

(SPECIAL REPORTING PROFORMA FOR COMMERCIAL WINGS)
REPORT FOR 1st January to 28th February 2015 FROM
HIGH COMMISSION OF INDIA, COLOMBO

1. Trends in Bilateral trade: (Source: Sri Lanka Customs)
(USD million, from 1st January to 28th February 2015)

(i) Bilateral Trade

| | (In US \$ Million) | | | | | | | |
|------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------------|
| | Export | | Import | | Total | | Growth % of Export | Growth % of Import |
| | Jan-Feb 2014 | Jan-Feb 2015 | Jan-Feb 2014 | Jan-Feb 2015 | Jan-Feb 2014 | Jan-Feb 2015 | | |
| Country's Trade with India | 99.49 | 106.03 | 578.34 | 744.42 | 677.83 | 850.45 | 6.57 | 28.72 |
| Country's Total Global Trade | 1726.60 | 1715.46 | 2951.42 | 3197.28 | 4678.02 | 4912.74 | -0.65 | 8.33 |

(ii) Top 10 items of Export to India

| S. No. | Commodity | (In US \$ Million) | | | |
|--------|--|--------------------|-----------------|--------------------------|---------------------------|
| | | Period | | Percentage Growth (%) | %Share in total Export |
| | | Jan-Feb 2014 | Jan-Feb 2015 | | |
| 1. | Areca nuts (HS Code: 08028090) | 5.52 | 11.31 | 104.89 | 10.67 |
| 2. | Poultry feed (HS Code: 23099030) | 11.55 | 9.6 | -16.88 | 9.05 |
| 3. | Pepper: Neither crushed nor ground (HS Code: 09041120) | 1.80 | 6.73 | 274.51 | 6.35 |
| 4. | Black tea (fermented) and other partly fermented tea: Other: Certified by Sri Lanka Tea board as wholly of Sri Lanka Origin, Other (HS Code: 09024092) | - | 5.16 | - | 4.87 |
| 5. | Cloves: Neither crushed nor ground: Organic (HS Code: 09071012) | 3.52 | 4.27 | 21.31 | 4.03 |
| 6. | Cloves: Neither crushed nor ground: Other (HS Code: 09071092) | 3.08 | 3.5 | 13.64 | 3.30 |
| 7. | Unsorted waste and scrap (HS Code: 470790) | - | 3.19 | - | 3.01 |
| 8. | Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships (HS Code: 854430) | - | 3.08 | - | 2.90 |
| 9. | Glass fibres (including glass wool) and articles thereof (HS Code: 70199020) | 2.79 | 2.97 | 6.45 | 2.80 |
| 10. | Monumental or building stone articles thereof, simply cut or sawn, with a flat or even surface : Marble, travertine and alabaster (HS Code: 680221) | - | 2.85 | - | 2.69 |

(iii) Top 10 items of Export to the World

(In US \$ Million)

| S. No. | Commodity | Period | | Percentage Growth (%) | %Share in total Export |
|--------|---|--------------|--------------|-----------------------|------------------------|
| | | Jan-Feb 2014 | Jan-Feb 2015 | | |
| 1. | Brassieres (HS Code: 621210) | 80.18 | 89.73 | 11.91 | 5.23 |
| 2. | Other black tea (fermented) and other partly fermented tea: Other: Certified by Sri Lanka Tea board as wholly of Sri Lanka Origin (HS Code: 09024092) | 78.3 | 79.15 | 1.09 | 4.61 |
| 3. | T-shirts, singlets and other vests, knitted or crocheted (HS Code: 610990) | 52.62 | 54.63 | 3.82 | 3.18 |
| 4. | Trousers, bib and brace overalls, breeches and shorts : Of Cotton (HS Code: 620342) | 56.57 | 53.93 | -4.67 | 3.14 |
| 5. | Black tea pkts exceeding 1kg and not exceeding 3kg. : In immediate packing of a content exceeding 4g but not exceeding 1kg: Certified by Sri Lanka Tea board as wholly of Sri Lanka Origin, Other (HS Code: 09023022) | 53.03 | 45.47 | -14.26 | 2.65 |
| 6. | Trousers, bib and brace overalls, breeches and shorts : Of Cotton (HS Code: 620462) | 23.6 | 38.1 | 61.74 | 2.22 |
| 7. | Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, negliges, bathrobes, dressing gowns and similar articles, knitted or crocheted (HS Code: 610821) | 22.2 | 37.38 | 68.39 | 2.18 |
| 8. | Impregnated, coated or covered with plastics or rubber (HS Code: 611610) | 33.6 | 37.13 | 10.51 | 2.16 |
| 9. | Men's or boys' shirts (HS Code: 620520) | 32.02 | 32.65 | 1.97 | 1.90 |
| 10. | Babies' garments and clothing accessories, knitted or crocheted (HS Code: 611120) | 19.3 | 27.73 | 43.83 | 1.62 |

(iv) Top 10 items of Import from India

(In US \$ Million)

| S. No. | Commodity | Period | | Percentage Growth (%) | %Share in total Import |
|--------|--|--------------|--------------|-----------------------|------------------------|
| | | Jan-Feb 2014 | Jan-Feb 2015 | | |
| 1. | Semi-milled or wholly milled rice, whether or not polished or glazed (HS Code: 100630) | 0.97 | 51.38 | 5190.27 | 6.90 |
| 2. | Gas oil/Diesel : Other (HS Code: 27101940) | 48.82 | 41.46 | -15.06 | 5.57 |
| 3. | With compression-ignition internal combustion piston engine (diesel or semi-diesel): Other (HS Code: 87021059) | 5.98 | 34.01 | 468.37 | 4.57 |
| 4. | Medicaments (HS Code: 30049090) | 27.58 | 31.06 | 12.61 | 4.17 |
| 5. | Motorcycles (including mopeds) and cycles fitted with an auxiliary motor (HS Code: | 16.45 | 30.88 | 87.66 | 4.15 |

| | | | | | |
|-----|---|-------|-------|-------|------|
| | 87112010) | | | | |
| 6. | White crystalline cane sugar (HS Code: 17019910) | 25.39 | 27.26 | 7.39 | 3.66 |
| 7. | Portland cement :Other: Other portland cement imported in packings of over 50 kg or in bulk (HS Code: 25232930) | 26.07 | 26.72 | 2.51 | 3.59 |
| 8. | Kerosene type jet fuel (HS Code: 27101920) | - | 24.38 | - | 3.27 |
| 9. | Other vehicles, with spark-ignition internal combustion reciprocating piston engine: Auto-trishaws: Other (HS Code: 87032154) | 20.28 | 20.00 | -1.40 | 2.69 |
| 10. | Cement clinkers (HS Code: 252310) | 15.54 | 19.56 | 25.88 | 2.63 |

