, transport for instance, that need revision to create a conducive business environment. The strategy also highlights that policies and coordination need to be aligned with all stakeholders to ensure that the needs of the logistics sector are met.

“In a rapidly changing and developing environment where regional neighbours such as India, Dubai and Singapore have intensified their efforts to grab opportunities to increase market share, the time is ripe to accelerate structural and regulatory reform in Sri Lanka,” the EU Ambassador stressed.
Bandula meets EDB team, discusses exports revival

- Moots revival of export promotion villages islandwide, to provide 45% of seed capital
- Plans to submit proposal in January to get Rs.5 billion budgetary allocation from Finance Ministry
- Asserts no changes in existing export development programs including National Export Strategy

Bandula Gunawardena, the International Trade and Investment Promotion Minister appointed by the Sirisena-Rajapaksa Cabinet, on Wednesday met with top level Export Development Board (EDB) officials for a performance review and to discuss future plans to bolster the export sector.

The discussion mainly centred on the current performance of the export sector, ongoing export development programs and the sharing of ideas from top level officials on future strategies to expand Sri Lanka’s international trade.

“I have proposed the EDB and Department of Commerce officials to come up with a concept to introduce 5,000 export processing villages island-wide, which will help to further expand our exports from the grassroots level, while empowering SME industries to uplift the rural economy,” the Minister told Daily FT. In a recent gazette issued by the Government, the Department of Commerce and Export and Import Control Department, which was previously under the Industry and Commerce Ministry, was moved under the purview of the International Trade and Investment Promotion Ministry.

According to the Minister, the 5,000 export processing village concept will be structured with input from the EDB, Department of Commerce and private sector advisory committees as a public-private-partnership (PPP) initiative. The concept will consist of export product processing villages as well as export
services processing villages. The ministry hopes to meet agro-based private advisory committee next week to discuss the proposed concept, current challenges faced and way forward.

“There are over 14,000 villages islandwide and of that if we can develop at least 5,000 export processing villages that will enhance our existing exports to a great extent, while empowering small and medium-scale exporters to earn a sustainable income,” he added.

Gunewardena also said that they hoped to provide 45% of the seed capital to these village level exporters under this new concept.

“Although there are small and medium-scale exporters already providing raw materials to major export companies in the country, they are not functioning in an organised manner. Thus, we want to encourage small clusters at the village level to form their own companies, where they will be provided with Rs.1 million or 45% seed capital and 55% ownership of the company, while the balance 45% will be held by provincial level officials,” he explained.

He said the companies would be operated as a PPP, where the prices for export products and services will be decided by the formed company and overseas buyer.

“I am keen to submit the final proposal to the Finance Ministry regarding the export processing villages in January to formally include it in the Budget proposal to allocate Rs.5 billion for the project,” Gunawardena added.

According to the Central Bank’s latest External Sector Performance report, earnings from merchandise exports increased by 3.7% year-on-year to $ 1,037 million in August 2018. It was also the third consecutive month that earnings from merchandise exports surpassed $1 billion. The EDB has set an ambitious export earning target of $17.4 billion by the end of this year.

The Minister asserted that they were going ahead with the existing programs without any change at the EDB, including the National Export Strategy (NES). In addition, he said that he had no intention to make any changes at the top level officials of the EDB.

The key objective of the five-year NES is to increase capacity of Sri Lanka export sector, improve trade performance, competitiveness and ensure different sectors of the economy become more competitive to get a share of the global market in reaching its goal of $28 billion in exports by 2022.

International Trade and Investment Promotion Ministry Secretary S.T.Kodikara, EDB Chairperson Indira Malwatte, EDB Director General Jeevani Siriwardena and all department heads as well as other senior official of the EDB were also present at the meeting.
SLAB, UNIDO host Proficiency-testing conference

The Sri Lanka Accreditation Board (SLAB), in collaboration with the United Nations Industrial Development Organization (UNIDO), organized a conference on Proficiency Testing (PT) and inter-laboratory testing for assessors and laboratories on 26 November at Hilton Colombo Residencies, a media release stated. Following this event, a four-day workshop for Proficiency Testing Providers (PTP) took place from 27-30 November, also at Hilton Colombo Residencies.

The conference shed awareness on the requirements of ISO/IEC 17043:2010 (general requirements for PT) and of ISO/IEC 13528:2015 (statistical methods for use in PT by inter-laboratory comparison) and the workshops provided in-depth training on these standards. The conference featured the presence of 81 participants, representing over 22 policy institutions, as well as PTPs. The workshops were attended by 22 assessors from SLAB, the release added.

These events took place within the framework of the EU-Sri Lanka Trade-related Assistance Project funded by the European Union.

During stakeholder consultations for the drafting of the National Quality Infrastructure Strategy that was approved by the Cabinet in July as part of the National Export Strategy, UNIDO identified that Sri Lanka does not have PTPs that are accredited.

Participation in PT is essential for testing and calibration laboratories to gain accreditation to ISO/IEC 17025:2017. The primary objective of PT is to provide information and support to participating laboratories to enable them to monitor and improve the quality of measurements. This instils confidence in laboratory staff and users of laboratory services. By identifying testing or measurement problems, comparing operator capabilities, generating reference materials and determining method precision and accuracy, regulators and accreditation bodies will be able to confirm competent performance.

Currently, all Sri Lankan laboratories obtain PT services from international PTPs, which are costly, time-consuming, and not easily accessible. To bridge this gap in Sri Lanka’s national quality infrastructure, UNIDO aims to generate local capacity to provide PT services by facilitating SLAB’s accreditation process and equipping qualified assessors across the island.

The keynote speaker was SLAB Additional Secretary (Research), H M B C Herath, followed by Indian National Accreditation Board of Testing and Calibration Laboratories (NABL) Director, Natarajan Ventakeswaran, a prominent expert on ISO 17043, who led the sessions at the conference and the subsequent four-day workshops, the release concluded.
Generating local capacity for proficiency testing services
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Sri Lanka: Target exports from $37 to $50 billion
Appendix 1

Unlike comparators, exports are almost entirely composed of products associated with low GDP

Exports (2014) by PRODY quintile

<table>
<thead>
<tr>
<th>Quintile</th>
<th>LKA</th>
<th>VNM</th>
<th>THA</th>
<th>MYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>2%</td>
<td>8%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Second</td>
<td>6%</td>
<td>15%</td>
<td>27%</td>
<td>33%</td>
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<tr>
<td>Middle</td>
<td>29%</td>
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<td>Fourth</td>
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<td>15%</td>
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<tr>
<td>Highest</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: calculations based on data from COMTRADE and WDI

GDP and EXPY data form 2010

Appendix 2

By sector, Sri Lanka is concentrated in apparel and vegetable products and lacks machinery and electrical manufactured exports versus comparators

<table>
<thead>
<tr>
<th>HS Chapter</th>
<th>LKA</th>
<th>IND</th>
<th>IDN</th>
<th>PHL</th>
<th>VNM</th>
<th>CHN</th>
<th>THA</th>
<th>CRI</th>
<th>MYS</th>
<th>SGP</th>
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</thead>
<tbody>
<tr>
<td>Textiles &amp; Apparel</td>
<td>46%</td>
<td>12%</td>
<td>8%</td>
<td>3%</td>
<td>17%</td>
<td>11%</td>
<td>3%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
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<td>Vegetable Products</td>
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<td>14%</td>
<td>6%</td>
<td>6%</td>
<td>1%</td>
<td>5%</td>
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<td>5%</td>
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<td>Stone &amp; Glass</td>
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<td>14%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
<td>2%</td>
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<tr>
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<td>46%</td>
<td>34%</td>
<td>68%</td>
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<td>Food Products</td>
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<td>Chemical Products</td>
<td>2%</td>
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<td>2%</td>
<td>1%</td>
<td>4%</td>
<td>5%</td>
<td>1%</td>
<td>3%</td>
<td>13%</td>
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<td>Wood Products</td>
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<td>Footwear &amp; Headgear</td>
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<td>0%</td>
<td>9%</td>
<td>3%</td>
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<tr>
<td>Extractives</td>
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<td>19%</td>
<td>30%</td>
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<td>3%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Total: 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%

Exports per capita:
- LKA: 543
- IND: 242
- IDN: 745
- PHL: 774
- VNM: 1,619
- CHN: 1,725
- THA: 3,530
- CRI: 6,472
- MYS: 9,591
- SGP: 50,299

Source: UN Comtrade

Data from 2014
It was great to see the communique that Sri Lanka has reached $17 billion in exports in 2018, registering a growth of 15% in the backdrop of the Colombo Stock Exchange reporting the worst trading recorded in the last 10 years last Friday.

The 2018 export performance is commendable. The export community must be congratulated whilst we also see how the exporters are giving leadership to the country when Sri Lanka was caught up in a chaotic constitutional crisis that even saw the global community got involved.

**One set of data**

Whilst the $17 billion export value is commendable registering a growth of 15%, a point to note is that the export value in 2017 should have been around $14.7 billion to register the reported 15% growth in 2017. But the Central Bank website reports export earnings at $11.3 billion which is way below this number.

The communique also states that way back in 2015 the export value was $13.5 billion but the Central Bank website states that the 2015 export value was $10.5 billion. I guess the Central Bank data does not include the ‘Export of services’ component, hence the disparity. Personally I feel the higher number is right, but it is important that we report one number to the outside world. If not, the credibility of the data becomes a question.

