



# CNCI NEWS BULLETIN

*'Sri Lanka's Industrial News Letter'*

## China-Sri Lanka FTA - Local Industrialists Caution of Possible Adverse Economic Impacts on Domestic Industry

### Office Bearers of CNCI

Mr. Tissa Seneviratne  
Chairman

Mr. Gamini Gunasekera  
Immediate Past chairman

Mr. Raja Hewabowala  
Deputy Chairman

Mr. Ruwan Edirisinghe  
Senior Vice Chairman

Mr. Canisius Fernando  
Vice Chairman

Mr. Kevin Edwards  
Vice Chairman

Mr. Wasantha Araiyaathilake  
Vice Chairman

Mr. Sujana Perera  
Hony. Treasurer

Mr. Abeyratne Muthugala  
Secretary General

### Inside this Issue

#### ◆ PAGE 01

China Sri Lanka FTA

#### ◆ PAGE 02

China SL FTA Cont...  
Finance Companies Capital  
Indexpo Certification Ltd

#### ◆ PAGE 03

CNCI Achiever Awards 2017

#### ◆ PAGE 04

Members News

#### ◆ PAGE 05

CNCI Seminar Schedule

#### ◆ PAGE 06

Seminar on MS Excel  
UVA Manager

#### ◆ PAGE 07

Economic Performance

#### ◆ PAGE 08

Event Calendar

The proposed Free Trade Agreement (FTA) between Sri Lanka and China has become a point for discussion in various circles among the industrial sector today. The main reason is that the Government has recently disclosed their requirement of reducing the Sri Lanka negative list to 10 % and to phase out the import CESS to zero within 5 years from the 5th year upon implementation of the proposed FTA.

At a recent meeting held among several Chambers and Trade Associations related to Commerce and Industry, it was highlighted that the Government has earlier requested recommendations of the Chambers to reduce the said negative list to 30% which had initially been at 40.21% of the total tariff lines. They said that the Chambers, during their meetings have come to a consensus finally, to accommodate and meet the 30% level accordingly.

However, the latest scenario is to reduce the Sri Lankan Negative list to 10% and to remove the CESS which has been imposed to safeguard the Sri Lankan industries within 5 years from the 5th year upon implementing the proposed FTA.

This is a situation which needs serious attention of the industrial sector. Sri Lanka being a developing country should safeguard its industries against free entry of foreign goods. At a time where the world's most developed country is considering to impose tariff/tax for imports from China, it is imprudent for our country to relax safeguards for our industries.

WTO recognizes the need for adopting safeguarding measures for protection of domestic industries as para tariffs imposed to achieve this objective. Phasing out the para tariffs, such as CESS, will be a death knell, leading to the closure of our

local industries.

Large economies enjoy the benefits of economies of scale whilst local industries are burdened with high energy, high labor, inflated raw material costs, facing an un-leveled playing field, causing non-competitiveness.

Sri Lankan industrial sector is dominated by SMEs which accounts for 90% of the total industrial establishments. During the nearly three decades of terrorism, this sector has been the back-bone of the nation and sustained the economy, despite all the adversities, surmounting all local and global challenges.

These SMEs are dependent on Large industries for backward/forward integration for supply sourcing of raw materials, marketing and other services. Removal of tariff protection, will adversely affect these SMEs, both directly and indirectly which will lead to their non-competitiveness and closing down, creating unemployment and adversely affecting the economy.

The majority of the local industrialists have funded their investments, in their respective industries, with borrowed funds, from banks and financial institutions, using their personal assets as security. Further, their indebtedness on loans and overdrafts run into Millions, depending on the size of the company. If they are not safeguarded sufficiently, it will lead to disastrous economic situations.

Sri Lanka is lacking in strong economic fundamentals to develop and safeguard the local industries; such areas are high bank interest rates, non- competitive parity rate for our rupee, effective labour laws focused on improving productivity, problems relating to conflicting investment policies, etc.

### Continued....

It was the consensus amongst all present, that they were not in agreement to this FTA at all. No local industrialist seems to be in need of an FTA between Sri Lanka and China other than a very few in certain selected industries. It was the view of the business community, that opening and relaxing para tariffs to the 30% level of the tariff lines, for the negative list, is deemed an acceptable para tariff limit. In this instance, it is also pertinent to mention that Sri Lanka has to safeguard its local industries. Removing para tariffs in place, will be disastrous for most local industries and will lead to their closure, resulting in the bankruptcy of thousands of local entrepreneurs, besides the loss of jobs, for millions of Sri Lankans.