(v) Top 10 items of Import from the World

| S. No. | Commodity | Period | | Percentage Growth (%) | %Share in total Import |
|--------|--|--------------------|--------------|-----------------------|------------------------|
| | | Jan-Feb 2014 | Jan-Feb 2015 | | |
| | | (In US \$ Million) | | | |
| 1. | Petroleum oils (HS Code: 27090010) | 287.2 | 229.43 | -20.11 | 7.18 |
| 2. | Gas oil/Diesel (HS Code: 27101940) | 267.44 | 94.84 | -64.54 | 2.97 |
| 3. | Semi-milled or wholly milled rice, whether or not polished or glazed (HS Code: 100630) | 2.81 | 71.32 | 2436.52 | 2.23 |
| 4. | Vehicles, with spark-ignition internal combustion reciprocating piston engine: Motor cars including station wagons and racing cars (HS Code: 87032251) | 24.54 | 66.51 | 171.06 | 2.08 |
| 5. | Light oils and preparations: Petrol (HS Code: 27101220) | 81.08 | 62.65 | -22.73 | 1.96 |
| 6. | Coal whether or not pulverized, but not agglomerated : Bituminous coal (HS Code: 270112) | 28.86 | 56.01 | 94.05 | 1.75 |
| 7. | Medicaments (HS Code: 30049090) | 45.96 | 52.91 | 15.12 | 1.65 |
| 8. | Knitted or crocheted fabrics (HS Code: 600690) | 38.97 | 50.3 | 29.07 | 1.57 |
| 9. | Semi-finished products of iron or non-alloy steel (HS Code: 72071110) | 15.51 | 45.62 | 194.17 | 1.43 |
| 10. | White crystalline cane sugar (HS Code: 17019910) | 30.47 | 38.68 | 26.93 | 1.21 |

(vi) Top 5 competitors of India's top 5 exports (Jan-Feb 2015)

| S.No. | Commodity (including HS codes) | Competitors | Strategy of competitors (pricing, quality, distribution network, local tie ups etc) Value (US\$ million) |
|-------|--|-------------|---|
| 1. | Semi-milled or wholly milled rice, whether or not polished or glazed (HS Code: 100630) | India | 51.38 |
| | -do- | Bangladesh | 11.38 |
| | -do- | Pakistan | 4.97 |

| | | | |
|----|--|------------|-------|
| | -do- | Myanmar | 3.4 |
| | -do- | Singapore | 0.13 |
| 2. | Gas oil/Diesel : Other (HS Code: 27101940) | India | 41.46 |
| | -do- | U.A.E. | 26.82 |
| | -do- | China | 13.28 |
| | -do- | Singapore | 11.98 |
| | -do- | Bahrain | 1.3 |
| 3. | With compression-ignition internal combustion piston engine (diesel or semi-diesel): Other (HS Code: 87021059) | India | 34.01 |
| | -do- | Japan | 2.21 |
| | -do- | China | 1.25 |
| | -do- | Thailand | 0.06 |
| 4. | Medicaments (HS Code: 30049090) | India | 31.06 |
| | -do- | Pakistan | 3.72 |
| | -do- | U.S.A. | 2.79 |
| | -do- | U.K. | 2.52 |
| | -do- | Bangladesh | 1.59 |
| 5. | Motorcycles (including mopeds) and cycles fitted with an auxiliary motor (HS Code: 87112010) | India | 30.88 |
| | -do- | China | 0.34 |

(vii) Potential products of exports for India

| S.No. | HS Codes | Description | Rationale |
|-------|----------|--|---|
| 1. | 100630 | Semi-milled or wholly milled rice, whether or not polished or glazed | These HS codes are showing high potential products of exports for India |
| 2. | 27101940 | Gas oil/Diesel : Other | |
| 3. | 87021059 | With compression-ignition internal combustion piston engine (diesel or semi-diesel): Other, not more than five years old | |
| 4. | 30049090 | Medicaments | |
| 5. | 87112010 | Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars | |

(viii) Bilateral Investment (Source: Board of Investment)

| S.No. | Name of company | Sector (HS codes where available) | Amount (\$ million) Jan-Dec 2014 |
|-------|-----------------------------------|-----------------------------------|----------------------------------|
| 1. | Indocean Developers (Pvt) Ltd | Housing Property Developers | 17.53 |
| 2. | Aussee Oats Milling (Pvt) Ltd | Food Product | 5.022 |
| 3. | Sri Ramco Rofings Lanka (Pvt) Ltd | PVC Products | 3.390 |
| 4. | Nithya Paper And Boards (Pvt) Ltd | Paper Product | 3.341 |
| 5. | Lanka IOC PLC | Fuel/Gas Petroleum | 2.350 |

(ix) Global Investment (Source: Board of Investment)

| S.No. | Name of company/ country | Sector (HS codes where available) | Amount (US\$ million) Jan-Dec 2014 |
|-------|--------------------------|-----------------------------------|------------------------------------|
| 1. | China | | 403.50 |
| 2. | UK | | 382.54 |
| 3. | USA | | 127.91 |
| 4. | Singapore | | 102.53 |
| 5. | Netherland | | 98.60 |

(x) Significant Trends in trade and investment (Sources: Sri Lanka Customs & Board of Investment)

| S. No. | Details of significant trends | Analysis |
|--------|---|---|
| 1. | <u>SL exports to India (Jan-Feb 2015):</u> The value of exports of Areca nuts (HS Code: 08028090) has increased to US\$ 11.31 million from US\$ 5.52 million during Jan-Feb 2015. Sri Lanka exported Poultry feed (HS Code: 23099030) and Pepper: Neither crushed nor ground (HS Code: 09041120) amounted to US\$ 9.6 million and US\$ 6.73 million respectively. The value of exports of Black tea (fermented) and other partly fermented tea: Other (HS Code: 09024092) amounted to US\$ 5.16 million during Jan-Feb 2015. | The significant amount of US\$ 11.31 million export of Areca nuts (HS Code: 08028090) and US\$ 9.6 million of Poultry feed (HS Code: 23099030) from Sri Lanka to a certain extent would help bridge the gap in the overall trade volume between India and Sri Lanka. |
| 2. | <u>SL imports from India (Jan-Feb 2015):</u> During Jan-Feb 2015, the value of imports of Semi-milled or wholly milled rice, whether or not polished or glazed (HS Code: 100630) and Gas oil/Diesel: Other (HS Code: 27101940) amounted to US\$ 51.38 million and US\$ 41.46 million respectively. The value of imports of Ignition internal combustion piston engine: Other (HS Code: 87021059) amounted to US\$ 34.01 million. The value of imports of Medicaments (HS Code: 30049090) has increased to US\$ 31.06 million from US\$ 27.58 million during Jan-Feb 2015. | During the period Jan-Feb 2015, overall imports from India to Sri Lanka witnessed an increase as compared to the same period in 2014. The imports Semi-milled or wholly milled rice, whether or not polished or glazed (HS Code: 100630) have shown a huge increase in the period under reference. The imports of pharmaceutical products decreased by 4.53 in the period under reference, as compared to Jan-Feb 2014 though they were ahead of the competitions. Imports of Gas oil/Diesel: Other (HS Code: 27101940) has shown a decline of 15.06%. Further, imports of Medicaments (HS Code: 30049090) has shown an increase of 12.62% as compared to Jan-Feb 2014. |
| 3. | <u>FDI Jan-Dec 2014</u> In 2014, Indian Investment amounted to US\$ 51.8 million out of total investments of US\$ 1616 million in the country. | Investments from India were steady. India emerged as the eighth largest overall investor in Sri Lanka in 2014. |

(Source country database)

2. Important India related statements of commercial significance by political leaders, think tanks, chambers, associations etc:

(i) State visit of President of Sri Lanka to India:

The President of the Democratic Socialist Republic of Sri Lanka, H.E. Maithripala Sirisena visited India from 15-18 February 2015. Prime Minister of India Hon'ble Narendra Modi and President Sirisena held wide-ranging discussions and in the economic and commercial sphere, both countries signed the following agreements:

- a) Agreement on Co-operation in the Peaceful Uses of Nuclear Energy, which opens new avenues for co-operation, including in areas like agriculture and healthcare.
- b) Work Plan on co-operation in the field of Agriculture for the years 2015-16, strengthening the institutional co-operation between the two countries in this field.