**$20 billion in 2019?**

The communique also states that Sri Lanka is targeting $20 billion in 2019 which is excellent. The logic is that way back in 2005 when Sri Lanka export revenue crossed the $6 billion mark, many of us were elated with the performance but little did we know that after almost 10 years we as a country was struggling, with the number just doubling to $12.5 billion (once again this data is as per Central Bank website, which is without the export of services component).

A point to note is that way back in 1990 Sri Lanka, Bangladesh and Vietnam were all at the $2 billion export mark. However, as at now Vietnam has crossed the $150 billion mark whilst Bangladesh is touching $40 billion which tells us how Sri Lanka is lagging behind the region. Hence the new numbers reported on export targets are very motivating.

**Quality of exports**

Whilst Sri Lanka is targeting export targets, as per the National Export Strategy that was launched last year, what Sri Lanka must focus on is the quality of the exports marketed and not the value.
The logic is that as per the Harvard Diagnostic study done in 2018 the insight shared was that almost 76% of the merchandise exported are associated with low GDP products whilst we see a country like Vietnam has strategically developed there export product basket where low GDP merchandise account for only 34% of the business as per Appendix 1.

If one does a deep dive on the product mix, we see that countries that are moving towards industrialisation tend to move from exporting apparel to ‘Machinery and Electrical’. For instance Philippines has an export skew of 60%, Vietnam at 36% and China at 46% as per Appendix 2.

We see how Sri Lanka is lagging behind at 4% exports contributed by Machinery and Electricals, which is where reforms must happen in Sri Lanka. In simple words a stronger linkage between university and the private sector with the backing in infrastructure support by the Government is the way forward.

This is why the International Trade Center (ITC) Executive Director Arancha Gonzalez stated at the launch: “Sri Lanka needs to move away from the cosmetic side of exports to real hardware changes though policy reforms if we are to make Sri Lanka competitive in the global export arena.”

Now the challenge is how this can be driven with strong leadership.

$ 50 billion by 2025

Whilst the communique also states that Sri Lanka must target $ 37 billion in exports by the year 2025, in my view Sri Lanka must push for $ 50 billion by getting into the Trans Pacific Partnership (TPP) agreement. Whilst the FTA with Singapore and the proposed FTA with Bangladesh and Thailand can be attractive, TPP will give a stronger edge to Sri Lanka as the agreement will sure get teeth in a few years when the US and EU joins in.

As at now there are 11 member states – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The US was a large contributor to the formation of the trade deal but President Donald Trump pulled out of the deal soon after taking office on an ethos of ‘Making US great again’. This protectionist strategy will not hold ground in the long term and when presidents change in the US, the thinking will surely change. As at now US has pursued a bilateral trade deal with Japan, the largest member of TPP, which is totally against the original spirit of the discussion.

Advice from Sivaratnam

Whilst we can be excited on the demand side number of $ 20 billion in 2019 and let’s say $ 40 billion by 2025 in export earnings I still remember the words of wisdom from the sixth Chairman
of Sri Lanka Export Development Board, Sivaratnam. He said: “The problem in Sri Lanka is supply chain development.”

This echoed in my mind, from the respected ex-Aitken Spence Chief. This insight yet holds ground and I guess it’s time Sri Lanka addresses this key issue given the looming BoP crisis that Sri Lanka is up against as highlighted by Nobel Laureate Joseph E. Stiglitz recently.

In my view if we do not address this by a joint private-private partnership at this turning point of our economy, the National Export Strategy 2018-2028 will be just another piece of history.

**TPP is worth $28 trillion**

If I track back at the TPP, it was in the trade agenda of the Obama administration and the countries in the network is estimated to reach 800 million consumers and worth $28 trillion with the combined GDP being 40% of the world economy.

At a time when Sri Lanka’s exports are being challenged and the world demand is sluggish, this will be an ideal opportunity to link Sri Lanka’s economy with this network. However, we as a nation must be very clear on the Sri Lanka agenda and how the supply chain can be developed to be a $50 billion business.

**TPP – Pros and cons**

Just like the FTA with India and Pakistan, Sri Lanka must be cognisant that any agreement has its merits and limitations. For instance a hotly-debated feature of the TPP was the Investor Dispute Settlement feature (ISDS).

In my view for a country like Sri Lanka which is just coming out of the Chinese funded Port City saga, the ISDS will be an ideal platform to give investor confidence in the environment. This is just one of the many issues that needs careful discussion and deliberation before inking to the TPP, the other issues being increased competition, stringent quality standards and sharper IP laws.

However, from a pragmatic perspective it is a sure thumbs-up provided that we pick up the lessons from the FTA with India that was signed within just a space of two years. Some attribute the flaws to the speedy signing of the agreements with the much-hyped issue being the Vanaspati fiasco which resulted in 27 companies closing down and thousands of Sri Lanka workers losing their livelihood. In this background let me share some of the key benefits of TPP for Sri Lanka.

**1. Marginal short-term impact**
Sri Lanka has two Free Trade Agreements – India and Pakistan – and two trade partnership agreements – US and EU. There is also a possible technological economic partnership with India coming to play with ECTA, so additional benefits from the TPP may be incremental. TPP countries represent a large market for Sri Lanka, accounting for around 50% of its total trade in goods and considerable FDI contribution. Exporters in categories such as frozen fish can benefit immensely.

2. Indirect benefits

While the direct benefits might be few, Sri Lanka could be an indirect beneficiary of increased trade between other TPP nations. Companies which provide services such as BPOs and KPOs and partnerships with ASEAN countries could benefit from increased trade between the big players.

3. ASEAN springboard

Developing regional economies, such as Malaysia and Vietnam, will benefit strongly from the trade deal, and there will be payoffs for Sri Lankan from the growth in activity. Many Sri Lankan companies operate in Vietnam like in apparel, Malaysian partnerships with fruit and vegetable companies will benefit. Vietnam could see a 10% boost to its economy by 2025, while Malaysia could experience a 5.5% expansion in the same period, based on a Peterson Institute for International Economics study.

(Dr. Rohantha Athukorala was the seventh Chairman of the Sri Lanka Export Development and continued to serve the EDB for six years as a Board Director. Writing is a hobby he pursues and the thoughts are strictly his personal views. He is the Country Head for a US-based investment company.)

4. Opening up new markets

New markets can open up for companies operating in Ceylon Sapphire, Ceylon Cinnamon and Ceylon Tea. Private sector companies must invest in consumer insight research so that once the TPP is signed, we can spruce up exports immediately.

5. Removal of foreign equity restrictions

The TPP will lift curbs on foreign ownership of companies in private healthcare, telecommunications, courier, energy and environmental services in Brunei, Malaysia and Vietnam. While this will benefit Sri Lankan investors keen on those markets such as Sri Lankan oil palm companies that have restrictions in the domestic incumbents, it remains to be seen how much headway foreign firms will be able to make.
6. Provisions for cross-border

Trade deals have, traditionally, focused on easing the flow of goods between countries, but the TPP is one of the few with comprehensive provisions for the services trade. The pact will open up markets in TPP countries for Sri Lankan firms offering services such as consultancy and urban planning.

7. Government procurement opening up

The TPP will enable Sri Lankan companies in the IT, construction and consultancy sectors to bid for Government procurement projects in markets such as Malaysia, Mexico and Vietnam, which were previously closed to foreign bidders.

8. Reducing non-tariff barriers

The TPP will reduce “behind-the-border” or non-tariff regulatory barriers to ease the flow of trade and investment. This means countries will be required to make Customs laws, regulations and procedures more transparent, and also tackle hidden costs impeding business operations, such as corruption which will help policymakers of Sri Lanka move to swift reforms.

9. A 21st Century agreement

The TPP addresses emerging concerns faced by businesses and consumers, such as intellectual property and the growth of the digital economy. It sets in place rules on e-commerce to ensure that government regulations do not impede cross-border data flows, or impose requirements that force businesses to place data servers in individual markets as a condition for serving consumers in that market.

TPP governments have agreed to put in place laws protecting consumers from fraudulent and deceptive commercial activities online. The deal also commits countries to implement common standards across major types of intellectual property, including patents, copyrights and trademarks which can be beneficial for Sri Lankan companies operating this space.

10. Accessibility to SMEs

With its special provisions for Small and Medium-sized Enterprises (SMEs), the trade deal aims to make it easier for these companies to participate in regional production and supply chains. The TPP countries will set up websites with information targeted specifically at SMEs. They will also develop capacity building programmes for SMEs, to help firms take advantage of the provisions in the deal.
SMEs make up 73% of companies in Sri Lanka and are a key government focus as the SME sector accounts for more than two-thirds of the GDP of Sri Lanka.

