



CNCI NEWS BULLETIN

ISSUE 65

February 2020

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

“CNCI ACHIEVER AWARDS” PROGRAMME LAUNCHED FOR 2020



Page 01 ➡

Minor impact on SL as Moody's retain growth forecast

Moody's forecast coronavirus to have a minor impact on Sri Lankan economy and that is too only in 2020. Nevertheless Moody's has retained 3.3% GDP growth forecast for 2020 unchanged whilst for 2021 it is 4.4%. For the Maldives growth forecast has been downgraded to 5.6% whilst retaining 6% forecast next year.

Source: Daily Ft - 19 February 2020

National industrial policy in the pipeline



Govt. calls for Expressions of Interest Page 02 ➡

Coronomics and Sri Lanka

Coronomics (Corona + Economics) is an eye-catching word coined by Prof. Ajith De Alwis in his column which was published in Daily FT on 6 February. This article is intended to further analyse the economic Implications of coronavirus.



By Eranda Roshan Fernando

Page 03 ➡

DFCC Bank ranked amongst Business Today's Top 30 Corporates in Sri Lanka



Page 04 ➡

APPLICATIONS ARE NOW OPEN Page 06 ➡



EXCHANGE RATES AND ECONOMIC INDICATORS AS AT 28TH & 29TH FEBRUARY 2020

Page 09 ➡

SMS service for EPF contributions to get prompt updates

Page 04 ➡

UPCOMING SEMINARS BY CNCI

Page 07 ➡

Page 08 ➡

DIMO rewarded at Annual ACCA SL awards

Page 05 ➡



The Ceylon National Chamber of Industries - CNCI
No.20, 1st Floor, Galle Face Court 2, Colombo 03, Sri Lanka
Tel: +94 11 2452181 | 2339200 | 2331444 : Fax : +94 11 2331443
Email : cneci@slt.lk Web: www.cneci.lk



www.facebook.com/the-cneci

'CNCI ACHIEVER AWARDS' PROGRAMME LAUNCHED FOR 2020

The Ceylon National Chamber of Industries – CNCI had its official launch and the media briefing of the “CNCI Achiever Awards 2020” for Industrial Excellence on 13th February 2020 at **Hotel Galadari, Colombo**. It is a unique event annually organized by the CNCI, the premier Industrial Chamber in the country to recognize the Sri Lankan Industrialists for their achievements both in the manufacturing and service sectors. The Chief Guest of the occasion was Mr. J A Ranjith, Secretary, Ministry of Industries and Supply Chain Management.

The Achiever Awards scheme has been initiated by the CNCI to promote industrial growth in the country by recognizing and rewarding those industrialists who excel well in their businesses. The contestant companies will be evaluated based on their performance shown in the areas of quality standards, productivity, corporate plan, research & development, employee benefits, labour relations etc while paying concerns over the social and environmental obligations and to encourage these industries to reach further heights. The Achiever Awards scheme is highly popular among the industrial sector which is considered as a valuable opportunity to all industrialists of Extra Large, Large, Medium, Small & Micro categories, to be contested in provincial and National levels. Canisius Fernando, CNCI's Deputy Chairman while welcoming the gathering said that he was certainly proud to mention that the CNCI Achiever Awards Competition is held in 2020 for the 19th consecutive year.

Canisius Fernando expressed his deep gratitude to the DFCC Bank on behalf of the Industry Chamber for their magnanimous gesture in being the Principal Sponsor and Official Banking Partner for the CNCI Achiever Awards scheme continuously for the past two years and in this year as well for the consecutive third year. He also thankfully placed on record of the sponsorships given by the Bank of Ceylon for the past 15 years and Ceylinco General Insurance Limited for the past 13 years while they have come up as Co-sponsors in this year too.

Mr. Pradeep Kahawalage, introduced “Achiever Awards 2020” to the media. He explained that the applications for the CNCI Achiever Awards are subjected to a stringent evaluation procedure. Initially The applications received are scrutinized by an external Audit team to verify the accuracy of the information given, especially the financial data. Next is an internal panel of judges consisting of professionals such as Chartered Accountants, Engineers etc. Finally it is the external panel of judges which is headed by Professor Kapila Perera, Vice Chancellor of the University of Moratuwa.