It was also the view of those present at the meeting that the criteria for entering into such FTAs, should be the sustenance, growth and development of the Sri Lankan economy. However, if needed, the environment for implementation of same, should be through a policy and strategy framework, which will give sufficient time to enable our industries to face the challenges arising. At least there

should be a scheme to compensate such industries, who are forced to close-down, to diversify and sustain, or at least to pay off the debts and secure their invested capital.

The importance of safeguarding local industries can be very evidently seen today; even in USA which is considered to be the largest economy in the world. Therefore, WTO or any

other international body could not challenge a small country like Sri Lanka, for the interest taken for safeguarding its local industries.

The business community of Sri Lanka, has rejected these proposals completely and requests the government to extend BOI facilities, for investments in manufacturing facilities in Sri Lanka, that are of strategic importance and add value, contributing to economic development and prosperity of the nation and its people.

Therefore, they earnestly request the government not to reduce the negative list to 10% from the present level which has already been agreed as 30% and not to phase out CESS within a period of 5 years, which is the only measure available to safeguard the local industries.



## CB directs finance companies to raise core capital by 2021

Sri Lanka's central bank has issued directions on the minimum amount of core capital held by Licensed Finance Companies (LFCs) with a view to

encourage consolidation.

Chairman of the Monetary Board and Governor of the Central Bank Indrajit Coomaraswamy said in a recent directive to Licensed Finance Companies that the decision has been taken in the interest of safety and soundness of the LFC sector.

As per the new directive, every LFC should maintain an unimpaired core capital at a level not less than 400 million rupees until 31 December 2017.

Thereafter, Licensed Finance Companies should maintain an unimpaired core capital at a level not less than the amounts stipulated below.

- i. **Rs. 1.0 billion by 01.01.2018**
- ii. **Rs. 1.5 billion by 01.01.2019**
- iii. **Rs. 2.0 billion by 01.01.2020**
- iv. **Rs. 2.5 billion by 01.01.2021**

In the event of non-compliance by an LFC with these directions, the director of the non-bank financial institutions supervision department has powers to impose maximum ceilings on deposit liabilities and borrowings of such LFCs.

The director also has powers to freeze distribution of dividends or repatriation of profits and to restrict expansion of business operations of such LFCs.

With this new direction, the Finance Companies (Minimum Core Capital) Direction, No. 01 of 2011 has been revoked.

*Lanka Business Online*

## Ind-Expo can currently award certification with IAF (International Accreditation Forum) Logo

Ind-Expo Certification Limited is a not profit certification & Training Organization, established by the Ceylon National Chamber of Industries (CNCI) and the National Chamber of Exporters of Sri Lanka (NCE) as its Shareholders. It has been incorporated as a public not for profit limited liability company under the Companies Act No. 7 of 2007. Ind-Expo was supported by the United Nations Industrial Development Organization (UNIDO) under the project –

“Strengthening the International Certification Capacity in Sri Lanka” within the Integrated Industrial Development Support Program Phase II with the auspices of the Ministry of Industrial Development.

Ind-Expo is accredited to award certificates for GMP, HACCP, ISO 22000, ISO 9001, ISO 14001, ISO 50001 and OSHAS 18001 by the Sri Lanka Accreditation Board (SLAB) which is affiliated to the International Accreditation Forum (IAF), and is therefore internationally recognized. Ind-Expo has already awarded more than 100 certificates to both public and private sector Organizations.

Ind-Expo is the only registered Training Center for the Chartered Institute of

Environmental Health of the United Kingdom (CIEH) to deliver internationally recognized training programs and award certificates in respect of the various levels of training in the fields of Food Safety, Occupational Safety and Health and Environment etc.

The “Crowns for Food Hygiene Scheme” was launched by Ind-Expo Certification Limited as the implementing agency to encourage the continuous improvement of food hygiene standards, in food handling establishments in Sri Lanka. This scheme was developed based on international best practices which are being practiced in many countries including the UK.



## THE CNCI “ACHIEVER AWARDS 2017” FOR INDUSTRIAL EXCELLENCE

The Ceylon National Chamber of Industries – CNCI, the Pioneering Industry Chamber in the Country has organized the **ever Popular CNCI Achiever Awards 2017** for Industrial excellence for the 16<sup>th</sup> consecutive year. The Achiever Award winners are selected by a reputed Panel of Judges in the Country and the Achiever Awards are widely regarded as a **Benchmark of Industrial Excellence**.

