

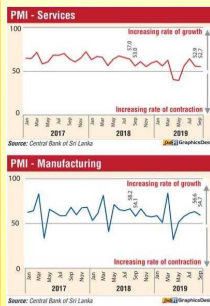


RUWAN EDIRISINGHE ELECTED NEW CHAIRMAN CNCI

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CNCI Office Bearers

- Mr. Ruwan Edirisinghe
Chairman
- Mr. Canisius Fernando
Deputy Chairman
- Mr. Kevin Edwards
Vice Chairman
- Mr. Pradeep Kahawalage
Vice Chairman
- Mr. Shamendra Panditha
Vice Chairman
- Mr. Kasun Rajapaksa
Vice Chairman
- Mr. Amila Sugathapala
Treasurer
- **Secretary General**
Mr. Abeyratne Muthugala



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SEMINAR ON CHANGES IN INCOTERMS WITH 2020 EDITION AND CUSTOMS CLEARING PROCEDURE

26th November 2019 9.00 am - 4.30 pm
(Registration starts at 8.30 am)

Hotel Taj Samudra, Colombo 03

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Sri Lanka-Canada trade surges on rising exports



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RUWAN EDIRISINGHE ELECTED NEW CHAIRMAN CNCI

The Ceylon National Chamber of Industries (CNCI) had its 58th Annual General Meeting (AGM) on 3rd October 2019 at Taj Samudra Hotel, Colombo. The Chief Guest was Deshabandu Dr. Lalith N Senaweera, Chairman, National Consumer Affairs Authority of Sri Lanka.

Mr. Ruwan Edirisinghe who has been the Deputy Chairman was elected as the new Chairman of the CNCI at the AGM.

Mr. Ruwan Edirisinghe is an Entrepreneur behind one of the Sri Lanka's most successful homegrown group of companies; "RN Group" which is into construction industry. He has been graduated as a Civil Engineer from the University of Peradeniya followed by his Post Graduate Diploma in Construction Management from the University of Moratuwa.

After graduation, he has started his business by registering RN Constructions (Pvt) Ltd in 1996, which has gradually been expanded over a period of two decades with his backward integration in establishing over 10 manufacturing factories under "RN Group", which includes Branded steel Buildings, total range of Steel Building Products, Ready Mix Concrete and Cement product manufacturing.

Mr. Edirisinghe is holding the coveted office of the President of South Asians Association for Regional Cooperation Chamber of Commerce & Industry (SAARC CCI) –the apex body of SAARC Chambers of Commerce & Industry and the President of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL).

He is also a Council Member of Sri Lanka Standards Institution (SLSI) and a member of the International Organization for Standardization (ISO).

On election as the Chairman of the Ceylon National Chamber of Industries- the pioneering chamber for industries in the country, Mr. Edirisinghe said that being a national Chamber, we are responsible for representing the industrial sector and to take all possible measures to protect the local industries.

He further said that many of the local industries including the Construction Industry are currently facing threats and challenges owing to various reasons such as playing of foreign giants in the local market, high cost of material imports etc.

He was also of the view that the Sri Lankan industry needs development in operational efficiency for which the government and other institutional support is necessary. Being the Chairman of the Ceylon National Chamber of industries he assured his fullest dedication in his service to the industrial sector in the country.



Mr. Raja Hewabowala, the outgoing Chairman (left) traditionally garlanding the new Chairman Mr. Ruwan Edirisinghe (right) on his election as the Chairman CNCI at the AGM. Mr. Kevin Edwards, CNCI Vice Chairman is also in the picture.

The outgoing Chairman, Mr. Raja Hewabowala, presenting the "Chairman's Review" mentioned that during the past few decades, the Sri Lankan industry had to face a lot of challenges due to various reasons. The thirty year war was among the main reasons for our draw backs. Now even with a peaceful atmosphere, a conducive environment cannot be seen for industries.

The government is also striving in taking measures to develop the private sector in the country. With all such supportive environment, taking into consideration of the trends, we should determine that the export oriented economy with innovation and the high technology should be the strategic theme of today's industry.

Today we witness friendly foreign policies with gaining of GSP Plus facilities and the government is encouraging measures to attract Foreign Direct Investors (FDIs) which have become opportunities for the local industrialists, especially for emerging businesses. However, it is the stand of the CNCI that the BOI Laws need amendments for foreign investments in Sri Lanka in a manner that the local industries are not affected.