Addressing the gathering, Mr. J A Ranjith, Secretary to the Ministry of Industries and Supply Chain Management, who graced the occasion as the Chief Guest said that for the last few years, we couldn't witness a noticeable growth in the industrial sector in our country due to various reasons including the political instability. However, he added that since in the recent past, we had been able to witness that the country is heading towards systems. He lastly congratulated the CNCI for organizing this type of a competition to recognize the industrial sector for their performance excellence.

Mr. Shamindra Marcelline, Senior Vice President / Head of Corporate Banking of DFCC Bank PLC, who participated the event as the Guest of Honour representing the principal sponsorship and the official banking partner stated in his speech that DFCC Bank being a reputed commercial bank in the country extends an array of commercial and development services to the industrial sector in the country. Also he expressed their pleasure to have the opportunity of contributing to the CNCI Achiever Awards project as the principal sponsor and the official banking partner to recognize the local industrialists.

Achiever Awards applications are available at the CNCI Chamber Secretariat, Galle Face Court 2, Colombo 3 and all Regional Chambers or they can be downloaded from their website www.cnci.lk. Applications closing date will be 15th May 2020.



Presentation of memento by Mr. Shamindra Marcelline, Senior Vice President / Head of Corporate Banking of DFCC Bank PLC to Mr. Canisius Fernando, Deputy Chairman CNCI



Unveiling the Gold trophy by the Chief Guest Mr. J A Ranjith, Secretary, Ministry of Industries and Supply Chain Management

National industrial policy in the pipeline

Govt. calls for Expressions of Interest

The Government while nurturing and protecting local industries will provide a conducive environment to achieve higher industrial growth and gain enhanced economic benefits in the long run, a top government official said.

“The government is formulating an industrial policy to take the sector to the next level. To this end, it has called for Expressions of Interest (EOI) from interested parties and will launch the policy within eight to 10 months,” Secretary, Ministry of Small and Medium Scale Enterprises and Entrepreneur Development, Industries and Supply Management, J. A. Ranjith said.

Local industrialists were facing many difficulties due to lack of policy direction and we are fulfilling a long-felt need. The groundwork is already in place to develop a holistic industrial policy for Sri Lanka that will address the challenges and make the sector future ready, he said.

In 1977, the government which came into power introduced the economic liberalisation policy allowing the private sector to enter industry. Lifting tariff and quantity barriers were major changes under this policy.

In the second stage in 1989/1990, approvals for setting up industries were abandoned, liberalisation of foreign investment was granted under the Board of Investment (BOI) as well as privatised State-owned industries.

In the third stage, Sri Lanka adopted Article VIII Status of the International Monetary Fund (IMF), freeing all foreign exchange transactions on the current account.

In keeping with worldwide trends, the liberalisation policies were continued with minor changes under successive governments. They pursued efforts to lift non-tariff barriers, reduction of tariff and pursuit of the program of privatisation and played a more active rather than a passive role in relation to industrial policy.



J. A. Ranjith

The industrial policy in Sri Lanka introduced in 1977 considered strengthening private sector led export oriented industrialisation. As the policy recognised the private sectors as the engine of growth, their participation in the formulation and implementation of policies relating to the industrial sector was encouraged.

In this respect, the Development Review Committee as an Advisory Council for industry was set up.

This committee consisting of experienced officials from the public sector, private sector and research institutes were entrusted with the responsibility of policy formulation, indicative planning, problem solving and advising the government, reviewing existing policies and recommending changes.

The new industrial policy will take into account the proposals by the relevant parties and stakeholders will have the opportunity to contribute in terms of suggestions and recommendations to have a realistic industrial policy. All efforts will be made to enable the sustainability of the sector while promoting local abilities and capacities, he said.

Source: Sundayobserver - 16 February, 2020

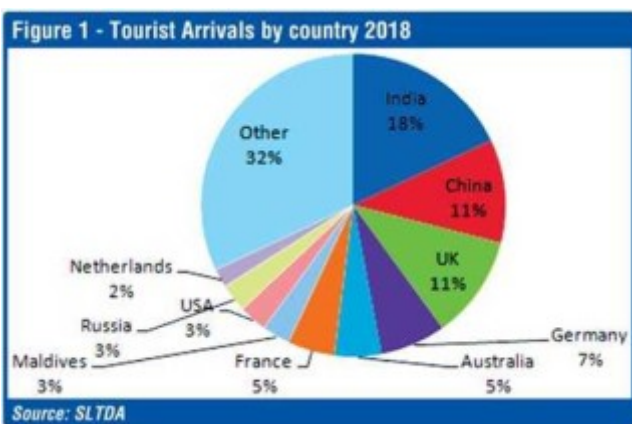


Coronomics and Sri Lanka

Coronomics (Corona + Economics) is an eye-catching word coined by Prof. Ajith De Alwis in his column which was published in Daily FT on 6 February. This article is intended to further analyse the economic implications of coronavirus.