These awards will ensure higher recognition and wide marketing opportunities as well as image building for your Organization. All Extra Large/ Large/ Medium/ Small/ Micro, industries of manufacturing & service sectors in Sri Lanka can enter into the competition and **we cordially invite you to apply for the Prestigious CNCI Achievers Awards 2017**.

### The Award Competition is open for the following categories

- ◆ For all eligible Sri Lankan Industrial/ Manufacturing / Service Sector enterprises.
- ◆ For all eligible Sri Lankan Industrial/ Manufacturing / Service Sector enterprises operating in SAARC Countries.
- ◆ For all eligible SAARC Country specific Industrial / manufacturing/ Service Sector enterprises, nominated and recommended by the Chamber of Industry or Commerce in specific SAARC Countries.

### Categorization of industries

Category	Manufacturing	Service
	Net turnover/ Investment (LKR)	Turnover (LKR)
Micro	Up to 5 Min.	Up to 10 Min.
Small	>5 Min. to 100 Min.	>10 Min to 100 Min.
Medium	>100 Min. to 250 Min.	>100 Min. to 250 Min.
Large	>250 Min. to 400 Min.	>250 Min. to 700 Min.
Ex - Large	>400 Min.	>700 Min.

#### For Applications Contact

The Ceylon National Chamber of Industries – CNCI  
 No: 20, First Floor, Galle Face Court 02, Colombo 03.  
 TP: 00 94 11 – 2452181, 2339200, 2331444  
 Fax: 00 94 11 – 2331443  
 E Mail: [cnci@slt.lk](mailto:cnci@slt.lk), [accnci@slt.lk](mailto:accnci@slt.lk), [po@cnci.lk](mailto:po@cnci.lk)  
 Web : [www.cnci.lk](http://www.cnci.lk)



**Completed Applications should be handed over  
 On or before  
 19th May 2017**







## GB COATINGS RECEIVES EXCELLENCE AWARD

One of the leading brand names Solakro who manufacture paints and related products won the Excellence award for Solakro Exterior Rough Finish (Extra Thin Plaster) at the annual award 2017 organized by the Sri Lanka institute of Architect (SLIA).

Solakro offers the best prices in the market to give customers a value for money product range followed

by a loyalty program to offer a chain of benefits.

The latest innovation of Solakro is "Solakro Exterior Rough Finish" which can be applied for exterior to avoid plastering.

This gives you a solution for lack of labour because it can be spread on walls and leveled easily. Spraying process is fast and easy especially for high rise buildings and it can be

applied using a hand trowel as well. It comes in 20kg pack. Waterproofing properties of this product protects the wall. 3mm - 6mm thickness reduces the weight of high rise building plastering while giving an extra safety to the structure and the foundation of the building. This can be applied on cement block walls, brick walls, soffits and concrete surfaces.



### Advertise with US !!!

If you would like to advertise on your organization achievement in our members page email to: [po@cnci.lk](mailto:po@cnci.lk) / [cnci@slt.lk](mailto:cnci@slt.lk)

**A Nother**  
**VIP**  
**World's First**

**The Non-VIP Party To The Accident Gets An Air Ticket!\***

\*For Reser's exceed 4 days  
\*Conditions Apply

**Ceylinco Insurance**  
**ON THE SPOT**  
**අදහසටම මතර!**

**In Any Genuine Accident Let The Guilt Just Fly Far Away!**

**Ceylinco VIP Customers Get Either A Replacement Vehicle Or An Air Ticket!**





## CNCI Seminar Schedule..

# SEMINAR ON IMPORT AND EXPORT PROCEDURES AND DOCUMENTATION

28<sup>th</sup> March 2017 | From 9.00am to 4.30pm | @ Raja Bojun  
Liberty Arcade, Colombo 03

For all who are involve in International Trade and Business

### Conducted By:

**Mr. Mahinda Ramanayake**

Executive Director, Investor Services Department , Board of Investment of Sri Lanka

**Mr. Ranjith Dharmasiri**

Deputy Director, Investor Services Department, Board of Investment of Sri Lanka

### Your Investment is just..

**Rs. 7,500/- For CNCI members**

**Rs. 8,000/- For non members**

(Including training materials, lunch and refreshments)

### We offer you specially...

5% Discount for 3 to 4 participants

7.5% Discount for 5 to 9 participants

10% Discount for 10 or more participants

### Seminar will cover...

- An Overview of Shipping Industry
- HUB Operations
- BOI Procedures
- Supply Chain Management
- Bonding and TEIP Procedures
- Certificates of Origin