Expressing his pleasure at India being the largest trade partner of Sri Lanka, Prime Minister Shri Narendra Modi expressed his support for a more balanced trade in both diverting and greater flow of Indian investments and tourists to Sri Lanka. Prime Minister Modi, among other things conveyed Indian intention to further improve sea and air connectivity. In addition, it was also decided that the Commerce Secretary of both countries would meet soon to review bilateral commercial relations.

(ii) Inauguration of Jaffna- Kankesanthurai railway track:

The newly-built railway track between Jaffna and Kankesanthurai covering a distance of 18 kms was commissioned on 02 January 2015. The inaugural journey was attended by senior government dignitaries including the Governor of the Northern Province, Minister for Traditional Industries and Small Enterprises and Minister of Transport, along with senior officers from the Ministry of Transport, Sri Lanka Railways and IRCON. With the commissioning of this section, the entire Pallai-Kankesanthurai sector has been restored by IRCON International Ltd, as part of the Northern Railway Rehabilitation Project under Indian Line of Credit of nearly US\$ 800 million.

(iii) Mannar Block Presents Challenges - Cairn:

It was reported in local media that Cairn India in their third quarter report ended December 31, 2014 conveyed that commercialization of the gas discoveries made on block SL-2007-01-001 (Sri Lanka) continued to present challenges. As per these reports, the Company was refining the Sri Lanka technical evaluation of the remaining exploration prospects on the block that could ultimately add to the discovered resource base. Toward that end, Cairn plans to commence 3D seismic reprocessing in the current quarter to further investigate the potential. Block SL-2007-01-001 was awarded to Cairn Lanka in the bid round held in 2008. This offshore block is located in the Gulf of Mannar. Further, Cairn signed the Petroleum Resources Agreement (PRA) with Sri Lanka to explore oil and natural gas in the Mannar Basin was undertaken in July 2008 in Colombo.

(iv) Visit of Trade Delegation from Indian Merchants' Chamber:

A trade delegation from the Indian Merchants' Chamber (IMC), Mumbai visited Sri Lanka from 21-24 January to enhance bilateral trade and explore new avenues of business opportunities in Sri Lanka. The 17 member delegation was led by Chairman of IMC Mr. R K Jain. The delegation, during the visit, had meeting with members of Spice Council of Sri-Lanka, Sri-Lanka Export Development Board, Department of Commerce, Ministry of Commerce & Industry, Sri-Lanka, the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka (NCCSL) and with Assistant Governor of Central Bank of Sri-Lanka and officials of Bank of Ceylon & People's Bank. IMC also signed a MoU with NCCSL to promote bi-lateral trade.

(v) Sixth Jaffna International Trade Fair:

The Jaffna International Trade Fair (JITF) was held for the 6th consecutive year from 23-25 of January 2015 at the Duraiyappah Stadium in Jaffna. The main objective of the Trade Fair was to help business entities of various industries to make use of the opportunities available after the end of the conflict. The Consul General of India in Jaffna, A. Natarajan was the Chief Guest at the opening ceremony of this event. Speaking on the occasion CG stated that with an ever increasing number of Indian companies doing business with Sri Lanka, it would be an opportune time to strengthen the Indo-Lanka FTA, which if tapped to its true potential would serve both nations well.

JITF 2014 comprised a total of 320 stalls and 25 foreign stalls. The event showcased the latest technology developments in all sectors. It also brought together technology, suppliers, entrepreneurs and support services on a single platform.

(vi) Seventh edition of the Annual Footwear and Leather Fair:

The seventh edition of the annual Footwear and Leather Fair was organised by Export Development Board (EDB) with the support of Industrial Development Board (IDB) and Sri Lanka Footwear and Leather Products Manufacturers' Association (SLFLPM) in Colombo from 06-08 February 2015. The Industry and Commerce Minister of Sri Lanka Rishad Bathiudeen inaugurated the event.

During his address, Minister Bathiudeen stated that the US\$ 51 million export revenue from this sector in 2013 had more than doubled in 2014 to US\$ 110 million, showing this sector's strong revenue potential. He added that the surge was due in large part to the construction of a modern tannery complex. Further, he also conveyed that the leather and footwear industry of Sri Lanka has been identified by the Ministry of Industry and Commerce as a thrust industry for development. Ten large export companies, 30 medium companies and about 3000 small manufacturers have been engaged in this sector, contributing to its increasing export growth.

One hundred and fourteen local and 11 foreign companies, including from India, Nepal, Oman, and Pakistan displayed their products across 225 stalls at this fair. Indian companies have been regular participants in this annual event.

(vii) Piramal Glass: Nine Month Results for the Financial Year 2014-15:

As per the local media report, Piramal Glass Ceylon PLC (PGC), a venture of Piramal Enterprise Ltd of Mumbai India, announced its nine month results for the Financial Year 2014-15, conveying a 7% growth in turnover from SLRs. 3.8 billion in FY14 to SLRs. 4.1 billion in FY15 with a Profit After Tax of SLRs. 231 million as compared to SLRs. 222 million in FY 2014 (which includes a profit of Rs. 100 million from land sale).

Media reported that the domestic market showed a growth of 16% during the quarter and export sales saw a considerable increase of 13% over previous year. The Gross Profit for the quarter was Rs. 215 million as compared to Rs. 189 in F 14 – Q3 showing a growth of 14%. Further, the gross profit for the nine months ended 31 December 2014 was SLRs. 708 million as against SLRs. 621 million of the previous year, reflecting a Gross Profit Ratio of 17% as against 16% of the previous year.

The report also stated that despite the considerable increase in sales volumes and the marked improvements in production efficiencies, a substantial increase was not seen in profitability figures due to the high cost parameters which were mainly impacted by raw material and energy costs.

(viii) Textured Jersey exploring takeover of knit fabric manufacturer in India:

It was reported in the media recently that Textured Jersey Lanka PLC, in which the apparel company Brandix owns 30% stake, was exploring prospects to acquire an Indian knit fabric manufacturer based in Visakhapatnam. In a filing to the Colombo Stock Exchange, Textured Jersey Lanka Plc (TJL) stated that it had decided to initiate an independent valuation and due diligence study for the purpose of looking at the feasibility of acquiring controlling stakes in Ocean India Ltd. and Quenby Lanka Prints Ltd. As per the reports, the independent valuation would be conducted by Ernst & Young. Upon the conclusion of the study, if an agreement between all parties was successfully reached, further details including consideration and payment method would be disclosed to the market.

(ix) Dr. Harsha de Silva on CEPA and FTA with China:

The local media reported, quoting Policy Planning and Economic Affairs Deputy Minister Dr. Harsha de Silva that the Sri Lanka Government would focus on the Comprehensive Economic Partnership Agreement (CEPA) with India. He stated that the agreement was stalled for the last many years and it was high time that Sri Lanka should look beyond and grab the opportunity of the over 1.5 billion market in India. Sri Lanka was not going to back off from CEPA and was trying to work with India.