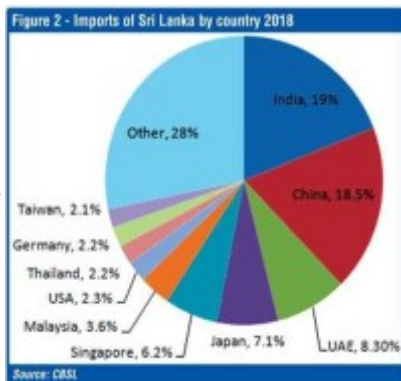
Negative impact on tourism

In terms of tourist arrivals, China is the second largest market for Sri Lanka. As illustrated in Figure 1, tourist arrivals from China account for 11% of total tourist arrivals of Sri Lanka in 2018. With some travel restrictions in place, it is evident there will be drop in tourist arrivals at least during the next few months.



Commodity trade with China

As indicated in figure 2, China is the second largest import market of Sri Lanka. From the total imports of Sri Lanka, around 18.5% is from China during 2018. Although there is no restriction on imports, possible disruptions to production due to coronavirus and also anxiety on the part of importers is likely to affect the trade flow.



Exports from Sri Lanka to China account for only 2% of total exports and the major export commodities include tea and rubber.

Construction sector

Due to labour shortages experienced by the construction sector, Chinese workers are employed in the construction projects in Colombo. Some workers who had gone back to China for their new year holiday are likely to delay returning, which in turn affects the progress of ongoing projects.



Oil prices and stock market performance

According to the data compiled by CBSL, China is one of the important sources of Foreign Direct Investment inflows to Sri Lanka. At the beginning of the outbreak of coronavirus, stock markets across Asia were affected. As per a recent BBC report, crude oil hit its lowest in more than a year.

Disruption to supply chains

At this stage, it is not clear whether there will major disruption to supply chains of electronic items, mobiles and automobiles, etc. However, if the spread of virus is not contained quickly, it is likely to cause disruptions on the manufacturing and distribution of the aforesaid items.

Conclusion

The relationship between

Sri Lanka and China can be traced back centuries when Chinese monk Fa Xian visited Sri Lanka. In the 1950s the historical rubber-rice barter agreement was signed. During recent history, China has been a significant partner in Sri Lanka by supporting numerous development projects.

However, despite the historical relationship between the two countries, recent media reports indicate discrimination has been reported against Chinese nationals due to unnecessary fears. In the era of globalisation, a collective effort is required to face challenges of this nature.

(Eranda Roshan Fernando, an economic policy researcher, can be contacted via eranda1700@gmail.com)

Source: Daily Ft - 13 February 2020



DFCC Bank ranked amongst Business Today's Top 30 Corporates in Sri Lanka

Reaffirming DFCC Bank's role as a leading player in the banking industry, DFCC was ranked 18 amongst Business Today's Top 30 Corporates in Sri Lanka for year 2018/2019.

With a heritage of 65 years, DFCC possesses a strong inheritance in the banking sector, with a significant presence of over 130 customer touch points islandwide. As a bank with AA-(Ika) Fitch ratings, DFCC continued to make an immense contribution to the economy of the country.

Business Today's Top 30 for 2018-2019 rankings is an independent study of the country's listed entities based on a comprehensive evaluation done on an organisation's financial and non-financial performance for the financial years ending December 2018 and March 2019, conducted in association with KPMG Sri Lanka.

Commenting on the occasion, CEO of DFCC Bank Lakshman Silva stated: "Commencing operations as a development bank, DFCC Bank today is a full service commercial bank.

The bank is proud to be recognised as making a significant contribution to the local banking industry in serving all Sri Lankans, in line with its 'Bank for Everyone' focus. While thanking Business Today for this recognition, we dedicate this award to all our stakeholders including our loyal customers who have partnered with us in achieving success in their financial future."

DFCC Bank today geographically spread across the country, catering to retail and business clientele alike with a range of customised products and services. In continually striving to cater to the evolving needs of its customers, the Bank has embarked on a journey to be among the top five private banks in Sri Lanka by 2025, becoming systemically important in the country's financial system.