**Conclusion and next steps**

Whist Sri Lanka should look at TPP positively, it must be mentioned that firstly we must correct the anomalies of the current FTA especially with India as many exporters have experienced real life issues that is very demotivating.
Sri Lanka must focus on quality of exports rather than value

The most attractive export of Sri Lanka is tourism, poised for $8b by 2025
Appendix 1

Of the few new export products that appeared in Sri Lanka, most were highly related to current industries in 2000 (high Product Space density)

New export products, 2000-2015

<table>
<thead>
<tr>
<th>Country</th>
<th>New products</th>
<th>USD per capita</th>
<th>USD (billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>76</td>
<td>245</td>
<td>331.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>70</td>
<td>326</td>
<td>21.8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>48</td>
<td>545</td>
<td>50.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>11</td>
<td>12</td>
<td>1.2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10</td>
<td>149</td>
<td>4.7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>7</td>
<td>5</td>
<td>0.1</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>6</td>
<td>139</td>
<td>0.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>4</td>
<td>3</td>
<td>0.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>India</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Density (percentile)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rags, textile scraps</td>
<td>0.20 (96)</td>
</tr>
<tr>
<td>Woven fabrics of bast fibers</td>
<td>0.18 (91)</td>
</tr>
<tr>
<td>Wheat or meslin flour</td>
<td>0.16 (87)</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>0.15 (81)</td>
</tr>
<tr>
<td>Tulle and other net fabrics</td>
<td>0.15 (79)</td>
</tr>
<tr>
<td>Lead oxides</td>
<td>0.12 (61)</td>
</tr>
<tr>
<td>Textile for conveyor belts</td>
<td>0.10 (31)</td>
</tr>
</tbody>
</table>

Note: uses both standard RCA and population-based version; excludes natural resources.

Source: CID calculations using COMTRADE data

Appendix 2

Unlike comparators, exports are almost entirely composed of products associated with low GDP

Source: calculations based on data from COMTRADE and WDI

GDP and EXPY data form 2010
Whilst Sri Lanka needs to be commended on the exports value of $17 billion that was achieved last year (the numbers include merchandise and export of services), a point to note us that Sri Lanka is ranked the lowest in our part of the world for new product development in the overall export basket. This analysis was done by the Harvard Diagnostic study done in 2018.

Sri Lanka – only $0.1 b

Based on the Harvard Diagnostic study in 2018, Sri Lanka has launched only seven new export products generating $0.1 billion in the period 2000-2015, whilst China has generated $331 billion with 76 new products.

There are other counties like Thailand, Vietnam, Philippines and Malaysia also registering new product development contributing positively to the countries’ export revenue as per Appendix 1. We also see that countries that are linking research to understanding the global consumer are achieving above 3% of their overall export revenue from new products. Sadly Sri Lanka is below 0.5% which is does not augur well for a country that targeting $37 billion in exports by the year 2025.

This clearly highlights the weakness of Sri Lanka’s export agenda as against competitors in the region. This has resulted due to a strategic development of a new product pipeline not being there or not being formalised.

In simple words, it can be said that Sri Lanka has not identified the changing global consumer and changed its export product mix to the changing consumer landscape which needs to be addressed even now.

The Harvard Diagnostic Study of 2018 also revealed that almost 76% of the export products are low GDP contributing products as against countries like China, Thailand and Vietnam, which have strategically developed their export product baskets where low GDP merchandise accounts for only 34% of the business as per appendix 2.

A point to note is that countries that are moving towards industrialisation tend to move from exporting Apparel to ‘Machinery and Electrical’. For instance Philippines has an export skew of 60%, Vietnam at 36% and China at 46% as per Appendix 2.

We see how Sri Lanka is lagging behind at 4% exports contributed by Machinery and Electrical, which is where reforms must happen in Sri Lanka. This calls for a stronger linkage between university and the private sector with the backing of infrastructure support by the Government.

This is the reason why the International Trade Center (ITC) Executive Director Arancha Gonzalez mentioned at the launch stating: “Sri Lanka needs to move away from the cosmetic
side of exports to real hardware changes though policy reforms if we are to make Sri Lanka competitive in the global export arena."

Now the challenge is how this can be driven with strong leadership at a time when the focus is Provincial Council elections and Presidential elections.

**SL’s FTA – struggling at 20%**

Whilst we know that the future of export growth is with trade agreements, the issue that that the private sector has on FTAs is that, the first Free Trade Agreement signed in South Asia, the Indo-Lanka FTA with India, is struggling even after 15 years. Whilst overall exports are touching $17 billion the Indo-Lanka FTA is yet generating between 0.5-0.8 billion dollars in exports. This is also from basic raw material driven items and not from the strategic sectors like Apparel or Tea.

This performance comes in the backdrop of the much-publicised middle income customer base of over 400 million and an economy growing at above 7% plus. The key strategic sectors of Apparel and Tea are struggling with the FTA utilisation below 20%. Some companies which have ventured out in the confectionery business have got burnt, which ultimately led to the Sri Lankan chambers issuing a statement that until the FTA anomalies are corrected Sri Lanka must not purse the ETCA economic partnership agreement.

There have been many conferences where the key the issues have been highlighted but the consensus now is that it is only a political intervention that can break the deadlock than chamber discussions.

India’s view on the status quo is slightly different. It believes that the anomalies of the current Indo-Lanka FTA will be corrected when ECTA is implemented. In my view, in fairness to Sri Lanka exporters we have to see some course correction on the current trade agreement before we ink new trade linkages. The logic being that we need to see the political will for change before the private sector invests money to drive business.

**Conclusion**

What Sri Lanka requires now is not the debate why we highlight exports at 17 billion (together with Service exports) whilst Central Bank data continues to report the traditional merchandising export value of some 13 billion dollars.
What Sri Lanka requires is to build stronger linkages between the universities and typical export marketing companies whilst the Government supports the industries with funding for new product development.

Sri Lanka must increase the exports of Machinery and Electronics from the current 4% contribution to 20% by 2025. We must move to exporting products that generate higher GDP value to the economy. It is only then that we can say the ITC-driven National Export Strategy (NES) has been brought to life.

[The writer was the seventh Chairman of the Sri Lanka Export Development Board and then went on to head the Government’s key policymaking body, the National Council for Economic Development (NCED).]
Auditor transition course conducted on food safety management system

The United Nations Industrial Development Organization (UNIDO), in collaboration with the Sri Lanka Accreditation Board (SLAB), hosted a series of certified auditor training sessions on Food Safety Management System (FSMS) based on ISO 22000:2018; this is the new version of the standard that is replacing ISO 22000:2005.

In this series, auditors from conformity assessment bodies (CAB) and assessors of SLAB were apprised of the key variations between the two standards. The first training sessions took place on 11-12 February at Galle Face Hotel, attended by 20 participants, followed by the second training sessions on 13-14 February at the SLAB auditorium, which was attended by 15 participants.

These events took place within the framework of the EU-Sri Lanka Trade-Related Assistance project funded by the European Union (EU).

The auditor transition training courses on FSMS, certified by the Chartered Quality Institute (CQI) and International Register of Certificated Auditors (IRCA), equipped participants on how to transition to and comply with ISO 22000:2018 and the skills required to audit the new requirements.

Upon completion of the course, the participants are expected to be able to understand the purpose and application of FSMS; identify the changes due to the adoption of high-level structure and draw comparisons where appropriate; understand the new and revised terms, and other changes specific to the new standard and FSMS.

These training sessions are an important step towards boosting Sri Lanka’s compliance capacity in meeting international requirements to enable Sri Lankan agro-exporters to enter South Asian Association for Regional Cooperation (SAARC) and EU markets.
EDB to showcase Ceylon Spices in international market

The National Export Strategy (NES) is progressing in the right direction. It has six focused areas and is expected to provide the impetus for the export drive supporting economic growth, Chairperson of the Export Development Board (EDB), Indira Malwatte said.

Development and promotional programs carried out by the EDB, including programs implemented under the NES with stakeholders and the commitment of exporters, resulted in the highest ever export revenue from merchandise and services exports, she said in an interview with Business Observer.

Excerpts:
Q. What progress has been made since the launch of the National Export Strategy?
The Ministry of Development Strategies and International Trade and the EDB spearheaded formulating the NES, which was launched in July last year, with the vision of ‘Sri Lanka - an Export Hub driven by Innovation and Investment’, and is now being implemented.

Progress of other NES sectors: The processed food and beverages sector is one of the largest industries and manufactures a wide range of food and drinks to cater to the growing needs of the global population. This sector is diversifying.

Sri Lankan products are of high quality and have the healthy characteristics of raw materials and the industry’s commitments to investments in manufacturing and in improving its market image. Leading firms established in the sector can serve as an inspiration for the sectors’ smaller companies.

Today, Sri Lanka’s F & B sector appears ready for the next growth surge.

A proposal was submitted for National Budget 2019, in collaboration with the Ministry of Health, to set up a Food Safety Standard Authority to upgrade food safety laws and to set up an efficient regulatory system. The sector is also working with the Sri Lanka Tourism Development Authority on branding ‘Sri Lankan Cuisine’, to promote Sri Lankan cuisine to the world. The Food Safety and Standard Authority in India (FSSAI) has recognised three local laboratories to conduct conformity assessment of local food and beverage products to Indian standards. This will be a big boost to food and beverage exports to India under the Sri Lanka-India Free Trade Agreement (SLIFTA).

Sri Lanka, the ‘Spice Island’, has been renowned for its spices and its extracts or concentrates. This sector plays a valuable role not only in boosting export earnings, but also in enhancing the rural economy and social development.

At present, Sri Lanka is the ninth most important exporter of spices (especially cinnamon, pepper, cloves, cardamom and nutmeg) in the world, with spice exports touching US$ 273 million in 2016. Sri Lanka is the largest producer and exporter of ‘True Cinnamon’ in the world. The EDB initiated a brand promotion campaign for Ceylon Cinnamon and pepper to position Ceylon Spices in the international market. The branding and communication strategy has been drawn up and will be implemented this year.

Work is in progress to set up a National Quality Council with the support of the Ministry of Science, Technology and Research.