As per the reports, he also conveyed that a decision had been taken to proceed with the Free Trade Agreement with China. He also added that the Government would not upset relations with anybody, instead would be friendly with everybody. The Government had a strong relationship with China and was immensely grateful for all China had done for Sri Lanka. Therefore, those relationships would continue.

(x) Tourist arrivals

The total number of tourist arrivals from India to Sri Lanka during January-February 2015 was 42,943 i.e. approximately 13.35% of the total tourist arrival into Sri Lanka. During the month of February 2015, 19,999 Indian tourists visited Sri Lanka as against 17,534 in the corresponding period of the previous year, an increase of 14.06%.

| Month | 2014 | 2015 | % Change 2014/15 |
|----------|---------|---------|------------------|
| January | 146,575 | 156,246 | 6.6 |
| February | 141,878 | 165,541 | 16.7 |
| March | 133,048 | | |

| | | | |
|----------------|------------------|---------|------|
| April | 112,631 | | |
| May | 90,046 | | |
| June | 103,175 | | |
| July | 133,971 | | |
| August | 140,319 | | |
| September | 105,535 | | |
| October | 121,576 | | |
| November | 119,727 | | |
| December | 178,672 | | |
| Up to February | 288,453 | 321,787 | 11.6 |
| Total | 1,527,153 | | |

3. Market Access:

- a. Alerts on tariff changes, non tariff barriers (SPS/TBT measures, import and export procedures/ restrictions/ prohibitions/ licensing etc); trade policy developments:

| S. No. | Notification no. and date or other references | Details (including HS codes) | Effective from |
|--------|---|------------------------------|----------------|
| 1. | | | |

- b. Alerts on Trade Defense Measures taken by respective country:
(Safeguards including special safeguard, antidumping, CVD or Anti-subsidy)

| S. No. | Notification no. and date or other references | Details of products/ sectors affected (including HS codes) | Effective from |
|--------|---|--|----------------|
| | | | |
| | NIL | | |

- c. Feedback from major Indian industries/ other commercial concerns set-up in that country and Indian trade visitors to that country

| S. No. | Name of business house | Activity sector | Trade barrier issues if any (including HS codes) | General Feedback |
|--------|------------------------|-----------------|--|------------------|
| 1. | -NIL- | | | |

- d. Feedback on major trade fairs / BSM including Indian participation (*whether or not supported by MAI funds*):

| S. No. | Particulars of Trade Fair, dates etc. | Number of participants from India | List of large participants | Feedback received |
|--------|---------------------------------------|-----------------------------------|----------------------------|-------------------|
| 1. | "6th Edition of Jaffna | JITF 2014 comprised | The event showcased the | The event brought |

| | | | | |
|----|---|--|---|--|
| | International Trade Fair 2015" (JITF): organized from 23-25 January 2015 at Duraiyappah Stadium, Jaffna, Sri Lanka | a total of 320 stalls and 25 foreign stalls | latest technology developments in all sectors | together technology, suppliers, entrepreneurs and support services on a single platform. |
| 2. | "7th Edition of Footwear and Leather Fair 2015": organized from 6-8 February 2015 at Bandaranaike Memorial International Conference Hall (BMICH), Colombo | One hundred and fourteen local and 11 foreign companies, including from India, Nepal, Oman, and Pakistan displayed their products across 225 stalls at this fair | The exhibitors showcased Footwear, Raw material, Machinery, Chemicals, Leather goods, Components & Accessories, Travel goods and other related services | The event promoted Sri Lankan Footwear and Leather Industry locally and internationally. |

e. Feedback from local commercial visitors to trade fairs in India, including under BSM. Number of Business Visas issues:

| S. No. | Particulars of Trade Fair, dates etc. | Number of participants | List of large participants | Number of Business Visas issued | Feedback received |
|--------|---------------------------------------|------------------------|----------------------------|---|-------------------|
| 1. | -- | -- | -- | Jan – 1119 Feb – 1128 Mar – 1070 Total number of Business Visas issued during Jan – Mar 2015 is 3317. | -- |

4. Investment:

a. Opportunities for investments/assets on offer/major company divestment:

| S.No. | Particulars of the asset/ company | Contact details |
|-------|--|---|
| 1. | Invitation for Bids (IFB) from National Water Supply and Drainage Board, Sri Lanka Closing Date: 06-02-2015 at 1000 hrs | Project Director Anuradhapura North Water Supply Project – Phase I, No. 390/1, Harischandra Mawatha, Anuradhapura, Sri Lanka. Tel/ Fax: +94-25-2235122; E-mail: pdanjica@gmail.com |
| 2. | Invitation for Bids (IFB) for Supply of Coal for Lakvijaya Power Plant (900 MW) Closing Date: 08-04-2015 at 1500 hrs | Manager (Procurement) Lanka Coal Company Pvt. Ltd 51/3, Dutugemunu Street, Dehiwala Tel: +94-11-2824681/ 2824682 |

b. Information on Tender Notices for projects and procurements of interest to Indian project exporters/ suppliers (USD 15 million & above)

| S.No. | Tender/ procurement notice no and date | Sector | Value of tender/ procurement |
|-------|---|---------------------|---|
| 1. | Invitation to apply to be pre-qualified for the Supply of Chemical Fertilizers to the Ceylon Fertilizer Company Ltd., and the | Chemical Fertilizer | Mrs. S A Sriyani Accountant (Procurement and Finance) Ministry of Agriculture |

| | | | |
|----|--|--------------|---|
| | Colombo Commercial Fertilizers Ltd., for the Year 2015/16 Closing Date: 30-01-2015 at 1100 hrs | | Battaramulla Tel: +94-11-2887406; Mobile: +94-773554113; E-mail: moafertilizer@yahoo.com sasriyani@yahoo.com |
| 2. | Invitation for Bids from Ceylon Petroleum Corporation Closing Date: 27-02-2015 at 1400 hrs | Petroleum | Manager (Procurement & Stores) Ceylon Petroleum Corporation 1 st Floor, No. 609, Dr. Danister De Silva Mawatha, Colombo-09. Tel: +94-11-5455330/ 5666225; Fax: +94-11-5455424; |
| 3. | Invitation for Bids (IFB) from National Water Supply and Drainage Board, Sri Lanka Contract No: PEIC/JKWSSP/TWTM/2013/01 Closing Date: 21-04-2015 at 1000 hrs | Water Supply | Assistant General Manager (Tenders & Contracts), National Water Supply and Drainage Board Galle Road, 2 nd Floor, Ratmalana Tel: +94-11-2625885/ 2638999 Ext: 1750; Fax: +94-11-2635885; E-mail: agmtenders@waterboard.lk |
| 4. | Invitation for Bids (IFB) from National Water Supply and Drainage Board, Sri Lanka Contract No: PEIC/JKWSSP/TWTM/2014/02 Closing Date: 21-04-2015 at 1000 hrs | Water Supply | Assistant General Manager (Tenders & Contracts), National Water Supply and Drainage Board Galle Road, 2 nd Floor, Ratmalana Tel: +94-11-2625885/ 2638999 Ext: 1750; Fax: +94-11-2635885; E-mail: agmtenders@waterboard.lk |

c. Information regarding upcoming major investment in India from respective country:

| S. No. | Particulars of the asset/company | Sector of Investment | Quantum of Investment |
|--------|----------------------------------|----------------------|-----------------------|
| | N/A | | |