DFCC's vision for 2025 is to become the most customer-centric and digitally enabled bank in the country.

Source: Daily Ft -28 February 2020



Prime Minister Mahinda Rajapaksha handing over the Award to DFCC Bank Director/CEO Lakshman Silva at the Business Today Top 30 Corporates Awards Ceremony

SMS service for EPF contributions to get prompt updates

- At present EPF contributors wait 6-12 months to get details of updated accounts
- Fund has 2.6 million members

A short message service (SMS) is to be implemented to enable contributors to the Employees Provident Fund (EPF) to get prompt updates once the monthly contributions are deposited to their account.

Cabinet approved a proposal by Minister of Skills Development, Employment and Labour Relations Dinesh Gunawardena to implement the program.

At present, members of the EPF have to wait between 6 -12 months to be know if the contribution has been duly deposited in the Fund, and members have complained that they have had to confront numerous issues when getting details of their updated accounts.

The members of the EPF number around 2. 6 million at present

Source: Daily Ft - 14 February 2020



DIMO rewarded at Annual ACCA SL awards



One of Sri Lanka's leading conglomerate Diesel & Motor Engineering PLC (DIMO) was once more rewarded at the annual ACCA Sri Lanka Awards for Sustainability Reporting 2019 which was held recently at the Cinnamon Grand Hotel, Colombo.

While being the Overall Runner-up of the night, DIMO also emerged as the Winner in the Retail and Trading Category. Through the accounts published in the 2018-2019 Annual Report themed "The Road Less Travelled", DIMO has proudly presented their commitment towards providing their stakeholders an account of the economic, social and environmental impacts of the company's activities.

They have endeavored to report in a fair and transparent manner, presenting both negative and positive aspects without bias as they believe it to be imperative that stakeholders have access to comprehensive details to aid informed opinion and choice.

Commenting on the win, Ranjith Pandithage, Chairman and Managing Director of DIMO said, "Environmental, social and sustainability reporting is now an important route through which corporate accountability and integrity can be demonstrated. Communicating how we have put this mandate into practice has become an equally important aspect in the corporate world. Responsible behavior of DIMO is a core component of our corporate strategy. Such corporate philosophy has been projected through our sustainable reporting, which rationalizes our continuous winning streak at the ACCA Sri Lanka Sustainability Reporting Awards."

DIMO owed its Overall Runner-up win to their coverage of an extensive network of disparate businesses and the achievement of a high standard of disclosure and being well presented in the annual report.

DIMO's performance in relation to sustainability that has been well documented aligning with the United Nations' Sustainable Development Goals (SDGs) have led DIMO to be the winner in the Retail and Trading Category.

In addition, DIMO has been voted a Great Place to Work which yet again resembles DIMO's commitment towards all stakeholders. The Judges' report of the ACCA Sustainability Reporting awards emphasized on DIMO's significant effort on water recycling and energy consumption per Rs. 1 Million revenue while the annual report also explained material aspects and how the company has addressed them. The report was acclaimed for its clarity and lack of unnecessary material which could draw away attention from essential points of reporting.

Furthermore, DIMO's policy to supply environmental-friendly solutions was also noted profoundly. Products and services offered by DIMO are embedded with the best technology and generate minimal harm to the environment. LED bulbs, hybrid passenger vehicles, energy conserving lighting solutions, waste water treatment solutions, Euro4-enabled commercial vehicles and renewable energy solutions are some of the key products through which DIMO supports environmental sustainability.

DIMO is one of the few companies in Sri Lanka that has gone the extra mile to implement SA 8000: 2014 accredited Social Accountability Management System to endorse social accountability across the organization to assure that the company is fully compliant with country's labor laws which also reflect the company's commitment towards corporate transparency.

The ACCA Sustainability Reporting Awards recognizes the growing need for organizations to be responsible and accountable for their impacts on society and the environment and aims to reward Sri Lanka's most transparent, accountable and responsible corporates.

Source: Daily Ft - 26 February 2020

Cartoons

General Election expenses Rs 7.5B



Source: ceylontoday.lk- 25-02-2020

Source: <https://www.theglobeandmail.com/opinion/gallery-editorial-cartoons-for-february-2020>





CNCI
ACHIEVER AWARDS 2020
for Industrial Excellence
Annual Grand Competition
 19th Year

APPLICATIONS ARE NOW OPEN

FOR

- All Sri Lankan Industries (Manufacturing / Service)
- All Sri Lankan Industries (Manufacturing / Service) operating in SAARC Countries
- SAARC Country specific Industries (Manufacturing / Service) recommended by Chambers of Commerce / Industry in the respective SAARC Country.