He further said that the local manufacturers are facing various challenges owing to competition, natural disasters, Labor issues, environmental issues, social and political issues etc. The situation has been aggravated by the Easter Sunday tragic incidents and the continued increase of the Dollar rate against the Sri Lankan rupee since our imports are significantly higher than to that of the exports.

He finally thanked all the Management and Executive Council Members for their supportive hands given to them and requested the same assistance be extended to the new chairman.

'GOVT SHOULD ENCOURAGE LOCAL ENTREPRENEURS WITH INCENTIVES'



President elect CNCI, Ruwan Eirisinghe presenting a token to outgoing President, CNCI, Raja Hewabowila at their 58th AGM

Sri Lanka should not only egg on foreign investors and pamper them but must also look at encouraging local entrepreneurs, President elect of Ceylon National Chamber of Industries (CNCI) Ruwan Eirisinghe told the 58th AGM at Hotel Taj Samudra.

He succeeded Chairman/Managing Director Nippolac Group Raja Hewabowila as new CNCI Chairman Edirisinghe said that as soon as a foreign company sings up with BOI they get so many incentives but no similar support is provided to local investors. Due to the lack of government support over 1,000 local companies have shut down, he claimed. Edirisinghe who is also the Managing Director of RN Constructions (Pvt) Ltd said that step motherly treatment is meted out to locals, specially in the construction industry.

“Whenever a mega construction project is tendered foreigners especially Chinese win these bids since their cost is at least 20 to 30% less than Sri Lankan companies. The reason for this is that the Chinese government supports their companies especially when they vie for foreign contracts. “We cannot compete with this cost since the government does not offer such concessions to the construction industry and for us bank interest rates, US dollar fluctuation, and high construction material cost, labour other overhead and taxes are very high.”

He also said that whenever a government changes, policies also change but in recent times when ever a Minister changes new set of policies are implemented making it very difficult to plan ahead.

Edirisinghe who is also the President of SAARC Chamber of Commerce said that he was sad to note that Sri Lankan exports have dipped by great numbers.

He recalled that last month he met a Bangladeshi national who was a former security guard. “but today he, capitalizing on consistent government policies and other incentives provided by the Bangladesh government is the largest apparel exporter with 36,000 employees.”

“In 2000 Sri Lanka, Bangladesh and Vietnam all exported around US\$ 2 billion. But last year Bangladesh exports have risen to US\$ 41 billion and Vietnam to 56 billion while Sri Lanka is still struggling at around US\$ 13 billion. The main reason for this is that Sri Lankan export basket is still small and banks on traditional exports such as crops and apparels.”

He said that the chamber under his leadership will press the new government to spell out long term policies. Dr. Lalith Senaweera, Chairman, Consumer Affairs Authority was the Chief Guest.

Source: Daily News - October 7, 2019

Manufacturing slowed down in Sept. but services remained positive

Manufacturing activities slowed down in September when compared with the previous month due to a reduction in orders but services remained buoyant with new businesses growth, the Central Bank said in its latest Purchasing Managers Index (PMI).

Manufacturing activities expanded at a slower rate in September 2019, recording an index value of 54.7 which is a decrease of 1.9 index points, compared to August 2019. This slowdown in manufacturing PMI was mainly driven by the slowdown in Production and New Orders during the month of September.

Slowdown in Production could be observed, especially in manufacturing of food and beverages and textiles and wearing apparel sectors. Although the New Orders and Production expanded at a slower rate, the Stock of Purchases was increased significantly with the anticipation of high demand in future especially in manufacturing of food & beverages sector.

An improvement in Employment was observed with the recruitment of new employees to fill the vacancies. Further, Suppliers' Delivery Time slowed down to the neutral level indicating that they experienced similar delivery time as previous month.