*Valid  
Certificate  
will be  
Awarded*

**Limited Seats only...!**

### For Registration:

Send the attached reply form by email to [po@cnci.lk](mailto:po@cnci.lk), [cnci@slt.lk](mailto:cnci@slt.lk) or fax to 0112331443

For Information : Hasanka : 0112339200 or Nilanthi : 0112452181





## CNCI Organized a Training on MS Excel Advanced Data Analysis



The CNCI had organized comprehensive full day Training on “MS Excel Advanced Data Analysis” Which was conducted on February 01<sup>st</sup> 2017 from 9.00am to 4.00pm at “SLIDA”, Colombo 07. Mr. Chesmi Kumbalathara, Data

Analytics Consultant of the company Shared Knowledge Asia Pacific having his expertise and many years of significant experience, as a Lecturer at University of Sri Jayewardenepura with the participants. A large number of

participants from Manufacturing and Service sector organizations including Managers, Executives and Supervisors pertaining to the field of Admin, Finance and Accounting, attended at this seminar.

## The VUCA manager



Now is the time for authentic business leaders to step forward and lead in ways that business schools don't teach. Let's examine these different ways of leading comprising VUCA 2.0:

**Vision** – Today's business leaders need the ability to see through the chaos to have a clear vision for their organizations. They must define the True North of their organization: its mission, values, and strategy. They should create clarity around this True North and refuse to let external events pull them off course or cause them to neglect or abandon their mission, which must be their guiding light. CEO Paul Polman has done this especially well by focusing Unilever's True North on sustainability.

**Understanding** – With their vision in hand, leaders need in-depth understanding of their organization's capabilities and strategies to take advantage of rapidly changing circumstances by playing to their strengths while minimizing their weaknesses. Listening only to information sources and opinions that reinforce their own views carries great risk of missing alternate points of view. Instead, leaders need to tap into myriad sources covering the full spectrum of viewpoints by engaging directly with their customers and employees to ensure they are attuned to changes in their markets. Spending time in the marketplace, retail stores, factories, innovation centers, and research labs, or just wandering around offices talking to people is essential.

**Courage** – Now more than ever, leaders need the courage to step up to these challenges and make audacious decisions that embody risks and often go against the grain. They cannot afford to keep their heads down, using traditional management techniques while avoiding criticism and risk-taking. In fact, their greatest risk

lies in not having the courage to make bold moves. This era belongs to the bold, not the meek and timid.

**Adaptability** – If ever there were a need for leaders to be flexible in adapting to this rapidly changing environment, this is it. Long-range plans are often obsolete by the time they are approved. Instead, flexible tactics are required for rapid adaptation to changing external circumstances, without altering strategic course. This is not a time for continuing the financial engineering so prevalent in the past decade. Rather, leaders need multiple contingency plans while preserving strong balance sheets to cope with unforeseen events.

With external volatility the prevalent characteristic these days, business leaders who stay focused on their mission and values and have the courage to deploy bold strategies building on their strengths will be the winners. Those who abandon core values or lock themselves into fixed positions and fail to adapt will wind up the losers.

## Economic Performance

### Economic Indicators - Latest Available

Economic Activity	Annual 2016					
	Rs. Mn.		Growth rates %		Contribution to Growth	
	2015 (b)	2016	15/14	16/15	2015 (b)	2016
Agriculture	670,106.00	641,943.00	4.80	(4.20)	7.60	(7.40)
Industry	2,264,673.00	2,416,276.00	2.10	6.70	11.50	40.10
Services	4,883,444.00	5,087,452.00	5.70	4.20	66.50	54.00
Taxes less subsidies on products	815,667.00	86,355.00	7.50	6.20	14.30	13.40
GDP	8,633,890.00	9,012,026.00	7.50	6.20	14.30	13.40