Q. Have you done any checks on the progress made so far? What is the response of the export sector?
A. Sri Lanka’s foreign exchange earnings from the export of merchandise and services have grown significantly since 2015 to-date. Export revenue increased from US$ 13.9 bn. in 2016 to US$ 15.2 bn. in 2017, a 9.4% growth. Exports recorded US$ 16.4 bn. (provisional data) last year which is a 94.3% achievement of the annual target of US$ 17.4 bn.

Development and promotional programs carried out by the EDB including programs implemented under the NES with stakeholders and the commitment of the exporters, resulted in the highest ever achievement of export revenue from merchandise and services exports.

Q. What are your plans for this year? Are you going to capitalise on the merchandise and service sectors in the future as well?

A. The Export Development Board as the premier State organisation to develop and promote the export of products and services will continue to promote the merchandise and service sector. All programs will be worked out in close collaboration with the private sector.

The EDB is focussed on promoting the export of services parallel to developing the agricultural, industrial and fisheries sectors. Under the NES, ‘ICT-BPM’ and ‘Wellness Tourism’ sectors have been identified as growing service sectors. ‘Logistics’ has been identified as a key trade support function. The EDB also promotes construction as an emerging sector.

Sri Lanka is a producer of many traditional and non–traditional products. However, recognising the changing paradigm in international trade and Asia becoming the growth centre in the world economy, it is important that the country diversifies its product basket with new and innovative products and services.

With increasing globalisation, the SME sector has become a driving force for growth and development of developing countries. Therefore, the Government has assigned high priority to develop and strengthen the SME sector to link with global value chains. The EDB is implementing ‘2000 New Exporter Development’ to create the next generation of local entrepreneurs. A ‘Women Entrepreneur Development’ program to transform them into exporters is also being implemented.

The EDB is also inviting buying missions from Japan, China, Russia parallel to the Min-Visithuru exhibition organised by the National Aquaculture Development Authority, inward buying delegation from Azerbaijan for the coconut sector, delegation from Kenya for light engineering products and organising outward delegations for trade conferences, market exposure and visits, such as International Federation of Essential Oils and Aroma Therapy Conference (IFEDT) – Bali, World Coconut Congress in Manila, Philippines, market exposure and B2B meetings for rubber-based products in Germany, exposure visit to IAA Cars, Frankfurt, Germany for the
automobile sector, business delegation to Oman for multi products, high profile MICE event for logistics and B2B networking event in Ethiopia for quantity surveying, power and energy, architecture, construction and related services.

With the restoration of the EU GSP + concessions and FTAs, the EDB is implementing programs for the export sector to maximise benefits, such as organising Outward Missions to selected EU countries (Hungary and Poland) under the MoUs signed, organising Sri Lanka’s participation at the Apparel Sourcing Paris, Inward Buyer Delegation for the apparel sector from the EU, Expo Pakistan Exhibition in Karachi, Pakistan and India International Mega Trade Fair in Kolkata, India.

The EDB is implementing market development and promotion programs ‘Enhancing Market Access’, focusing on Asia, by organising participation at Foodex, Japan and Japan IT Week followed by networking meetings and side events to promote the ‘Island of Ingenuity’ (IoI) brand, market promotion program for the natural ingredients in the spices sector in Korea, Bangkok Gem and Jewellery Fair in Thailand, Tokyo International Mineral Fair in Japan, market promotion program for food and beverages in India, Outward Mission to Japan and Inward Delegation from Japan for the spices sector.

The EDB hopes to implement a number of programs covering mature sectors and promising sectors, such as Sri Lankan Pavilion at Expo 2020 Dubai, Road Shows/ Business Fors to promote Sri Lankan exports, ‘Sri Lankan Cuisine Brands’ to cater to high-end markets, Brand promotion of sustainably sourced seafood, Pure Ceylon Cinnamon Licences program, GI for Ceylon Cinnamon, Ceylon Spices’ brand promotion, develop market study, market and brand development initiative to develop a National Brand for SL Wellness Tourism, Initiate work to develop a branding strategy for the boat building industry, Promotion of fashion designing for the apparel and craft sector (Sri Lanka Design Festival), Promotional program for fashion designers, brands/labels, Develop promotional materials for logistics, education and agriculture products.

Solving exporters problems: The EDB conducts Exporters’ Fora to resolve trade obstacles faced by exporters. Regional Entrepreneurs/ Exporters’ Fora are also organised covering the provincial exporters/entrepreneurs.

The EDB promotes electronic trade via the e-marketplace and promoting Sri Lankan products online. The EDB is also facilitating online trade information and a trade promotion portal, enabling exporters and entrepreneurs to participate in digital trade which is essential to boost economic growth and deliver a more inclusive globalisation.
This year too, the Presidential Export Awards ceremony will be organised to reward exporters for their significant contribution to the export earnings of the country.

Q. What is the future of niche export products? What initiatives would you take to drive growth in the sector?

A. The EDB has identified niche products/services to be promoted under Export Services, Industrial, Agricultural and Fisheries sectors.

With regard to the services sector, the ICT/BPM sector is gearing for the next wave of the industrial revolution.

EMS (Electronic Manufacturing Services); Test development; Production design/improvements; IoT; IC design/PCB Design; Component manufacturing with natural resources (eg. battery with local graphite); Product repairing/servicing; Field service; ERP work; Drawings, data handling, will be future niche export products.

Wellness Tourism - Brand Development - The EDB has initiated a program to develop an international wellness tourism strategy and National Brand for Sri Lanka wellness tourism by obtaining the services of international wellness expert, Dr. Franz Linser of Linser Hospitality from Austria.

Natural flavours and fragrance: Spices and herbs are the most important and valuable agriculture products in Sri Lanka. The EDB is promoting the product sector in high-end markets such as the EU and the USA.

Herbal cosmetic products: The EDB is working with the Cosmetic Manufacturers’ Association to enter niche markets in the EU, African region and Asia Pacific.

Apparel sector: Sri Lanka has a young and talented pool of creative designers and promoting their abilities in the international market will create an exclusive niche market for the country.

Fashion Innovation is a new sector the EDB has focused on developing and promoting, to bring more foreign exchange to the country. Sri Lanka has gained a reputation for manufacturing excellence for apparel products internationally.

Organic latex: The EDB plans to encourage the plantation sector to produce organic rubber which could be marketed in the niche international market either as a raw material or as products.
Gem and jewellery: This sector caters mostly to the high end market and has created, to a
certain extent, a niche market for Ceylon Sapphires. However, Sri Lanka has to create its own
niche market for Ceylon Sapphire jewellery. One of the main factors hindering the progress of
the industry is the lack of awareness on the benefits of using design as a differentiator in the
international market. Although we have talented designers, most of them need to enhance their
abilities to make innovative creations.

Q. How have you dealt with the issues faced by exporters under the Indo-Lanka FTA?
(ISFTA) Eg; food and fruit exports

A. There is a laid down procedure to resolve issues faced by both countries under ISFTA. Since
the Department of Commerce is the focal point in implementing the ISFTA, all issues are
forwarded to the Department to be taken up at the G2G consultations under the ISFTA.

Exporters face Non-Tariff Barrier issues when exporting food products to India.

To address the issue, the EDB initiated discussions with the Food Safety and Standard Authority
India (FSSAI) and a five-member delegation of the FSSAI visited Sri Lanka and inspected five
Sri Lankan laboratories.

Three laboratories have been recognised to conduct conformity assessments of Indian
Standards. The EDB plans to organise a market promotion program in India to identify new
buyers and regain the lost Indian market for food and beverage items.

Q. Although exporters complain about the apparel quota system under the Indo-
Lanka FTA, reports say that exporters have not even used the entire quota. What is
your view?

A. Under the ISFTA, Sri Lanka was offered a quota of eight million pieces of garments for export
at zero duty (despite garment items are being in the Negative List of India). According to the
Department of Commerce, Sri Lanka’s apparel sector has used almost 100% of the quota at the
end of 2017 and 2018.

Due to the non-availability of an apparel quota at the end of 2018, some Sri Lankan exporters
had to export their products to the Indian market after paying the Customs duty in India in full or
sharing it with the Indian buyers, to secure their orders.

As a result of the limited apparel quota (eight million pieces per annum), Sri Lankan exporters
are unable to make future business plans for the Indian market in a meaningful manner.
According to exporters, there is a possibility of losing some of their Indian buyers due to lack of quotas. The Government is negotiating with India to lift the apparel quota as early as possible.

Q. Is there a possibility to combine exports with the tourism sector to increase exports? (Eg. Getting more tourists to buy export-quality products)

A. Ayurveda and the traditional medical system is a goldmine if properly used in the tourism sector. The Tourism promotion, carried out internationally, should include mini gem and jewellery shows.

The gem and jewellery sector should integrate with the tourism industry. Considering the high marine diversity and the influx of fairly high spending tourists, the country has a massive potential for nautical tourism. It will contribute to improve the local ship and boat building industry.

Sri Lanka’s inherited craftsmanship, cultural diversity and rich natural resources provide the base for a wide range of giftware that satisfy the quality conscious and discerning buyers. Giftware from Sri Lanka is now a combination of traditional skills and modern technology.

Q. What are the implications in the event of Britain leaving the EU?

A. Sri Lanka’s exports to the UK are governed by the Generalised Scheme of Preferences (GSP) Plus scheme of the EU, and this will change when Brexit is put into effect which is expected to take place this year. There could be a negative impact on Sri Lanka’s economy from Brexit since the UK and the EU are large trading partners of Sri Lanka.