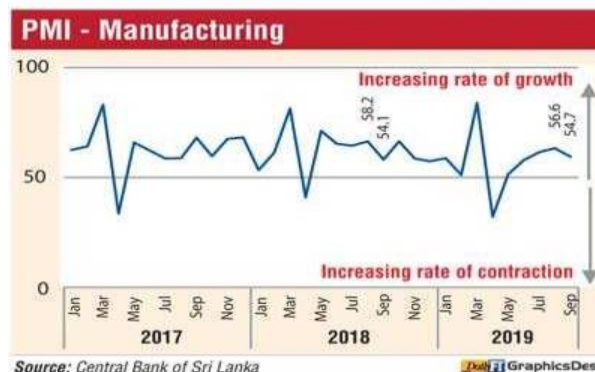
All sub-indices of PMI Manufacturing, except Suppliers' Delivery Time, which was on neutral level, exceeded the threshold of 50.0 (neutral) signaling an overall expansion in manufacturing activities during the period under review.

The global manufacturing PMI recorded a value of 49.7 in September 2019 with an increase of 0.2 index points from August 2019.

Manufacturing PMIs of Eurozone, Singapore and Russia slowed down in September 2019. However Manufacturing PMI of USA, UK and China improved while that of India remained unchanged.

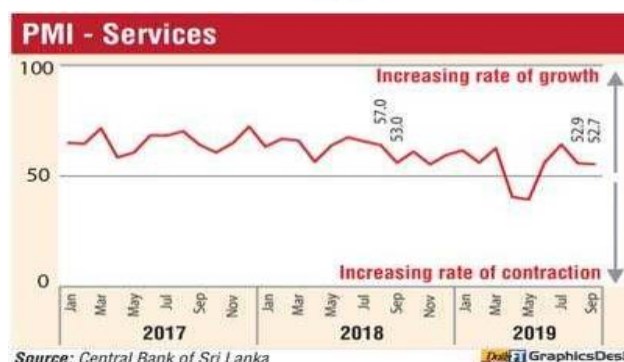
Services sector continued to expand in September 2019, yet at a slower pace compared to August 2019, mainly due to slower expansion in Business Activities.

Despite the slower expansion in Business Activities, New Businesses exhibited an accelerated pace of growth in September 2019, which could positively contribute towards the growth of Business Activities in future. Accommodation, food & beverage services; financial services; and transportation sub sectors contributed towards the growth in New Businesses.



Source: Central Bank of Sri Lanka

GraphicsDesk



Source: Central Bank of Sri Lanka

GraphicsDesk

Meanwhile, Expectations for Activity remained at same level in September compared to August 2019. However, some respondents highlighted that their optimistic expectations on business activities were affected by the uncertainty in business environment due to current political climate of the country.

Employment continued to decline for the sixth consecutive month in September 2019, due to delays in filling vacant positions since recruitments are not carried out in the later part of the year and skill mismatch in the labour force.

Backlogs of Work sub index remained below 50.0 threshold level implying that any increase in demand could be met with the existing capacity of service providers. Global services PMI eased to 51.6 in September, its joint-weakest reading in over three years, Services PMIs of Japan, US and China indicated that their services sectors improved in September compared to August 2019, while UK and India indicated a decline in services activities.

Source: Daily Ft - 17 October 2019



LAKE
HOUSE

Daily News

Public procurement contracts to be made public

Ministry of Finance Director General Public Finance, Priyanga Algama said that with the implementation of the government electronic procurement system now online at PROMISE.LK the award of government contracts would become public information.

Algama was speaking at the PROMISE.LK technical session for vendors on October 28 at the Taj Samudra. The session was part of a series of sessions aimed to educate stakeholders.

Algama said, "Public procurement remains a large part of the economies of developing countries in the world. In Sri Lanka accounts for an estimated 7-10 percent of Gross Domestic Product and about 20-25 percent of total government expenditure.

He added "It is an area that needs attention since resources are not being properly managed in achieving the development of goals due to several irregularities in the process. The vast amount of money flowing through the government procurement system can create an improper incentive system.

When procurement systems are weak, lack of transparency, and accountability, we have experienced unpredictable delays and cost overruns in a large number of infrastructure projects. This has caused significant economic issues."

The system is decentralized and allows procuring state entities to advertise their procurement requirements. Entities are also able to publish annual procurement plans and make forward announcements of procurement intent. This is to help co-ordination between vendors and state entities.

Algama said "We have now recognized these issues in public procurement and time has come to re-engineer with the latest technologies. This is a timely response to a long-felt need. As you are aware following the 4th South Asia procurement conference ending in Kandy in 2018 under the arm of e-procurement we initiated action with cabinet approval.