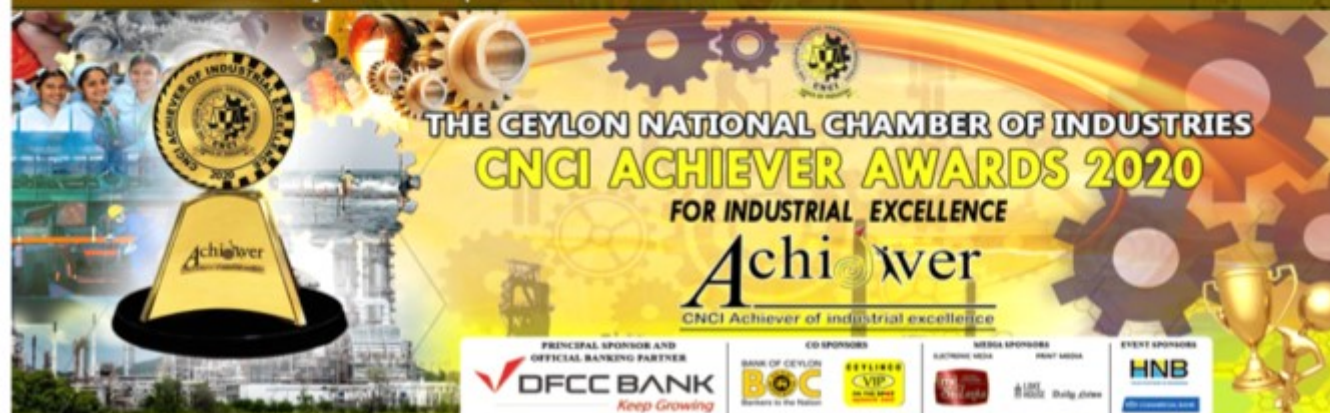
Categories and Eligibility

Category	Eligibility		
	Manufacturing Net turnover / Investment (LKR) (whichever is Higher)	Service Turnover (LKR)	Period of operation
MICRO	Up to 5 Mn.	Up to 10 Mn.	To be engaged in business for 3 years
SMALL	>5 Mn. to 100 Mn.	>10 Mn. to 100 Mn.	
MEDIUM	>100 Mn. to 250 Mn.	>100 Mn. to 250 Mn.	
LARGE	>250 Mn. to 400 Mn.	>250 Mn. to 700 Mn.	To be engaged in business for 4 years
EXTRA LARGE	>400 Mn.	>700 Mn.	

FOR APPLICATION

Visit CNCI website or contact :
 The Ceylon National Chamber of Industries - CNCI
 No. 20, 1st Floor, Galle Face Court 02, Colombo 03
 Tel : +94112452181, 2339200, 2331444 | 0771777115
 Email: cnci@slt.lk, pc@cnci.lk | Web : www.cnci.lk

Closing Date
15th May 2020



THE CEYLON NATIONAL CHAMBER OF INDUSTRIES
CNCI ACHIEVER AWARDS 2020
 FOR INDUSTRIAL EXCELLENCE
Achiever
 CNCI Achiever of industrial excellence

PRINCIPAL SPONSOR AND OFFICIAL BANKING PARTNER: **DFCC BANK** Keep Growing

CO SPONSORS: **BANK OF CEYLON**, **ESTABLISHED CIP**

MEDIA SPONSORS: **Electronic Media**, **Print Media**

EVENT SPONSORS: **HNB**



SEMINAR ON TAXES WITH NEW CHANGES (INCOME TAX, VAT, NBT, ESC & PAYE)

12th March 2020 9.00 am - 4.00 pm

(Registration starts at 8.30 am)

Hotel Taj Samudra, Colombo 03

CONTENTS

- * Highlights of Existing Income Tax Law
- * Recently Proposed Changes on Income Tax -
 - Abolition of PAYE & Taxing of Terminal Benefits
 - Senior Citizens Interest Allowance
 - New Qualifying payments
 - Personal Tax-free allowance
 - Personal Tax Slabs & Rates
 - Abolition of Some WHT & Effect of Abolition of PAYE & Some WHT
 - Taxing of Interest & Dividends
 - New Tax Exemptions & Taxing of Partnerships
 - Changes in Company Tax rates
- * Abolition of NBT
- * Abolition of ESC
- * Recent Changes on VAT-
 - Change of VAT Rate
 - Increase in registration threshold
 - Registration deactivation
 - Voluntary reactivation of registration
 - New Exemptions
- * Legality of recent Changes
- * Panel discussion and Q & A Session