Another point to be taken into consideration is the low utilisation rate of the GSP + facility by Sri Lanka which is the lowest among competitor countries, such as Pakistan and the Philippines. Sri Lanka’s utilisation rate of GSP+ concession is 55%. This could be noted from statistics where the regaining of EU GSP+ has not made a significant effect on exports to the UK market.

Q. In that case what plans do you have for the British market?

A. The best option for Sri Lanka would be to enter into a bilateral trade agreement with the UK to enjoy the facilities currently enjoyed under the EU GSP+ facility. Another strategy is to promote more services exports that do not fall under GSP+ concessions. In this regard, the EDB plans to promote ICT/BPM and wellness tourism.
Ceylon Chamber of Commerce calls export SMEs to apply for on-the-job coaching

Feb 26, 2019 (LBO) – Ceylon Chamber of Commerce (CCC) requests export SMEs that has a high potential for growth to apply for an on-the-job coaching programme to improve their export competitiveness.

Export SMEs facing various difficulties and challenges pertaining to the successful handling of their exports are eligible to receive this coaching assistance free of charge.

This programme will assist SMEs to identify the problems and solutions pertaining to the following areas related to exports.

Areas include Packaging & Labelling, Mandatory Certifications, Registrations & Buyer Standards, Customs & Duties, International Shipping by Sea & Air Freight, Export Planning & Pro Forma Invoice.

Under this initiative, an Export Management Coach (EMC) will visit the selected SMEs and provide in-house consultancy services to improve their export management practices.

Depending on the level of assistance required by the SME, the EMC will be willing to spend up to 5 days of his time to resolve the export management related issues of selected SMEs.

According to the CCC, these Export Management Coaching visits can be arranged on a mutually convenient manner to suit both the EMC and the SME.

As part of the EU-Sri Lanka Trade-Related Assistance project, the International Trade Centre launched a new initiative in 2018 to enhance SMEs compliance with export formalities in Sri Lanka.

Due to its longstanding achievements, professionalism, and commitment to support Sri Lankan enterprises, ITC is collaborating with the Ceylon Chamber of Commerce to implement this initiative.
As the first step of this initiative, ITC and CCC have trained a team of 13 national Export Management Coaches responsible to provide on-the-job coaching services to SMEs.

The EU – Sri Lanka Trade-Related Assistance Project aims to increase the trade competitiveness of Small and Medium Size Enterprises in regional and European Union (EU) markets.

This 4-year EU-funded project supports the improvement of SME export competitiveness and value addition in sectors with high potential for economic growth and development.

Eligible SME’s may contact Manori (manori@chamber.lk 011-5588871) or Chandra (chandra@chamber.lk 077-2200771) to express their interest in receiving on-the-job coaching, or for any further details.
Expert coaching assistance for export SMEs

The International Trade Centre (ITC) headquartered in Geneva is currently implementing the EU – Sri Lanka Trade-Related Assistance Project, which aims to increase the trade competitiveness of Small and Medium Size Enterprises (SMEs) in regional and European Union (EU) markets. This 4-year EU-funded project supports improvement of SME export competitiveness and value addition in sectors with high potential for economic growth and development.

As part of the EU-Sri Lanka Trade-Related Assistance project, ITC launched a new initiative in 2018 to enhance SMEs compliance with export formalities in Sri Lanka. Due to its longstanding achievements, professionalism and commitment to support Sri Lankan enterprises, ITC is collaborating with the Ceylon Chamber of Commerce (CCC) to implement this initiative.

The objective of this new initiative is to provide on-the-job coaching services to SMEs to improve their export management practices. As the first step of this initiative, ITC and CCC has trained a team of 13 national Export Management Coaches (EMCs) responsible to provide on-the-job coaching services to SMEs.

These coaches will assist SMEs to identify the problems and give solutions pertaining to following areas related to exports and thereby enhance their export competitiveness; Packaging & Labelling, Mandatory Certifications, Registrations & Buyer Standards, Customs & Duties, International Shipping by Sea & Air Freight, Export Planning & Pro Forma Invoice.

Under this SME Coaching Initiative, an Export Management Coach (EMC) appointed by ITC & CCC will visit the selected SMEs and provide in-house consultancy (coaching) services to improve their export management practices. Depending on the level of assistance required by the SME, the EMC will be willing to spend up to 5 days of his time to resolve the export management related issues of selected SMEs. Export Management Coaching services will be provided free of charge and the EMC visits can be arranged on a mutually convenient manner to suit both the EMC and the SME.

Export SMEs facing various difficulties and challenges pertaining to successful handling of their exports are eligible to receive coaching assistance free of charge.
Eligible SME’s may contact Manori (manori@chamber.lk 011-5588871) or Chandra (chandra@chamber.lk 077-2200771) to express their interest in receiving on-the-job coaching, or for any further details/clarifications.
Publications on quality infrastructure to be launched

United Nations Industrial Development Organization (UNIDO) is co-hosting an event to launch national quality-related publications with the Physikalisch-Technische Bundesanstalt (PTB), the national metrology institute of Germany.

This event will be held on February 28 at Movenpick Hotel in Mont Blanc Hall from 5:30 pm to 7:30 pm. The Head of Delegation of the European Union (EU) to Sri Lanka and the Maldives, His Excellency Ambassador Tung-Lai Margue and many other dignitaries will participate in the event.

The United Nations Industrial Development Organization (UNIDO) has been working closely with local national quality infrastructure (NQI) institutions to facilitate the strengthening of compliance and quality infrastructure services. This will lead to enhanced international recognition of Sri Lankan NQI institutions.

These activities take place within the framework of the EU–Sri Lanka Trade-Related Assistance project, funded by the EU.

Publications launched on this day will include results derived from the PTB project "Strengthening Quality Infrastructure in Sri Lanka" and the EU-Sri Lanka Trade Related Assistance project. This launch will contribute to increasing awareness and quality-consciousness among public and private sectors. At this event, PTB will showcase the Quality Infrastructure (QI) Catalogue and UNIDO will launch the NQI Strategy (NQI-S) along with a technical report titled "Mapping of Sri Lanka’s Legal and Institutional Frameworks for Food Safety".

More specifically, the QI Catalogue is a directory for understanding the NQI and its services in Sri Lanka. The 3-years follow-up project "Strengthening Quality Infrastructure in Sri Lanka II" by PTB is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ).

The NQI-S is a strategy document that paves the way to achieve international recognition for Sri Lanka’s NQI system through the implementation of a National Quality Policy. The "Mapping
of Sri Lanka’s Legal and Institutional Frameworks for Food Safety" will give an overview of Sri Lanka’s legal and institutional frameworks for food safety. This document will also support the formulation of a national food safety policy.
Publications on quality infrastructure to be launched on Thursday

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Call to set up National Quality Council

Setting up a National Quality Council (NQC) is paramount to formulate and implement strategies to raise the quality of products and services exported to the global market, said speakers at the launch of publications on Quality Infrastructure in Sri Lanka by the United Nations Industrial Development Organisation (UNIDO) and PTB Germany in Colombo last week.

The need for a NQC has been felt strongly due to the absence an institutional framework and an effective coordination and monitoring mechanism of institutions related to the National Quality Infrastructure (NQI) project of Sri Lanka.

UNIDO National Quality Expert of the NQI, Sumathy Rajasingham said the NQC will be a cornerstone to develop the NQI in Sri Lanka which aims at making inroads into new markets and expanding export basket with high quality products.

“From the farm to the fork quality cuts across all spheres up to packaging. Sri Lanka’s NQI is well developed yet it is incomplete. The legal and regulatory framework, oversight of institutions, supply and demand side issues have to be looked into,” she said.

The absence of a common quality standard for products and services in the country was also raised by panelists as a major impediment to promote products and services in the global market.

Minister of Science, Technology and Research, Sujeeva Senasinghe said there is no common standard for products in Sri Lanka and added professionals have different standards for a product which a major issue faced by my ministry and also by the country to recognize and promote products.

Concerns were also raised that Sri Lanka lacks adequate technical staff and competent persons in NQI institutions which would require an additional budget to train and recruit staff.

“The salary structure of our experts is not in line with world standards. As a result of low salaries quality standards are compromised to suit salaries. The government has not yet worked out a strategy to revise the salary structure of these employees. We will take the matter up probably at the next budget,” the minister said, adding that the NQC should address all these issues pertaining to improving quality of products and services.
German Ambassador to Sri Lanka and the Maldives, Jorn Rohde said as Sri Lanka aims at attracting five million tourists soon quality is critical. Environment, safety standards, enforcement of rules play a major role in promoting the country. Bali in Indonesia attracts over six million visitors each year because it meets quality standards. Too many safari jeeps at the Yala national park does not help achieve the objectives of the location.

The aim of Sri Lanka’s NQI Strategy is to set quality related functions on a course to provide high performance services that will enable SMEs, larger companies and exporters to comply with market needs. It also aims at building capacities, support the enforcement of regulations, assist environmental sustainability and ensure consumers are protected through access to quality and safe goods.

NQI has identified three objectives such as implementing the National Quality Policy with the NQC as the monitoring body of NQI, promoting Sri Lanka’s NQI system and to foster a culture of national quality consciousness while improving provision of NQI services to Sri Lankans.
Sri Lanka quality drive aims to cut costs, borders rejections for exporters

ECONOMYNEXT – Sri Lanka has started a national trade quality initiative with United Nations and European Union aid that aims to raise products standards and reduce costs and border rejections for exporters, the Ministry of Industry and Commerce said.