Priyanga Algama

"To minimize the transaction costs of buyers and sellers associated with procurement we have used standardization. We have streamlined the procurement process across agencies." The system will use the European Common Procurement Value (CPV) codes. Automation of bid selection by state entities is to be implemented in due course reducing human intervention on bids. The system will allow state entities to provide clarification on their requirements. Complaints and appeals can be recorded by the system.

All bids made into the system are encrypted and any accesses to bid documents are logged by the system. Selected 3rd party agencies are to be given access to the system to provide oversight and analysis. The system currently uses a credit card portal for payments but has tied up with LankaPay to act as the payment system.

In the future bid security payments made through the LankaPay system can be automatically recorded. The system will integrate via APIs with future developments in the company registrar's office to share newly digitized financial data and share ownership information giving state entities more Information on vendors and the public greater oversight when contracts are awarded. Other regulatory entities such as in construction shall also digitize their records and integrate them via APIs with the system.

Source : Daily News - October 30, 2019

Sri Lanka-Canada trade surges on rising exports



High Commissioner of Canada to Sri Lanka David McKinnon meets Minister of Industry, Commerce, Resettlement of Protracted Displaced Persons, Co-operative Development, Skills Development and Vocational Training (ICTPDPCSDVT) Rishad Bathiudeen

Though Sri Lanka-Canada bilateral trade is modest, surging Sri Lankan exports to Canada could turn it around. “Annual Canada-Sri Lanka trade values at present show an unexploited trade potential that needs to be explored,” said Minister of Industry, Commerce, Resettlement of Protracted Displaced Persons, Co-operative Development, Skills Development and Vocational Training (ICTPDPCSDVT) Rishad Bathiudeen to High Commissioner of Canada to Sri Lanka David McKinnon, while hosting him for a courtesy call on 26 September.

Minister Bathiudeen and High Commissioner McKinnon discussed Sri Lanka and Canada’s shared desire to continue expanding bilateral trade and commercial ties. According to the Sri Lankan Department of Commerce, the total Canada-Sri Lanka trade in 2018 stood at \$436 million, a near 10% increase from the previous year.

- **SL-Canada trade rise by 10%**
- **‘Unexploited potential, time to explore’ – Rishad**
- **SL exports to Canada diversifying rapidly**

Sri Lankan garment exports to Canada are on the rise, and rubber and other by-products such as tyres, coconuts and sea food are also rapidly diversifying the export product mix. A variety of high-quality Canadian products, notably wheat and lentils, make their way to households across the country and contribute to the diversification of imports to Sri Lanka. Although modest, some notable Sri Lanka-Canada collaborations include high-tech production facilities for garments, agriculture value addition such as plant extraction and essences, sea food processing, and ICT partnerships. Other Canadian trade connections to Sri Lanka include sophisticated building technologies, engineering, architecture financial services, and clean technology.

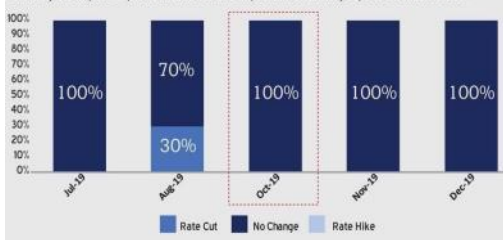
Sri Lanka’s educated and resilient population, fantastic natural attributes and strategic location astride major trade routes in the fastest growing region in the world generate enormous potential for bilateral commercial interests and to achieve sustainable economic and social prosperity for Sri Lankans and Canadians.

Source: Daily Ft - 23 October 2019

FIRST CAPITAL RULES OUT THIRD RATE CUT

FCR Policy Rate Forecast – Oct 2019 to Dec 2019

First Capital Research expects a 100% probability for continuation of current policy stance while allowing the impact of previous rate cut and imposition of lending caps to be materialised.



Source: CBSL, First Capital Research Estimates

- **Says policy rates reduction in August also supported this view**
- **Cautions any further rate cut is likely to increase foreign outflows from the country further depreciating the Rupee**
- **Notes the impact of previous policy decisions should be allowed to materialise.**

First Capital Research predicts zero chance for a third policy rate cut this year ahead of Central Bank’s Monetary Policy Review scheduled for this Friday.

“The Central Bank (CB) is extremely unlikely to change its key monetary policy rates amidst the uncertainty hovering with the presidential election around the corner. The reduction of policy rates in August which was way in advance also supported this view,” First Capital Research stated in its Pre-Policy Analysis report.