5. Details of trade research, information dissemination activity of the commercial wing:

| S. No. | Nature of activity (trade research, information dissemination, seminars etc) | Details (date, venue & number of participants; copy of research sent to DOC) |
|--------|--|--|
| | N/A | |

6. Details of activities conducted out of Trade Promotion budget:

| BE for 2014-15 | RE for 2014-15 | Amount utilized | Details of Activity |
|----------------|----------------------------------|-----------------|--|
| Rs.100,000/- | Rs.200,000/- [Approved in RE] | Rs. 42,935/- | Working dinner organized on 22 nd May 2014 at Taj Samudra, Colombo during the visit of Confederation of Indian Industry (CII) Delegation to Sri Lanka. It is planned to organize an "India-Sri Lanka Business Forum" during 2015-16. |

7. Action taken on the previous JWGs, Joint Commissions, Sub-commissions etc. (issues that Mission had to follow up with host government):

| S. No. | Detail of JWG/JEC | Action Point | Action Taken |
|--------|-------------------|--------------|--------------|
| 1. | | | |

8. Trade Queries for Imports / Exports

Trade Enquiries Received from Indian Companies

| S. No. | Enquiry originator | Product (with HS codes) | Nature (Import / Export) and value (\$ mn) | Action Taken |
|--------|---|--|--|--------------|
| 1. | Mr. Subhash K Shukla Marketing Executive (Exports) M/s. Modern Petrofils, Vadodara, Gujarat | Yarn | Export | Reply sent |
| 2. | Ms. Sahana Niranjana M/s. Holista Tranzworld Ltd, Casa Blanca, IV Floor, 6/18, Casa Major Road, Egmore, Chennai-600008 | Coconut Milk, Coconut Juice, Virgin Coconut Oil, Creamed Coconut Blocks and Desiccated Coconut (Export Data) | -do- | -do- |
| 3. | Mr. M. Hakkim M/s. New Way Exports 3153, Kalayappan Street, Kalayar Kovil, Sivanganga, Tamil Nadu | Garments | -do- | -do- |
| 4. | Mr. V. Gupta, Vice President-Intl Marketing & Exports, M/s. Gupta Power Infrastructure Ltd, India | Cables | -do- | -do- |
| 5. | Mr. A K Ray Choudhury, Head (Engg. Export Division), M/s. Asian Group, India | Steel Products | -do- | -do- |
| 6. | Ms. Vengadalakshmi M/s. Smitha International Overseas Exports, No. 4, Droupathy Amman Kovil Street, Ariyankuppam, Pondicherry-605007 | Herbs, Spices, Food Items, Rice and Garments | -do- | -do- |
| 7. | Mr. S. Karpagam, M/s. Kanyaa Exports, No. 22, Indira Nagar, Palani-624601, Tamil Nadu | Garments, Food Items and Potato | -do- | -do- |
| 8. | Mr. L.S. Shivakumar Chief Export Manager M/s. ALS Exports, 2/8A, 7th Street, VNR Nagar, Vadavalli, Coimbatore-641041, Tamil Nadu | Bags | -do- | -do- |
| 9. | Mr Sandip Patel M/s. Aquila Ceramic Pvt. Ltd, Jetpar Road, Near Bela, Tal. Morbi, Rajkot, Gujarat | Ceramic Tiles | -do- | -do- |
| 10. | Mr Parthasarathi, M/s. SAI Exports, 4/11, Theni Main Road, Bharathiyar Nagar, Nagamalai, Madurai, Tamil Nadu | Red Onion | -do- | -do- |
| 11. | Mr A D Shethia, Proprietor M/s. Sai Enterprises, 14, Netaji Subhas Road, Kolkata-700001 | Leather Goods, Handicrafts and Jute Bags | -do- | -do- |
| 12. | Mr Mohit Gawade M/s. Makin Laboratories Pvt. Ltd 33, Narmada Nagar, Indore-452009, Madhya Pradesh | Herbal & Natural Medicines | -do- | -do- |
| 13. | Mr. P. Arun, Proprietor | Garments | -do- | -do- |

| | | | | |
|-----|--|---|------|------|
| | M/s. Continents Exports 136, Maniyan Cheety Street, Palakarai, Trichy-620001, Tamil Nadu | | | |
| 14. | Ms. Mahalakshmi, Export Manager, M/s. Rehoboth International Exports, 13, Jawaharlal Street, Tirunelveli-627006, Tamil Nadu | Turmeric | -do- | -do- |
| 15. | Ms. Shreesha Rao M/s. Jayam Exports 4/15, Adhiparasakthi Nagar, Sankaraperi- 628002, Tamilnadu | Spices, Potato, Coconut, Onion and Rice | -do- | -do- |
| 16. | Mr. Akshat Goyal, Managing Partner M/s. Shree Hari Industries, Rajkot | Kitchenware | -do- | -do- |
| 17. | Mr. Ramesh Sankaran M/s. Milltec | Rice Mill Machinery | -do- | -do- |
| 18. | Mr. Sunil Aghara M/s. Tecco Ceramics Old Rfaleshwar Road, Bhadiad, Morbi- 363642, Gujarat | Ceramic Tiles | -do- | -do- |
| 19. | Mr. Nikhil Jalan, Director M/s. Avatar Innovatives Pvt. Ltd, EL-74/75, MIDC, Electronic Zone, Mahape, Navi Mumbai-400701, Maharashtra | Electrical and Electronic Items | -do- | -do- |
| 20. | Mr. Sanjay Ajmera M/s. P K International No. 4, Samta Building, Factory Lane, Borivali (W), Mumbai-400092 | Garments and Textile Fabrics | -do- | -do- |
| 21. | Mr. Mohammed Faizal M/s. Shalimar360, No. 465, Trichy Main Road, Gugai, Salem, Tamil Nadu-636006 | Rice | -do- | -do- |
| 22. | Mr. Upen M/s. Stonex India, Gujarat | Ceramic Tiles | -do- | -do- |
| 23. | Mr. Hitesh Goel M/s. M G Industries G T Road, Batala-143505, Punjab | Agricultural Machinery | -do- | -do- |
| 24. | Ms. Rohit Raiyani M/s. Galaxy Kitchen Appliances, Radheshyam Society, Village Pardi, Tal. Lodhika, Rajkot-360035 | Kitchenware | -do- | -do- |
| 25. | Mr. V K Vishnoi M/s. Jai Shree Rasayan Udyog Ltd, 501, Gopal Heights, D-9, Netaji Subhash Place, Pitampura, Delhi-110034 | Agro Chemicals | -do- | -do- |
| 26. | Mr. Ketan Changani M/s. Raizan Overseas, India | Spices, Garments, Agro Products, Ceramic Tiles, Handicrafts, Oil and Animal Feed | -do- | -do- |
| 27. | Mr. Joseph John Export Executive M/s. Divine Health Care, India | Pharmaceuticals and Medical Equipments | -do- | -do- |
| 28. | Mr. Pawan Agarwal M/s. Pioneer Herbals Dabhel, Daman-396215 | Cosmetics | -do- | -do- |
| 29. | Mr. Suman Acharjee Asst. Manager-Export Marketing | Dairy Products | -do- | -do- |