The program is expected to help the island achieve its export target of 23 billion US dollars by next year, it said in a statement.

"The need to enhance global market access through overcoming border rejections, delays in conformity assessment, higher testing costs for the private sector, and risk management associated with border operations and e-commerce, is now experienced more and more," said Minister of Industry and Commerce Rishad Bathiudeen.

"There is no doubt that our quality infrastructure should be updated in par with global standards," he told a forum where the scheme was launched.

The National Quality Infrastructure scheme would be led by a National Quality Council, an apex cross functional agency on quality infrastructure.

Among the challenges Sri Lanka faces to enhance global market access, Bathiudeen said, are shortages in harmonised local certifications and conformity assessment, and standardized sets of practices to ensure compliance with international standards.

Transparent inspection and certification systems, and simplified trade to fulfil trade facilitation agreement requirements that relate to Sanitary and Phytosanitary Measures and Technical Barriers to Trade are other barriers, he said.

Also backing the effort are Geneva’s International Trade Centre, UN Industrial Development Organisation, the German Federal Ministry for Economic Cooperation, and Development and Germany’s metrology institution, the PTB.
Sri Lanka launches apex trade quality operation backed by the EU, ITC Geneva, UNIDO and PTB Germany

In the pursuit of its ambitious, new export target of US $ 23 Bn by next year, Sri Lanka is enlisting unprecedented international backing to advance its export standards, specifically on quality. The latest nationwide effort would see birth of National Quality Infrastructure scheme led by a National Quality Council -the first ever apex structure for quality, now on the cards. Backing this global trade effort are no less than major catalysts in international trade-the European Union, Geneva’s International Trade Centre, UNIDO, the German Federal Ministry for Economic Cooperation and Development (BMZ) and Germany’s metrology institution, the PTB.

"As the government focuses on US $ 23 Billion export target by 2020, the need to enhance global market access through overcoming border rejections, delays in conformity assessment, higher testing costs for the private sector, and risk management associated to border operations and e-commerce, is now experienced more and more. Therefore, there is no doubt that our quality infrastructure should be updated in par with global standards" said the Minister of Industry Commerce, Resettlement of Protracted Displaced Persons & Cooperative Development Rishad
Bathiudeen on 28 February in Colombo. Minister Bathiudeen, joined by Minister of Science, Technology and Research Sujeewa Senasinghe, Ambassador of Delegation of the European Union to Sri Lanka and Maldives Tung-Lai Margue, German Ambassador in Sri Lanka Jörn Rohd, National Quality Expert Ms Sumathy Rajasingham, National Director of UNIDO Focal Point Nawaz Rajabdeen, Project Coordinator of Physikalisch-Technische Bundesanstalt (PTB)-Germany, Ms Verena Stauber, technical expert Jairo V Diaz and many other local and international quality infrastructure experts, was addressing the joint launch of publications on quality infrastructure in Sri Lanka at Movenpick Hotel, Colombo on 28 February. This event, saw the launch of Publications such as results derived from the EU-Sri Lanka Trade Related Assistance project funded by the European Union and implemented by UNIDO (with the International Trade Centre, Geneva) and “Strengthening Quality Infrastructure in Sri Lanka” project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by PTB. UNIDO also launched the NQI Strategy (NQI-S) document that paves the way to achieve international recognition for Sri Lanka’s NQI system through the implementation of a National Quality Policy. At the 28 February event, Germany’s PTB showcased the Quality Infrastructure (QI) Catalogue, a directory for understanding the NQI and its services in Sri Lanka. During her presentation on 28 February, National Quality Expert Ms Sumathy Rajasingham announced the framework for Sri Lanka’s first National Quality Council, which would, when set up, become the apex, cross functional agency on quality infrastructure.

Minister Senasinghe stressed his Ministry’s role in innovations and development of quality standards.

"Today, we thank the EU, and Geneva’s International Trade Centre, UNIDO, the German Federal Ministry for Economic Cooperation and Development (BMZ) and Germany’s PTB for this invaluable support to Sri Lanka’s trade" praised Minister Bathiudeen, and added: "Global market access is not only important for our export revenues but also is vital for the success of Sri Lankan brands internationally. More and more trade forums across the world increasingly discuss about market access rather than free trade which they used to do earlier. As a result, we have to understand that market access is the new trade reality, and adjust our export strategies and resources accordingly. Thus, the challenges we face to enhance our global market access have to be resolved well for Sri Lanka to move forward in world trade. Therefore, today’s initiative is a vital step towards greater global market access for Sri Lankan exports as well as Sri Lankan brands in competitive international trade." Ambassador of EU Delegation to Sri Lanka and Maldives Tung-Lai Margue said that latest publications are part of enhancing international recognition of Lankan NQI institutions, and added:"NQI Strategy was launched in July 2018 under the National Export Strategy of PM Ranil Wickremesinghe. I thank Minister Bathiudeen for his kind words and I confirm our good cooperation on NES, which is part of comprehensive Sri Lanka-EU trade related assistance project of Euro 8 million, on a request made by Lankan government." German Ambassador Jörn Rohd said as Sri Lanka's tourism
grows, quality infrastructure would play a bigger role. “The question of quality is very important as Sri Lanka aims at higher number of tourists. Quality becomes paramount as tourists get diverse. A small destination like Bali in Indonesia is getting six million tourists annually due to their high quality infrastructure.”

Among the challenges Sri Lanka is faced to enhance global market access, as noted by Minister Bathiudeen, are shortages in harmonized local certifications and conformity assessment, standardized sets of practices to ensure compliance with international standards, transparent inspection and certification systems, and simplified trade to fulfill Trade Facilitation Agreement (TFA) requirements that relate to SPS and TBT.

The other stages in the project unveiled on 28 February—such as the national base-line and end-line surveys planned with the support of Germany’s PTB—shall ensure that Sri Lankan producers and exporters shall become well versed in global best practices to boost their market access rates. Sri Lanka recently revised its export target (by 2020) to US $23 Bn from earlier target of US $20 Bn.

EU to offer Euro 8 mn towards building National Quality Infrastructure

The EU will offer Euro 8 million as trade related assistance towards building National Quality Infrastructure (NQI), said Ambassador of EU Delegation to Sri Lanka and Maldives Tung-Lai Margue.

He was speaking at the joint launch of publications on quality infrastructure in Sri Lanka at Movenpick Hotel, Colombo last Friday.

National Quality Infrastructure (NQI) Strategy was launched in July 2018, under the National Export Strategy of Prime Minister Ranil Wickremesinghe. German Ambassador Jörn Rohd said as Sri Lanka’s tourism grows, quality infrastructure would play a bigger role. “The question of quality is very important as Sri Lanka aims at a higher number of tourists. Quality becomes paramount as tourists get diverse. A small destination such as Bali in Indonesia, is getting six million tourists annually, due to their high quality infrastructure.”

“As the government focuses on a US$ 23 Billion export target by 2020, the need to enhance global market access through overcoming border rejections, delays in conformity assessment,
higher testing costs for the private sector and risk management associated to border operations and commerce, is now experienced more and more. Therefore, there is no doubt that our quality infrastructure should be updated in par with global standards,” said Minister of Industry Commerce, Resettlement of Protracted Displaced Persons & Cooperative Development Rishad Bathiudeen.

The latest nationwide effort would see the birth of a National Quality Infrastructure scheme led by a National Quality Council - the first ever apex structure for quality, now on the cards.

This event, saw the launch of Publications such as results derived from the EU - Sri Lanka Trade Related Assistance project, funded by the European Union and implemented by UNIDO (with the International Trade Centre, Geneva) and “Strengthening Quality Infrastructure in Sri Lanka” project funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by PTB. UNIDO also launched the NQI Strategy (NQI-S) document.

“Today, we thank the EU and Geneva’s International Trade Centre, UNIDO, the German Federal Ministry for Economic Cooperation and Development (BMZ) and Germany’s PTB for their invaluable support to Sri Lanka’s trade,” said Minister Bathiudeen.

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Sri Lanka launches apex trade quality operation

In the pursuit of its ambitious new export target of $23 b by next year, Sri Lanka is enlisting unprecedented international backing to advance its export standards, specifically on quality.

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- Initiative backed by EU, ITC Geneva, UNIDO and PTB Germany
- Market access, rather than free trade, is the new trade reality: Rishad
- Thanks EU, UNIDO, ITC and PTB Germany for access support; ‘EU gave Euro 8 m’
- New National Quality Council to debut soon: Quality expert Rajasingham
- Fresh initiative part of SL-EU trade assistance and under NES: EU’s Tung-Lai Margue

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Also present were Minister of Science, Technology and Research Sujeewa Senasinghe, Ambassador of Delegation of the European Union to Sri Lanka and Maldives Tung-Lai Margue, German Ambassador in Sri Lanka Jörn Rohd, National Quality Expert Sumathy Rajasingham, National Director of UNIDO Focal Point Nawaz Rajabdeen, Project Coordinator of Physikalisch-Technische Bundesanstalt (PTB)-Germany, Verena Stauber, technical expert Jairo V Diaz and many other local and international quality infrastructure experts.