The Central Bank already carried 50bps rate cuts each in May and August and the CB also imposed lending caps on banks in an attempt to increase credit flows to the productive sectors of the economy.

Further, the CB reduced the statutory reserve ratio (SRR) applicable on rupee deposit liabilities of Licensed Commercial Banks by 2.50 percent in order to improve the liquidity in the financial market.

Therefore, First Capital Research believes that a change in policy rates is not required for the year while allowing the impact of previous policy decisions to materialise.

It cautioned that any further rate cut would likely to increase foreign outflows from the country leading to further depreciation of the Rupee while a rate hike is likely to hamper the GDP growth.

“Since the previous rate cut on August 23rd, Rupee depreciated by 1 percent amidst the foreign outflows that amounted to Rs. 13.8 billion which resulted in foreign holdings in government securities declining below 2 percent, the lowest in recent times,” First Capital Research stated.

Sri Lanka’s second quarter economic growth slumped to a five-year low of 1.6 percent due to adverse economic impacts of Easter Sunday attacks.

Source: Daily Mirror - 9 October 2019

Special award given to Kelani Cables at National Quality Awards

Kelani Cables PLC the company that produces the number one secure power and telecommunication cables and enameled winding wires in Sri Lanka was conferred with a special award at the 'National Quality Awards – 2019' organized by the Sri Lanka Standard Institute.

This special award was presented in appreciation of Kelani Cables PLC winning the 'Global Performance Excellence World Class Award' at the 17th edition of the 'Global Performance Excellence Awards' held in Philippines.

The award ceremony which was headed by President Maithripala Sirisena and held at Nelum Pokuna was attended by the President, and the Minister of Science Technology and Research Sujewa Senasinghe.

Only the companies that have won the 'National Quality Award' are eligible to apply for the 'Global Performance Excellence World Class Award'.

Kelani Cables PLC to date is the only company to win the 'Global Performance Excellence World Class Award' from all companies that contested for the National Quality Award in 2016.

With the 'Global Performance Excellence World Class Award' Kelani Cables was recognized in the Asian Pacific region as a company that is dedicated to constantly maintain world class quality standards.

Kelani Cables GM (Marketing) Anil Munasinghe speaking of the 'Global Performance Excellence World Class Award' won by the company said, "Stringent quality standards are the backbone of Kelani Cables PLC and the secret behind its success. This award has endorsed Kelani Cables as an internationally recognized company. Kelani Enamel winding wire has international UL certification. Similarly wires produced by Kelani Cables for CCTV cameras are of highest quality and they are more durable than imported wires."

Kelani Cables PLC Technical Operation Manager Shyama Perera said, "There are a seven-fold criterion to select companies for National Quality Award and Global Performance Excellence World Class Award which being; Leadership, Strategy, Customer, Measurement and Knowledge Management, Workforce, Operations and Business Results. This criterion is in line with the standards of most accepted quality award ceremony in the world, Malcolm Baldrige National Quality Awards. Hence this prestigious award has endorsed the standard excellence of Kelani Cables."



The special award bestowed on Kelani Cables at the 'National Quality Awards 2019' being received by Kelani Cables Director/CEO Mahinda Saranapala, and Kelani Cables Technical Operation Manager Shyama Perera, from Minister Sujewa Senasinghe

Kelani Cables PLC Brand Development Manager Channa Jayasinghe said, "Ours has been the number one secure electrical and communication cable in Sri Lanka for 50 years because of excellent production quality. Thus we could venture into diverse fields promoting our products for 50 years. We introduce products under the Kelani Cables brand after thorough market research to know customers' needs and manufacturing products with stringent quality checks. Our product portfolio has diversified to include LED bulbs, Fans, tapes that derived demand from customers because of quality."

Kelani Cables PLC is a 100% Sri Lankan company serving the nation for 50 years manufacturing electrical and communication cables. The company achieved 'Super Brands' status in the electrical and telecommunication sector in 2008 for professional supremacy it demonstrated in the electrical and communication cables sphere. The company is ISO 9001 and ISO 14001 certified. In 2018 Kelani Cables won 'CSR Brand of the Year' (Silver Award) at the SLIM Brand Excellence Awards' and in 2017 the company won the Gold Award for the Industrial Sector of National Chamber of Exports Awards.