| | | | | |
|-----|---|--|------|------|
| | M/s. GCMF Ltd (Amul), India | | | |
| 30. | Mr. Abhijit Bhattacharya M/s. QProduct Commercial Pvt. Ltd 13A, Balaram Ghosh Street, Kolkata-700004 | Rice | -do- | -do- |
| 31. | Mr. Suketa Shah India | Kitchen Equipments | -do- | -do- |
| 32. | Mr. A Sebastian M/s. Pepe International 2/257, Arul Nagar, Sanatorium, Wellington, Barracks Post, The Nilgiris-643231, Tamil Nadu | Handicrafts, Rice, Fruits, Vegetables, Honey and Agro Products | -do- | -do- |
| 33. | Mr. Sakaria Executive-Intl. Marketing M/s. Manohar International 201, Iscon Avenue, C G Road, Navrangpura, Ahmedabad-380009, Gujarat | Tissue Paper Products | -do- | -do- |
| 34. | Mr. Dharmesh Parmar M/s. Mac Heal Laboratories Ltd 814, Devpath, Off. C G Road, Ahmedabad | Pharmaceuticals | -do- | -do- |
| 35. | Mr. C Subburaj M/s. SKS International Exports No. 3/163, West Street, Nakkaney, Rajapalayam-626142, Virudhunagar, Tamil Nadu | Garments | -do- | -do- |
| 36. | Mr. N V Ravindran, Proprietor M/s. HSE International No. 10/1, Nagalinageshwar Koil Street, Periya Allapuram, Vellore-632002, Tamil Nadu | Herbals and Garments | -do- | -do- |
| 37. | Ms. K Gowri, Proprietor M/s. Suje Exports 124B/51, Karunanithi Nagar, Sowripalayam, Coimbatore-641028, Tamil Nadu | Tyre Retreaders | -do- | -do- |
| 38. | Mr. Deven Lathiya Export Executive M/s. Ban Labs Pvt. Ltd 'Ban House', Opp. Swaminarayan Temple, Kalawad Road, Rajkot-360001, Gujarat | Herbal Cosmetics and Ayurveda Products | -do- | -do- |
| 39. | Mr. Jayen Galalani M/s. Divya Internationals Opp Samartheshwar Mahadev Temple, Off C G Road, Navarangpura, Ahmedabad | Potato and Agro Products | -do- | -do- |
| 40. | Mr. Rajesh Makkar Executive Director-Export M/s. Makkar Textile Mills Pvt. Ltd 246, Ind. Area A, Near Cheema Chowk, Opp. SBI Bank, Ludhiana | Garments and Textile Fabric | -do- | -do- |
| 41. | Ms. Uma Maheswari, Proprietor M/s. Ayya AADB Export, Karaikudi, Tamilnadu | Rice | -do- | -do- |
| 42. | Mr. M. Mariselvam M/s. Sree Jhansi Exporters, Sattur | Paper Cups | -do- | -do- |
| 43. | Mr. Indrajit Ghosh, Managing Director, M/s. Dynamic Outreach Pvt. Ltd, H-1479, Chittaranjan Park, New Delhi-110019 | Rice, Corn, Soyabean and Sugar | -do- | -do- |

| | | | | |
|-----|--|--|------|------|
| 44. | Mr. K M. Arjun M/s. Ajay Exports No. 36/44, Kaveri Nagar, Airport, Trichy, Tamilnadu-620007 | Vegetables, Fruits, Rice, Candle, Incense Stick, Tea, Garments and Herbals | -do- | -do- |
| 45. | Mr. Rakesh Agrawal M/s. Wilson Enterprises G-21, Chatanya Complex, Kachi, Mohalla, Indore, Madhya Pradesh | ISLFTA (Annexure D & E) | -do- | -do- |
| 46. | Mr. Shreekant Pendharkar, Managing Director M/s. Mikura International 10, Navshantiban, 1134/2, Shivaji Nagar, Pune-411016 | Trucks, Tractors, Marine and Railways Engine Parts | -do- | -do- |
| 47. | Mr. Vinod Reddy, Manager-Sales & Marketing, M/s. Kothari Phytochemicals International, 'Santhosh Raj Plaza', 2 nd Floor, 12/9, Subbaraman Street, Gandhi Nagar, Madurai-625020, Tamilnadu | Herbal Products and Pharmaceuticals | -do- | -do- |
| 48. | Mr. Sawan Gupta Asst. Manager-Exports M/s. Adani Wilmar Limited SPML House, Ground Floor, Plot nO. 65, Institutional Area, Sector-32, Gurgaon- 122001 | Rice | -do- | -do- |
| 49. | Ms. Suganthi M/s. Keerthana Exports Trichy, Tamilnadu | Garments and Textile Fabric | -do- | -do- |
| 50. | Mr. Alifiya Bharmal Export Manager M/s. Reliable TradeLink B-202, Star Plaza, Rajkot-360001, Gujarat | Agro Products, Spices, Oilseeds, Pulses, Grains and Cereals | -do- | -do- |
| 51. | Mr. Umesh Proprietor M/s. Expedite Exim Plot No. 62, Hinkal Industrial Area, Mysore- 570006, Karnataka | Spices and Honey | -do- | -do- |
| 52. | Mr. Dharendra Kankotiya M/s. Triangle Exim, India | Paper Cups | -do- | -do- |
| 53. | Mrs. Madhupriya Proprietor M/s. Gangeswar Exports JB/7, Jagda, Rourkela-769014, Sundargarh, Odisha | Agro Products, Spices, Fruits, Vegetables, Incense Stick and Jute Bags | -do- | -do- |
| 54. | Mr. Imran, Managing Director M/s. Zeeshan Imports & exports 4582/K, Sangli Ves Miraj, Maharashtra- 416410 | Agro Food Products | -do- | -do- |
| 55. | Ms. Jignasha Patel M/s. Imperio International Exim P. Ltd, 338, 3 rd Floor, Titanium City Centre Mall, Satellite, Ahmedabad-380015, Gujarat | Ceramic Tiles | -do- | -do- |
| 56. | Mr. Jaswant Rai Jain M/s. Jain Laboratory Glasware Co. (Religlas), No. 2580/29, Subhash Park Road, Ambala Cantt-133001, Haryana | Laboratory / Scientific Equipments | -do- | -do- |