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During her presentation, National Quality Expert Sumathy Rajasingham announced the framework for Sri Lanka’s first National Quality Council, which would, when set up, become the apex cross-functional agency on quality infrastructure. Minister Senasinghe stressed his Ministry’s role in innovations and development of quality standards.

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He added: “Global market access is not only important for our export revenues but also is vital for the success of Sri Lankan brands internationally. More and more trade forums across the world increasingly discuss about market access rather than free trade which they used to do earlier. As a result, we have to understand that market access is the new trade reality, and adjust our export strategies and resources accordingly. Thus, the challenges we face to enhance our global market access have to be resolved well for Sri Lanka to move forward in world trade. Today’s initiative is a vital step towards greater global market access for Sri Lankan exports as well as Sri Lankan brands in competitive international trade.”

Margue said that latest publications were part of enhancing international recognition of Lankan NQI institutions and added: “NQI Strategy was launched in July 2018 under the National Export Strategy of PM Ranil Wickremesinghe. I thank Minister Bathiudeen for his kind words and I confirm our good cooperation on NES, which is part of comprehensive Sri Lanka-EU trade related assistance project of Euro 8 million, on a request made by Lankan Government.” Rohd said as Sri Lanka’s tourism grows, quality infrastructure would play a bigger role. “The question of quality is very important as Sri Lanka aims at higher number of tourists. Quality becomes paramount as tourists get diverse. A small destination like Bali is getting six million tourists annually due to its high quality infrastructure.”

Among the challenges Sri Lanka is facing in enhancing global market access, as noted by Minister Bathiudeen, are shortages in harmonised local certifications and conformity assessment, a standardised sets of practices to ensure compliance with international standards, transparent inspection and certification systems, and simplified trade to fulfil Trade Facilitation Agreement (TFA) requirements that relate to SPS and TBT.

The other stages in the project unveiled on 28 February – such as the national base-line and end-line surveys planned with the support of Germany’s PTB – will ensure that Sri Lankan producers and exporters become well versed in global best practices to boost their market access rates. Sri Lanka recently revised its export target (by 2020) to $ 23 b from an earlier target of $ 20 b.
Sri Lanka’s innovation and entrepreneurship strategy: An agenda to boost economic dynamism

Around the world, shifts in political economy, technology and the environment are contributing to increasingly turbulent conditions in which policymakers are having to respond to complex dynamics and new sources of uncertainty. Science, technology and innovation are often at the heart of these changes.

Sri Lanka has recognised the need to put this agenda front and centre of the country’s economic development framework with the recent adoption by the Cabinet of Ministers of the National ‘Innovation and Entrepreneurship Strategy 2018-2022’. This ‘I&E Strategy’ provides the landmark agenda for moving Sri Lanka towards a more competitive, dynamic, and innovation-driven economy, through which a new growth impetus is provided to an otherwise tepid growth picture. The Strategy’s vision statement captures it nicely, ‘Building a prosperous Sri Lanka together: A resilient and innovative economy with export competitiveness; and an entrepreneurial society with better jobs’.

Why I&E as a priority?

Over the years, Sri Lanka has failed to diversify its economy, introduce new products and services into its export basket, and this has stifled its ability to generate higher paying jobs and integrate more with global supply chains. Unlike competitors in the region – like Vietnam, Thailand, and Singapore – Sri Lanka has added very few new products to our export range and our export composition has remained largely stagnant over time.

As international research shows, no country has successfully transitioned to upper-middle-income and then to high-income status without a strong focus on I&E. Without I&E, Sri Lanka risks being ‘caught in the middle’. Rising wages and other costs prevent the country from competing on the low-cost-low-value end of the spectrum, while the absence of an advanced innovation-driven economy means we are not fully engaged on the high-tech end of the spectrum either. I&E must be the new focus to boost competitiveness and dynamism across all segments of the economy.
To enable firms to become the drivers of economic growth, we need to modernise the private sector to be more productive and innovative. Better use of technologies can bring us closer to the global technological frontier, but resilient growth demands constant innovation.

Current challenges

Several challenges hold Sri Lanka back from fully unlocking the potential of I&E to drive economic growth. The economy is not diversified enough in what it produces, and exports and exports continue to be largely in labor-intensive manufacturing, while technology and capital-intensive exports are low. The private sector, especially SMEs, exhibits weak capabilities to adopt technology and to innovate. In the Government, an overall lack of coordination on I&E policies and programs and the low capacity of public agencies and officials to design, finance, implement, and monitor such policies and programs are key constraints.

Although pockets of research excellence exist, the public R&D system is fragmented and misaligned with the needs of enterprises and society and most institutions operate with little collaboration among themselves. R&D expenditure is also woefully inadequate for a growing middle-income country and the weak incentives regime to reward and recognise R&D and commercialisation of research in public RDI s has led to a ‘brain drain’ of research talent from the country. And while there is an impressive emerging start-up ecosystem in the Western Province, the current business environment and lack of early stage finance and support institutions are key hurdles for growth-oriented start-ups to emerge in other parts of the country.

The I&E Strategy lays a vital foundation for transformative actions to address these challenges, and forms part of a suite of reforms aimed at enhancing trade and exports like the National Export Strategy and the National Quality Infrastructure Strategy, both of which have been adopted by Cabinet and are being implemented.

Government role in supporting I&E

Governments across the world have recognised the importance of public support to encourage private sector innovation. If we are to diversify our economy, the public sector will have to help reduce entrepreneurial risk, promote innovative ventures, and attract and support private investors. By fostering an ecosystem and collaborative approach, and avoiding disjointed initiatives, we can have greater impact.

Meanwhile, Government support of research and development must be seen not simply as spending, but as an investment in Sri Lanka’s future. Because we do not have the resources of wealthier countries, we need to invest much more efficiently than we do today and ensure that the public research sector in Sri Lanka needs to be modernised and re-aligned to better serve
enterprise needs. These are all elements that are considered in the ‘Innovation and Entrepreneurship Strategy of Sri Lanka 2018–2022’.

Inside the strategy

The Strategy was based on a diagnostic study of the current state of innovation and entrepreneurship in Sri Lanka followed by a year-long process of extensive stakeholder consultations with the private and public sectors. Three Strategic Objectives were identified, along with Operational Objectives and associated priority activities. The Strategic Objectives provide the broad framework for implementation, and are: 1) Support SMEs to innovate and become more competitive in domestic and export markets; 2) Build the ecosystem for scaling up growth-oriented start-ups; and 3) Modernise and re-align the R&D sector to be more enterprise oriented.

The full five-year strategy and action plan contains a good starting point and the set of ‘Priority Actions for Year 1’ provides a useful platform to commence implementation. These need to be done to quickly make a step change in the enterprise ecosystem and put Sri Lanka on a new path towards economic dynamism.

One of the flagship initiatives envisaged under the I&E Strategy is a unique support scheme called the ‘Enterprise Innovation Program’. It’s the first of its kind in Sri Lanka and would set a new benchmark for sophisticated enterprise support schemes. Unfortunately, the launch of it was delayed due to the political crisis triggered on October 26, but is now being finalised for implementation.

Through this, domestic entrepreneurs can get matching grants to support them to develop new products and services, introduce technology into their business, improve production processes, conduct R&D, and overall become much more competitive to meet domestic and global market pressures. This complements the concessionary loans on offer under the ‘Enterprise Sri Lanka’ program, where these entrepreneurs can expand and improve their business with lower cost capital.

Ingredients for success

By adopting this I&E Strategy, Sri Lanka has commenced a journey of leveraging innovation and entrepreneurship to drive enterprise competitiveness in the economy, create better job opportunities for young people, and ignite a new growth impetus at a time when the traditional growth drivers are faltering. It can produce a transformation across society and the public and private sectors, but a few key ingredients are required - effective and coordinated implementation; a commitment to dismantling regulatory and procedural hurdles that get in the
way of I&E; greater collaboration and trust between the public and private sectors; and a sustained long-term financial, institutional, and political commitment to the I&E agenda. There is a yearning among Sri Lanka’s young people to create a paradigm shift in our economy. Innovation and entrepreneurship provides an ideal platform to make it happen.

- Anushka Wijesinha is an Economist and serves as an Advisor to the Minister of Development Strategies and International Trade. He is also a Council Member of the World Economic Forum’s ‘Global Future Council on Innovation Ecosystems.
The current US-China trade frictions and the broader US stance on trade relations with its key partners could trigger a substantial redrawing of supply chains across Asia and the world. This has implications for Sri Lanka, as it aims for a more trade and investment-oriented growth path. To survive and thrive in this ‘new normal’ for trade, Sri Lanka must double down on vital domestic trade and competitiveness reforms.

Protracted tensions

The defining feature of the trade tensions in the world today is US President Donald Trump’s trade stance towards China. This is hardly surprising – it was a hallmark of his election campaign, and this is him following through with his election promises.

On 6 July, the US imposed 25% tariffs on $34 billion of imported Chinese goods, which then led China to respond with similarly sized tariffs on US products. In mid-August, tariffs on an additional $16 billion of Chinese imports was added and China responded proportionately.
In early September, a further tariff on $200 billion of Chinese goods was imposed, to which China plans to respond to with tariffs on $60 billion of US goods. By the end of last year, however, there appeared to be some respite.

Following the ‘G20 Summit’ in Buenos Aires in early December, President Trump agreed to pause raising tariffs (from 10% to 25%) on $200 billion of Chinese goods for a period of 90 days from 1 January, to allow for talks.