Kelani Cables also won Gold Award for B2B Brand of the Year at the SLIM Brand Excellence Awards – 2017'. In 2016 Kelani Cables PLC won the Gold Award for the Best Green Reporter in Tier 2 in the National Green Reporting System. In the same year Kelani Cables won the 'Asia Best Employer Brand Award' and National HR excellence Award.

Source: Daily Ft- 15 October 2019

IMPORTANT SEMINARS CONDUCTED BY CNCI

SEMILAR ON
DISCIPLINARY PROCEDURES & CONDUCTING
FORMAL DISCIPLINARY INQUIRIES

01st October 2019 9.00 am - 4.30 pm
 (Registration starts at 8.30 am)

Hotel Taj Samudra, Colombo 03

SEMILAR ON
NEW INCOME TAX RETURNS
Changes and Applications

24th October 2019 9.00 am - 4.30 pm
 (Registration starts at 8.30 am)

Hotel Taj Samudra, Colombo 03



Some of the comments by the Participants

- *Excellent, a vast knowledge gathered.*
- *Impressed with the sessions.*
- *The lecture was well delivered and appreciate the skills of the resource persons.*
- *Very interesting session, Thank you CNCI for having this Workshop*
- *Good Training Programme, very relevant and useful.*
- *Please conduct more programmes like this*
- *Thank you very much CNCI for the good job done.*



UPCOMMING SEMINAR BY CNCI

SEMINAR ON
CHANGES IN INCOTERMS WITH 2020 EDITION
AND CUSTOMS CLEARING PROCEDURE

26th November 2019 9.00 am - 4.30 pm
 (Registration starts at 8.30 am)

Hotel Taj Samudra, Colombo 03

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- International Commercial Terms (INCOTERMS)
 - Changes in the 2020 Edition
 - Delivery Terms
 - Payment Terms
- Customs Clearing Procedure
- Q & A

INVESTMENT

For Members	Rs.8,500/-
For Non Members	Rs.9,000/-

DISCOUNT

5% for 3 to 5 Participants.
 10% for 6 or more participants

RESOURCE PERSON

Mr. Ranjith Lamaheewa; MPM - IT
 Former Additional Director General -
 Sri Lanka Customs

FOR

Directors, Managers, Executives, Supervisors and all those involved
 in Imports & Exports

*Valid certificate will be awarded

FOR REGISTRATION

Please email your filled registration forms to:
po@cnci.lk, cnci@slt.lk, thecnci@gmail.com



Organized by
**THE CEYLON NATIONAL
 CHAMBER OF INDUSTRIES- CNCI**

For More Details

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www.facebook.com/THECNCI

EXCHANGE RATES AS AT 31ST OCTOBER 2019

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	123.1367	128.2461
Canadian Dollar	135.6263	140.4873
Swiss Franc	180.8932	187.0749
Renminbi	25.1982	26.3652
Euro	199.0409	206.3151
British Pound	230.8716	238.4659
Yen	1.6416	1.7031
Singapore Dollar	131.2588	135.8680
United States Dollar	179.6051	183.3179

ECONOMIC INDICATORS AS AT 31ST OCTOBER 2019

Overview	Last	Reference	Previous	Range	Frequency
GDP Annual Growth Rate (%)	1.6	19-Jun	3.7	0.5 : 16.12	Quarterly
Unemployment Rate (%)	4.9	19-Jun	4.7	3.7 : 16.6	Quarterly
Inflation Rate (%)	5.4	19-Oct	5	-0.9 : 28.3	Monthly
Interest Rate (%)	7	19-Oct	7	06:10.5	Daily
Balance of Trade (USD Million)	-540	19-Aug	-717	-1101 : -50.1	Monthly
Current Account (USD Million)	-673	19-Jun	447	-1695 : 447	Quarterly
Current Account to GDP (%)	-3	18-Dec	-2.6	-19.3 : -0.4	Yearly
Government Debt to GDP (%)	82.9	18-Dec	76.9	16.3 : 109	Yearly
Government Budget (% of GDP)	-5.3	18-Dec	-5.5	-10.2 : -5.3	Yearly
Corporate Tax Rate (%)	28	18-Dec	28	15:42	Yearly
Personal Income Tax Rate (%)	16	18-Dec	16	15:35	Yearly