| | | | | |
|-----|---|--|------|------|
| 57. | Mr. Mayank Pandey Assistant Manager-Intl. Sales & Mkting, M/s. Moser Baer India Ltd., 43 B, Okhla Industrial Estate, New Delhi-110020 | Optical Media (CD/ DVD) USB, ROM and LED | -do- | -do- |
| 58. | Mr. Gnanadev M/s. Snow Falcon International 67, TNHB Colony, Singanallur, Coimbatore- 641005 | Spices, Food Grains and Pulses | -do- | -do- |
| 59. | M/s. Malar Exports 100, Kavitha Building, Taluk Office, T T Nagar, Karaikudi-630001, Tamilnadu | Vegetables, Fruits, Spices, Fish and Handicrafts | -do- | -do- |
| 60. | Mr. Amit Jain M/s. Gomraj and Sons 53, Narayan Mudali Street, Chennai-600079 | Paper | -do- | -do- |
| 61. | Mr. Selva Ganapathy M/s. Edhika Enterprises Plot No. 11, Ganesh Illaam, Solaiappan Street West, Wiswanathar Colony, Kumbakonam, Thanjavur-612001, Tamilnadu | Pharmaceuticals | -do- | -do- |
| 62. | Ms. Sumali Samanta M/s. Hind Exim, Mumbai | Rice | -do- | -do- |
| 63. | Mr. Yashpalsinh Jadeja Manager-Marketing M/s. M M Exports, Umakant Pandit Industrial Area, 6, Mavdi Plot, Rajkot- 360004, Gujarat | Automobile Spare parts | -do- | -do- |
| 64. | Mr. Sathasivan M/s. Sadan Exports C3, 7 th Avenue, Jeya Bharath City, Madurai- 625012, Tamilnadu | Calcium Carbonate Powder | -do- | -do- |
| 65. | Mr. S P Bharathee, MD M/s. The Unorganized Employees' Co- operative Society Ltd, Tamilnadu | Garments and Textile Fabric | -do- | -do- |
| 66. | Mr. Shreekant Pendharkar Managing Director M/s. Mikura International 10, Navshantiban, 1134/2, Shivajinagar, Pune-411016 | HS Code 86079100, 84831099, 8483300, 841449019, 8409949, 84139190, 84094199, 84099112, 8483400 | -do- | -do- |
| 67. | Mr. Prasad M/s. Kemps Traders Kuvempunagar, 3 rd Cross, Fort, Chikkamagaluru, Karnataka | Agro products and Vegetables | -do- | -do- |
| 68. | Mr. Yuvakrishnakumar, Proprietor M/s. Yura Impex, 4x, Iyyer Thottam, Vadakkipalayam, Pollachi-642142, Tamilnadu | Coconut products, Fruits and Vegetables | -do- | -do- |
| 69. | Mr. Sadayan Rakhim 1/502 Kurumbapatty Road, via Viralipatty Post, Old Bathlagundu, Bathlagundu-624202 | Garments and Textile Fabric | -do- | -do- |
| 70. | Mr. Ashish Patel, M/s. Alight Exports, 6, Ariyanagar, Rajkot-360001, Gujarat | Agro products, Fruits and Vegetables | -do- | -do- |
| 71. | Mr. Nishant Baid M/s. Humble India, 194, Adinath Trade Complex, Adinath Nagar, 200 Feet Inner Ring | Steel Pipes and Tubes | -do- | -do- |

| | | | | |
|-----|--|---------------------|------|------|
| | Road, Jawaharlal Nehru Road, Madhavaram, Chennai-600060 | | | |
| 72. | Mr. Dipti Jain, M/s. Shiv Offset (I) Pvt. Ltd, Sai Kripa Packaging, 73, Polo Ground, Indore-452015, Madhya Pradesh | Packaging Materials | -do- | -do- |
| 73. | Mr. Bharat Shah 11/12, Meckoni House, 369, Bhandarkar Road, Matunga, Mumbai-400019 | Casting material | -do- | -do- |
| 74. | Mr. P S Saravanan Manager-Sales & Marketing M/s. SLO Industries, 447/265, 2 nd Floor, P H Road, Aminjikarai, Chennai-600029 | Steel | -do- | -do- |
| 75. | Mr. Ashish, M/s. Shrinath Exports 201, R S Complex, Gheekanta Main Road, Gheekanta, Ahmedabad, Gujarat | Garments | -do- | -do- |

Trade Enquiries Received from Sri Lankan Companies

| S. No. | Enquiry originator | Product | Nature Import / Export | Action Taken |
|--------|--|-------------------------------------|------------------------|--------------|
| 1. | Mr. Ruwan M/s. Liftec Engineering Sri Lanka | Construction Machinery | Import | Reply sent |
| 2. | Mr. Marilyn Withana M/s. Empire Teas Pvt. Ltd 190/1, Siri Sumana Mawatha, Kelanimulla, Angoda | Tea | -do- | -do- |
| 3. | Mr. Haroun Cader Sri Lanka | Duty Structure of Tyres in India | -do- | -do- |
| 4. | Mr. Sameera Jayarathna Assistant Manager-Exports M/s. Natures Beauty Creations Ltd., Colombo | Cosmetic Products (Importers) | -do- | -do- |
| 5. | Mr. Tharindu Manchanayaka M/s. Tow Mart Company, 156/75, Negombo Road, Peliyagoda | Bamboo Incense Stick making machine | -do- | -do- |

5. Any other issue of importance

(i) Sri Lanka's External Sector Performance (Central Bank of Sri Lanka):

According to a press release of Central Bank of Sri Lanka, Sri Lanka's external sector remained stable during January 2015. Foreign currency inflows to the current account as well as the financial account of the Balance of Payments (BOP) contributed for the resilience in the external sector amidst a marginal increase in the trade deficit. The external sector is projected to strengthen further during the year with the expected reduction in expenditure on imports, higher inflows on account of tourism and worker's remittances as well as receipts to the government, the banking sector and other private corporates.

(ii) Overall BOP Position:

In January 2015, the BOP is estimated to have recorded a deficit of US\$ 696.5 million, compared to the surplus of US\$ 732.9 million in the corresponding period of 2014.

(iii) International Reserve Position:

It was reported that outflows on account of foreign currency debt service payments amounting to US\$ 930 million (including IMF-SBA payments and contributing partly to settle the sovereign bond), Sri Lanka's gross official reserves estimated to be US\$ 7.4 billion as at end February 2015. Gross official reserves were equivalent to 4.5 months of imports. Meanwhile, total foreign assets, which include gross official reserves and foreign assets of deposit taking corporations amounted to US\$ 8.9 billion as at end January 2015, equivalent to 5.5 months of imports. As gross official reserves have declined compared to end 2014 level of US\$ 8.2 billion, several initiatives have been taken by the government and the Central Bank to build up foreign currency reserves of the country to a higher level. Accordingly, issuance of Sri Lanka Development Bonds, proposed currency swap agreement between Sri Lanka & India and other regular investment inflows are some of these initiatives that would improve gross official reserves of the country to a higher level during next few months.

(iv) Exchange Rate Behaviour:

As per the recent press release of Central Bank of Sri Lanka, the rupee has depreciated by 1.39 per cent against the US dollar, where exchange rate stability was maintained through normal intervention in the domestic foreign exchange market as per the current policy. However, based on cross currency exchange rate movements, the Sri Lankan rupee appreciated against the euro by 13.1 per cent, the pound sterling by 3.2 per cent, the Japanese yen by 0.3 per cent, the Canadian dollar by 8.2 per cent and the Australian dollar by 5.2 per cent, while depreciating against the Indian rupee by 2.7 per cent during this period.