Yet, even as the end of March draws close, there is no firm deal reached between the US and China. In fact, President Trump stirred market jitters when he hinted that he may decide to retain tariffs ‘for a substantial period’.

The Trump administration’s assertion is that his trade stance is essential to bridge America’s large trade deficit with China, which the administration claims has come about due to unfair practices by the Asian giant, including theft of intellectual property by Chinese firms, aggressive technology transfer measures imposed on US companies, and unfair subsidies by China on its domestic industries.

Accusations which China has vehemently denied. In fact, at the World Economic Forum’s ‘Annual Meeting of New Champions’ in Beijing in October last year, much of Premier Li Keqiang’s speech was dedicated to assuring the international business community that China is taking many measures to further open up, to safeguard IP of foreign firms, and to level the playing field between foreign investors and Chinese business.

**Spillover effects**

We often assume that the worst affected of the hostile US trade stance towards China would be Chinese-owned businesses. However, 60% of China’s exports to the US are produced by non-Chinese companies. Many of them produce customised inputs for American manufacturers. So, tariffs imposed by the US administration would actually affect many American (and European) companies that own factories in China.

This would have important implications on the future location decisions of foreign firms in China. The big question is, then, would the ongoing US trade stance fundamentally redraw the map of supply chains in Asia, between Asia and the US and Europe, and in North America?

The rise of China’s export-driven model in the last 15-20 years carried along with it a whole set of other Asian neighbours, especially developing economies in ASEAN. While exports may not be the be all and end all for China (especially with the recent ‘rebalancing’ policy towards domestic consumption), it certainly is a big deal for its neighbours.
Developing economies in Asia are intimately connected between supply chains with China and US. Many products that go to China and then to the US have parts sourced from Singapore, Vietnam, and Taiwan. So, the knock-on implications will hit hard, and adjustment will take some time. In its latest Asian Economic Outlook, the ADB argues that the biggest risk to Asian economies is the disruption of regional supply chains.

ADB Chief Economist Yasuyuki Sawada has noted: “Any escalation of the trade conflict could disrupt cross-border production links.” Much of the impacts of these changes will not be seen overnight, and it will likely take at least two to three years for the trade war’s effects to be fully realised.

**A Fundamental redrawing?**

An optimistic view is that, from the perspective of developing countries in Asia, this could be an opportunity; Chinese supply chains would relocate to South East and South Asia. In a recent report on the issue, The Economist Intelligence Unit (EIU) argued that that new opportunities will open up for exporters in other countries, as US’s and China’s importers look for alternative suppliers and that the “lion’s share of the gains from the trade war will fall to countries in Asia”.

In this, there is particular relevance for Sri Lanka’s largest export manufacturing sector – apparel and garments. The sector accounts for 74% of our exports to the US, and grew at around 4% year-on-year last year. Another EIU report on the subject noted: “The garment industry in the US will be greatly disrupted by tariffs on Chinese goods and we believe that this will benefit major garment-exporting countries in Asia.”

They estimate that the ‘Trump tariffs’ on China “will create a worldwide opportunity worth $ 50 billion for other major players in the garment industry to grab a larger market share in the US”. They cite Sri Lanka in particular as a potential gainer, of course behind Bangladesh and Vietnam where more of the lower cost activity will go to.

They indicate that in Sri Lanka the following factors will make Sri Lanka attractive to investors in this space: ‘wages are still competitive (though not as low as in Bangladesh)’; ‘the business environment is favourable compared with those of regional peers’; and ‘it is easier to set up new businesses’.

Apart from apparels, there could also be opportunities in the rubber-based industrial products, electronics and electrical components as well as automotive components – all sectors in which the US has imposed higher tariffs on China.
Already Sri Lanka has some very competitive exporting firms in these sectors, for example manufacturers of industrial tyres, industrial and surgical rubber gloves, rubber gaskets washers and seals, electrical transformers, wire harnesses and sensors, and discharge lamps.

Overall, what the ongoing trade tensions will do is that it will fundamentally redraw production networks and supply chains globally, possibly inducing a split where firms take back some parts to the US (‘re-shoring’) and have some in Asia.

They may have some parts of the business only in the US for the US, and may have some parts only in Asia for Asia. This could be the biggest redrawing or upheaval of supply chains that the global economy has seen in a while.

It will force a relook of the entire supply chain including second and third tier suppliers and logistics services. Of course, technological shifts in the ‘fourth industrial revolution’, including 3D printing and e-commerce, would no doubt contribute to these shifts as well. By early the next decade, the world will end up with very differently drawn map of supply chains than we have today.

**Sri Lanka’s four-pronged agenda**

This is the ideal time that countries like Sri Lanka need to push forward its domestic reforms – particularly around trade, investment and ease of doing business – so that we can take advantage of this changing supply chain picture. Sri Lanka missed the last time there was a big shift in supply chains (when Japan was investing in the rest of Asia in the 1980s and 90s) – maybe this is our new chance.

Now is the time to get our domestic house in order quickly and be ready to latch on to this redrawing of supply chains through a four-pronged agenda – a meaningful and bold tariff and para-tariff removal program, a proactive and focussed investment attraction effort (with a special emphasis on firms and sectors looking to exit China and seeking new destinations), an ambitious and fast-tracked doing business and trade facilitation reform effort, and an accelerated export promotion programme to help Sri Lankan firms go global.

Meanwhile, on the international front, Sri Lanka must remain a steadfast supporter of greater international trade and a rules-based international trading order. Any disruption of it inevitably hurts smaller countries like ours, and makes trade waters choppier and murkier. As International Trade Centre Head Arancha Gonzalez Laya has said: “This multipolar world needs more players to play a more active and responsible role – we cannot just leave it to the United States and China.”
(Anushka Wijesinha is an Economist and Advisor to the Minister of Development Strategies and International Trade. The views expressed in this article are strictly the authors' own and do not necessarily reflect the views of any institution/s he is affiliated with.)
FCCISL and ITC/EU conduct workshops in Jaffna and Galle

Federation of Chambers Of Commerce and Industry of Sri Lanka (FCCISL), in collaboration with ITC/EU, conducted two regional workshops on chamber capacity development in Jaffna and Galle, respectively. Both workshops were conducted by ITC/EU consultant David Irwin, and regional chamber leaders under FCCISL took part in the work shop. Here, participants at the Galle workshop, together with FCCISL SG/CEO Ajith D Perera (extreme left, first row) and ITC /EU National Coordinator Dr. Dayarathna Silva (second from left), together with ITC staff and all regional chamber representatives.
ITC support propels Lankan IT companies to Swedish outsourcing market

Seven Sri Lanka companies travelled to Stockholm to hold 70 business meetings with 20 Swedish companies interested in outsourcing to Sri Lanka. These meetings took place in the backdrop of the Digital Outsourcing Services Matchmaking Event organised by ITC in Stockholm on 21 May and within the framework of the EU-Sri Lanka Trade Related Assistance project funded by the European Union (EU) of which the International Trade Centre (ITC) is the lead implementing agency.

The Information Technology (IT) services and outsourcing market in Sweden is full of opportunities and Sri Lanka is an emerging global outsourcing destination, bolstered by many critical indicators such as a good Information and Communications Technology (ICT) infrastructure, cost competitiveness, skilled labour and an enabling regulatory framework.

The participating Sri Lankan SMEs were beneficiaries of Export Marketing Plan (EMP) training sessions conducted by ITC within the mandate of this EU-Sri Lanka project, and were selected based on the positive financial outlook and other competitive criteria. In addition to EMP training, these companies receive support from ITC to access European and regional markets through business networking events and compliance of General Data Protection Regulations (GDPR).

The participating Sri Lankan companies are experienced in providing a range of solutions, with particular expertise and experience in mobile apps, web apps and design and development of websites. The prospective Swedish partners met operate in a variety of industries including insurance, banking, advertising ad communications, mobile gaming, media streaming, IT consulting and others.

Speaking during the event, Azwaan Ameer from INEXIS Consulting stated, “Our entire company strategy changed because of the EMP training that we underwent, we were not focussing more on what we should have been focussing and perhaps spending more resources than required on some other areas of focus. Therefore, the EMP training was not just an academic exercise, rather we applied our learnings and made a lot of changes in house and this helped us to uncover unique selling points for INEXIS. This has opened up new markets for us, new
partnerships and new networks and relationships – I am very confident that all these partnerships exposed through project support will help us to attract a lot of customers.”

Representatives from Swedish companies that took part corroborated this stating, “This B2B event has given us more confidence in what Sri Lankan companies have to offer. We have been working mostly inhouse for the last 30 years, and now we see the possibility of having a cooperation through outsourcing some of our work to Sri Lankan companies. There is a good possibility work with Sri Lanka through outsourcing, I did not know how much they have moved forward in terms of infrastructure development, we now have a very good picture through these B2Bs of the technology and knowledge of Sri Lankan companies, the companies that we have seen here are very advanced and very good companies”

"The EU-funded Trade-Related Assistance Project is contributing to the diversification of our export industry through its focus on the IT BPO sector. This provides opportunities to youth and, especially, women.

Overall, the project aims to help local business to increase their competitiveness, reach new markets, and improve their prospects for growth. This is in line with the project's overall objective of helping Sri Lanka to achieve inclusive trade-led growth and regional integration, which in turn can support poverty alleviation," said the Head of Political, Trade, and Communications at the EU Delegation, Thorsten Bargfrede.
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