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EU – SRI LANKA TRADE-RELATED ASSISTANCE

INCREASING SMEs' TRADE COMPETITIVENESS IN REGIONAL AND EU MARKETS
News articles
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 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.”

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 said.

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.

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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 meet 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 Rishard 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.
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


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. The meeting was held in a positive, open and constructive atmosphere. It was co-chaired by Mr 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 Mr 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. 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
society. Last week, the EU provided EUR 200,000 (LKR 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. LKR 34 billion) for Development Cooperation with Sri Lanka up to 2020.

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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”.

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.
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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EU and the UN launch project to support trade in Sri Lanka

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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, 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.”

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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.
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 Neven Mimica 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 constraints 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 Kaledega, 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.
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.

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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.

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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, 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 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 competiveness, 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 carve 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 boarder 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 procedurial 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 isolation. 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 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
Five year sector prioritized plan to boost exports – Malik

By Nishel Fernando
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.
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 dialogues (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 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.

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.
Press cuts

Publication: Daily Mirror, Sri Lanka
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DEVELOPING A NATIONAL EXPORT STRATEGY

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.

Sri Lanka’s FTAs with European countries, China and APEC bloc, ASEAN and its countries, and India have been in place for a while. The Government’s vision is for Sri Lanka to be the next economic success story in Asia. Sri Lanka, with its diverse culture, history, and geography, is a viable destination for tourists, business travelers, and trade partners.

The Government’s vision is for the country to diversify its exports to cater to the unique needs of different market segments. Sri Lanka’s economy is driven by exports, and the Government has implemented various policies to support the growth of the export sector.

Sri Lanka’s economy is still recovering from the civil war, which ended in 2009. The Government has taken steps to stabilize the economy and attract foreign investments. The export sector has been identified as a key driver of growth. The government has set targets to increase the share of exports in GDP.

Sri Lanka has a significant potential to expand its export base. The country has a strong manufacturing sector, particularly in textiles, apparel, and garments. The Government has established various zones, such as free trade zones and export processing zones, to encourage investment in the export sector.

Sri Lanka’s trade agreements provide opportunities to access new markets and diversify exports. The Government has been working to negotiate new trade agreements to expand its trading partners. The recent India-Sri Lanka FTA, the first trade agreement signed by Sri Lanka with a country outside the Asia-Pacific region, is expected to boost trade and investment.

The Government has also been focusing on improving infrastructure, including ports and airports, to support the export sector. The country has a well-connected road network, which is essential for efficient movement of goods.

Sri Lanka is making efforts to improve its investment climate. The government has implemented various reforms to enhance transparency and efficiency in the business environment. The Government aims to attract foreign investments by offering incentives and ensuring a stable political environment.

In conclusion, Sri Lanka has the potential to become a major exporter. The Government’s efforts to diversify its exports, improve infrastructure, and negotiate new trade agreements will be crucial in realizing this potential. Sri Lanka’s export sector is expected to continue growing, driven by its competitive advantages and attractive trade agreements.
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 would 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.

Prime Minister Ranil Wickremesinghe 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 endeavour 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 Eurocontrol and as a key trade partner in South East Asia.
CONTINUATION FROM PAGE 1

PM...

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 emphasizes 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 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.

"The NES will place specific focus on ensuring these priorities are implemented rapidly by the relevant public and private institutions at the sector and regional levels, and in close coordination with development partners." International Trade State Minister Hemasiri Karunaratne 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 North 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 facilities and development of the export sector engaging the private sector in strong public-private sector dialogues (PPP) which will at the same time encourage the private sector to own and drive the export sector.

"As the minister having a direct and considerable bearing on the success of the National Export Strategy process, I believe that the NES will serve as a roadmap 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."

BRI Chairperson and CR Indira Malwatte said: "The steady advancement of worldwide market demands for more specialized products, evolving supply conditions and the 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 lifestyles for all Sri Lankans." The National Export Strategy Initiative will support Sri Lanka's economy vision of strengthening public-private dialogue and partnership with the country's private sector to achieve the country's economic objectives and goals.

Expoza's Association of Sri Lanka Chairman Hermin de Silva said: "The NES has continuously been complimented for its excellent work and useful alignment with PPP. We fully support the Government's endorser of developing and implementing the National Export Strategy for Sri Lanka. We look forward to building sustainable public-private sector coordination to drive export growth and for the successful implementation of the NES which will also be driven directly by private sector impact."

The Ambassador of the European Union to Sri Lanka and the Maldives Yvonne Marguer 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 maximise the benefits of greater trade exposure in regional and EU markets. The EU's rapidly developing Assistance to Sri Lanka project aims to boost the country's trade competitiveness, which is also contributing to socioeconomic development."

The EU-Sri Lanka Trade and Market Accessibility 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 trade competitiveness of Sri Lankan SMEs in regional and EU markets and support Sri Lanka's inclusive trade-led growth and structural transformation, thereby contributing to poverty alleviation.

TDC is the inter-agency of the World Trade Organization and the United Nations. TDC 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 Commonwealth of the Free Trade Areas and the United Nations Sustainable Development Goals. For more information, visit www.tdcs.org.
Press releases
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. 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, Ambassador Tung-Lai Marguesaid: “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.

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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
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