Table 1. A Summary of External Sector Performance (a)

| Category | January 2014 US\$ mn | January 2015 US\$ mn | Change (%) |
|--|-------------------------|-------------------------|------------|
| Exports | 903.9 | 909.8 | 0.6 |
| Imports | 1,655.5 | 1,681.6 | 1.6 |
| Trade Balance (surplus+)/deficit(-) | -751.5 | -771.9 | 2.7 |
| Workers' Remittances | 233.3(b) | 248.7 | 6.6 |
| Inflows to the CSE (Net) | 555.5 | 523.5 | -5.8 |
| Inflows to the Government (d) | 1,375.1 | 147.6 | -89.3 |
| of which, | | | |
| Treasury Bills and Bonds | 260.5 | 81.2 | -68.8 |
| International Sovereign Bonds | 1,000.0 | - | - |
| Long term Loans | 112.2 | 57.7 | -48.6 |

(a) Provisional

(b) Revised

(c) Includes secondary and primary market transactions

(d) Inflows to the government include capital and current transfers to the government, inflows from the sale of Treasury bills and Treasury bonds, International Sovereign Bonds and long-term loans of the government.

(v) Inflation in February 2015:

As per information released by the Central Bank of Sri Lanka, inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI) (2006/07=100), which is computed by the Department of Census and Statistics, decreased to 0.6 per cent on year-on-year basis in February 2015, the lowest level recorded since February 2004. Annual average inflation also declined from 3.2 per cent recorded in January to 2.9 per cent in February 2015.

CCPI declined significantly by 2.3 per cent in February 2015 compared to the previous month. The downward revision of fuel prices effected during January 2015 and the reduction of price/import duty of both food and non-food items as proposed in the Interim budget 2015 contributed heavily towards this monthly decline in the index. Liquid fuel, LP Gas and bus fares in the Non-food category recorded considerable declines in prices. This monthly decline in inflation was further supported by the decline in the prices of food items such as rice, most varieties of fish and vegetables. However, prices of eggs, coconuts, fruits and some varieties of vegetables recorded increases during the month.

(vi) Monetary Policy Review – February 2015:

The Central Bank of Sri Lanka stated in a press release that Year-on-year (y-o-y) headline inflation increased to 3.2 per cent in January 2015 from 2.1 per cent in December 2014 while annual average inflation declined marginally to 3.2 per cent from 3.3 per cent recorded in the previous month. The increase in inflation in January is attributed to higher food prices, which have now broadly stabilised. The impact of the recent downward price revisions of domestic petroleum prices as well as of essential consumer items would be reflected in official price indices from February, which would result in a considerable downward shift in inflation in the period ahead. Accordingly, it is expected that inflation, which has registered single digit rates in the post-conflict period, will continue to remain comfortably low in 2015.

(vii) Appointment of a Committee to re-evaluate mega projects:

Local media reported that the Government appointed a special committee to investigate and re-assess the implementation of large-scale projects commissioned by the previous regime. As per the reports, the Cabinet of Ministers, which met on 21 January, decided to appoint a committee headed by the Prime Minister to review the projects. The Committee would include Ministers Champika Ranawaka, Rajitha Senarathne, Mangala Samaraweera and Arjuna Ranatunga. It would make assess parameter such as to whether the projects have been implemented under concessionary loan schemes and whether basic steps have been taken to follow regulations and Environmental Impact Assessment Report's (EIAR) have been submitted. Reportedly, the Colombo Port City Project, the Northern Expressway project and several other infrastructure projects would be subject to scrutiny by the committee.

(viii) Delivery of MV Lagoons by Colombo Dockyard in February:

Media reported that MV Lagoons, the second 400 passenger cum 250 ton cargo vessel, would be delivered in the month of February 2015 to the 'Union Territories of Lakshadweep Administration' of the Government of India. This vessel, once it is delivered in February, would join her identical sister vessel MV Corals which was built and delivered by Colombo Dockyard PLC in October 2014. These vessels have been designed for the carriage of passengers and general cargo, between the mainland and Lakshadweep Islands and inter-island routes. As per the reports, the price of each of these vessels is US \$ 29,260,000 and the total contract generated revenue of US\$ 58,520,000 to the Sri Lankan economy. The vessel was designed by Global Maritime Brevik AS of Norway and the detailed design engineering is performed by Neilsoft Ltd of India.

(ix) Global Economic Freedom ranking of Sri Lanka:

It was reported that as per the Global Economic Freedom index 2015, Sri Lanka was ranked at 101 with a score of 58.6, down from 90th place in 2014, and by 1.4 points. In 2013 Sri Lanka ranked at 81st up from 97th place in 2012. Sri Lanka was categorized among "mostly unfree" countries along with several in the region. In Asia Pacific Sri Lanka's rank was 21st out of 42 countries. The world average is 60.4 whilst the Asia Pacific regional average is 58.8. The index is published annually by the Wall Street Journal and the Heritage Foundation. The index assesses four broader parameters – Rule of Law, Limited Government, Regulatory Efficiency and Open Markets and 10 factors within those. As per the report, modest gains in freedom from corruption and the management of Government spending in Sri Lanka were outweighed by declines in half of the 10 economic freedoms, including investment freedom, property rights, and trade freedom.

(x) Jan-Nov exports reached US\$ 10 billion:

Local media, quoting Chairman & CEO of Export Development Board (EDB) Bandula Egodage, reported that Sri Lanka's January-November exports reached US\$ 10.1 billion rising by 7.5% from 2013 January-November exports,

driven by 'across the board' surge and specifically led by apparel and industrial products. He also conveyed that Service exports values such as ICT/BPM exports were not included in Jan-November 2014 totals and were awaited by EDB as they were still being processed by relevant agencies. Except for 'export crops', 'natural rubber' and 'diamonds', growth was seen 'across the board' in all other export sectors. Thus, 2014 YoY Jan-Nov apparel exports surged by a strong 10.35% to US\$ 4.458 billion, which was 94% of annual apparel exports target set for 2014 (base formulated in 2011) by the authority. He also stated that annual targets of such sectors as coconuts, fruits & vegetables, and floriculture had also now been achieved by Jan-November '14 totals.

(xi) Interim Budget 2015:

Finance Minister Ravi Karunanayake (RK) presented '100 Day Revolution-Mini Budget' 2015 on 29 January in the Sri Lankan Parliament after the formation of the new government under President Maithripala Sirisena who won the 08 January Presidential elections. Highlights of the budget included: reduction of the prices of 13 essential goods; increase in salaries of the public sector employees by Rs 10,000; 50% waiver for a maximum loan of Rs 100,000 on the loans advanced to farmers by commercial banks; Deyata Kirula Programme to be stopped; allocation of 6% of the GDP for the education sector development; introduction of Mansion Tax of Rs 1 million; proposal of a Super Gain Tax, any company or individual who earned profits over Rs 2,000 million in the tax year 2013/2014 would be liable to pay 25% of their profit. The Budget also made special mention of the fact that the debt to GDP ratio of Sri Lanka was 88.9%.

(xii) Foreign Direct Investments up 9% to US\$ 1 billion in 2014:

Media reports, quoting Deputy Investment Promotion and Highways Minister, Eran Wickramaratne stated that Foreign Direct Investments (FDI) in 2014 increased by 9.2% (US\$ 84 million) on year-on-year basis (YoY) to US\$ 1 billion. According to Central Bank's 2013 Annual Report, FDI in 2013 was US\$ 916 million.

As per the reports, he also conveyed that the new government was focusing on getting on board blocked investment projects amounting to nearly SLRs 6 - 7 billion, while attempting to double investments. He conveyed that though these investment projects were stuck due to various reasons including administrative problems, the government was working on resolving those issues and setting up an environment which would encourage people to invest in projects.

**(Dr. Sivaguru M)
Second Secretary (E&C)
27th May 2015**