### Exchange Rates 21st March 2017

Exchange Rates	Currency		Travelers Cheques / Drafts		Telegraphic / NRFC / RFC Transfers		Imports - Selling Rate
	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate	
Australian Dollar	112.2481	119.3890	112.8632	119.3890	114.8751	119.3890	120.3948
Bahrain Dinars	373.8035	412.2640	----	----	----	----	----
Canadian Dollar	107.4395	116.1910	110.4313	116.1910	111.8583	116.1910	117.3877
Danish Kroner	20.8151	22.4322	21.2715	22.4322	21.5347	22.4322	22.6631
Euro	158.2498	165.9191	158.2888	165.9191	160.3979	165.9191	167.5090
Hong Kong Dollar	18.2969	19.8973	18.9339	19.8973	19.1843	19.8973	20.1095
Japanese Yen	1.2952	1.3742	1.3067	1.3742	1.3244	1.3742	1.3875
Kuwaiti Dinar (New)	452.0484	508.3434	----	----	----	----	----
New Zealand Dollar	98.3476	109.1978	103.3446	109.1978	104.7928	109.1978	110.3259
Norwegian Kroner	16.9924	18.3006	17.3547	18.3006	17.5806	18.3006	18.4902
Omanian Riyal	358.5445	402.6310	----	----	----	----	----
Pounds Sterling	181.2054	190.5420	182.1690	190.5420	184.9373	190.5420	192.2826
Saudi Riyal	36.7899	41.1388	----	----	----	----	----
Singapore Dollar	104.7764	110.3495	105.5810	110.3495	106.9630	110.3495	111.3855
South African Rand	10.7633	12.2860	11.5833	12.2860	11.7500	12.2860	12.4094
Swedish Kroner	15.7337	17.5782	16.7030	17.5782	16.9066	17.5782	17.7564
Swiss Franc	145.8680	154.9271	147.6202	154.9271	149.4246	154.9271	156.5061
UAE Dirams	38.4404	42.1097	----	----	----	----	----
Chinese Renminbi	20.4298	22.3816	21.3135	22.3816	21.5954	22.3816	22.6106
US Dollar	150.0000	153.2500	149.3300	153.2500	150.2500	153.2500	154.2700

Central Bank of Sri Lanka



## Event Calendar..

### Local Exhibitions

**Vywasaya 2017** organized by Small Enterprises Development Bureau Sri Lanka will be held on March 31, 2017 at BMICH, Colombo

**The Investment & Business Conclave** offers the perfect blend of opportunities aimed at enriching institutional, corporate and individual investors and business houses with a comprehensive set of guidelines for their investment decisions, and act as a networking opportunity for introductions to potential business partners with a view of establishing partnerships in Sri Lanka. Venue: May 30, 2017 at Cinnamon Grand, Colombo

**Construction Expo 2017** Will be the hub for all major players locally and internationally. It will provide a common platform for all industries that link with construction and will give the participants a chance to showcase their products & services which cover all spheres related to the industry. It will be the meeting point for the domestic and international products & technology suppliers to explore the potential in the construction industry in the south Asian region. Venue: June 02, 2017 at BMICH, Colombo.

**Inco 2017** is the ideal and most cost effective platform for stakeholders of domestic industry to display their capacities and capabilities to their target clientele, both local and overseas. Inco 2017 brings together all three key players namely exhibitors, organizers and visitors under one roof, with a view of disseminating and sharing knowledge and technology in industry. Venue: June 23, 2017 at BMICH, Colombo.

**Water Expo 2017** exhibition organized to provide proactive networking platforms for the water & wastewater fraternity to converge and work together in achieving solutions to global water crisis. This venture will explore the business opportunities in the Lankan Water & Wastewater industry and create a perfect business platform for knowledge sharing and discovering offshore markets. Venue: July 07, 2017 at SLECC

### International Exhibitions

**Food & Hotel Indonesia 2017** The 14th International Hotel, Catering Equipment, Food & Drink Exhibition will be held on 5th April 2017 - 8th April 2017 at Jakarta International Expo Indonesia

**Jewellery Arabia 2017 Kuwait** The 2nd International Gold, Jewellery & Watch Brands Exhibition will be held on 19th April 2017 - 22nd April 2017 at Jumeirah Messilah Beach Hotel & Spa Kuwait.

**CommunicAsia 2017** the 28th International Communications and Information Technology Exhibition and Conference will be held on 23rd May 2017 - 26th May 2017 at Marina Bay Sands Singapore.

**OGA 2017** The 16th Asian Oil, Gas and Petrochemical Engineering Exhibition will be held on 11th July 2017 - 13th July 2017 at the Kuala Lumpur Convention Centre Kuala Lumpur.

**ProPak Asia 2017** the 25th International Processing & Packaging Technology Event for Asia will be held on 14th June 2017 - 17th June 2017 at BITEC Bangkok.

**Be a member of the pioneering Industrial Chamber in Sri Lanka**  
**Join our corporate membership**  
**which exceeds 300 manufacturing and service organizations...**  
**For information and membership forms call us on 2452181 / 2339200**