INVESTMENT

For Members Rs.8,500/-
For Non Members Rs.9,000/-
(Inclusive of Lunch, Refreshments & Handouts)

DISCOUNT

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

RESOURCE PERSON

Mr. Athula Ranaweera BSc, FCA, FCMA, FMAAT
Member of Tax Committee of CA Sri Lanka
Partner : Ranaweera Associates (Chartered Accountants)
Managing Director : Asset Advisory Partners (Pvt) Ltd

Mr. Denzil Rodrigo FCA, FCMA
Managing Director : ECI Tax Chambers (Pvt) Ltd
Managing Director : Hulugalle Samarasinghe & Co.
(Chartered Accountants)

FOR

Directors, CEOs, All Managers, Executives, Supervisors (Specially in Accounting / Finance) and all others interested in Taxation

*Valid certificate will be awarded

FOR REGISTRATION

Please email your duly 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

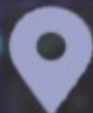
Contact: Madhushika/ Nilanthi
011 2339200, 2452181, 2331444 Fax: 0112331443
www.facebook.com/THECNCI



SEMINAR BY CNCI ON FREE TRADE AGREEMENTS (FTAs) IN COLLABORATION WITH DEPARTMENT OF COMMERCE



24th March 2020 9.00 am - 4.00 pm
(Registration starts at 8.30 am)



Hotel Taj Samudra, Colombo 03

CONTENTS

- * Reciprocal bilateral FTAs with India, Pakistan & Singapore
 - Product Coverage
 - Rules of Origin
 - Current Issues
 - Trade Trends
- * Reciprocal Regional Trading Agreement (RTAs) - SAPTA, SAFTA, APTA
 - Product Coverage
 - Rules of Origin
 - Current Issues
 - Trade Trends
- * Unilateral Trade Concessions (GSP/ GSP + / GSTP) from foreign countries (EU, USA, Japan, Canada, Switzerland, Norway, New Zealand, Russia & Turkey)
- * Q/A Session

INVESTMENT

For Members Rs.8,500/-
For Non Members Rs.9,000/-
(Inclusive of Lunch, Refreshments & Handouts)

DISCOUNT

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

LANGUAGE

English

RESOURCE PERSONS

Officials from
Department of
Commerce

FOR

Directors, CEOs, Small Business Owners, All Managers, Executives, Supervisors and all others interested in International Trade

*Valid certificate will be awarded

FOR REGISTRATION

Please email your duly 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

Contact: Madhushika/ Nilanthi
011 2339200, 2452181, 2331444 Fax: 0112331443
www.facebook.com/THCNCI

EXCHANGE RATES AS AT 28TH FEBRUARY 2020

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	116.6512	121.5892
Canadian Dollar	133.0643	137.8159
Swiss Franc	184.4731	190.7756
Renminbi	25.3627	26.537
Euro	196.3633	203.0768
British Pound	230.6792	237.8526
Yen	1.6352	1.6938
Singapore Dollar	128.138	132.344
United States Dollar	179.9662	183.6374

Source: <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/daily-buy-and-sell-exchange-rates>**ECONOMIC INDICATORS AS AT 29TH FEBRUARY 2020**

Overview	Last	Reference	Previous	Range	Frequency
GDP Annual Growth Rate (%)	2.7	19-Sep	1.5	0.5 : 16.12	Quarterly
Unemployment Rate (%)	5.1	19-Sep	4.9	3.7 : 16.6	Quarterly
Inflation Rate (%)	6.2	20-Feb	6.2	-0.9 : 28.3	Monthly
Interest Rate (%)	6.5	20-Jan	7	06:10.5	Daily
Balance of Trade (USD Million)	-784	19-Dec	-762	-1101 : -50.1	Monthly
Current Account (USD Million)	-522	19-Sep	-661	-1695 : 446	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	19-Dec	28	15:42	Yearly
Personal Income Tax Rate (%)	24	19-Dec	24	15:35	Yearly

Source: <https://tradingeconomics.com/sri-lanka/indicators>