



CNCI NEWS BULLETIN

The Ceylon National Chamber of Industries

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INSIDE THIS ISSUE:

PAGE 01: CNCI is optimistic of a conducive environment for business with the reliefs & concessions granted by the Mini Budget 2015

PAGE 02 03/05 : Central Bank Update on External sector Performance in November

PAGE 04: Economic Performance

PAGE 06: CNCI Member of the Month: YASEEN'S COMPUTARIZED GRAPHICS

PAGE 07 : Member's Success Stories: Kelani Cables Workshop in Trincomalee

PAGE 08 : Interim Budget 2015 - Highlights

PAGE 09 : EDUCATIONAL PROGRAMMES/ SEMINAR / EXHIBITIONS

OFFICE BEARERS OF CNCI

Mr. Gamini Gunasekera - Chairman

Mr. Preethi Jayawardena - Immediate Past Chairman

Mr. Tissa Seneviratne - Deputy Chairman

Mr. Raja Hewabowala - Senior Vice Chairman

Mr. Ruwan Edirisinghe - Vice Chairman

Mr. Canisius Fernando - Vice Chairman

Mr. Sarath Perera - Vice Chairman

Mr.R.H. Moses - Hony. Treasurer

Mr. Abeyratne Mutugala - Secretary General

CNCI is optimistic of a conducive environment for business with the reliefs and concessions granted by the Mini Budget 2015

The Chairman of the Ceylon National Chamber of Industries (CNCI) Mr. Gamini Gunasekera stated in a press release that the Mini Budget presented by the new Government under its 100 day work programme granted a heavy package of concessions to the public in common to ease out their life which in turn will help create a conducive business environment in the country. He highlighted that the price reduction of milk powder and essential consumer items, fuel and the domestic Gas will definitely be a great relief to the people as a whole while the salary increase by Rs. 10,000/- to the public sector employees will certainly be a motivating factor which would lead to strengthen the supportive and administrative base for the private sector to operate. The proposals to giving away of hand tractors to the farmers at concessionary rates, price increase of fresh milk, maintaining the fertilizer subsidy, waiving off 50% of the loans to be recovered from farmers and placing guaranteed prices for certain products will result in boosting the agricultural sector. This is an interim budget especially meant for catering to the long felt needs of the general public under the 100 day work programme of the new government which has basically been praised almost by everyone. We congratulate the government for the progress of its 100 day work programme as scheduled, Mr. Gunasekera added.

Central Bank Update on External Sector performance in November

Following are highlights of the external sector’s performance and development in November and up to first 11 months of 2014 released by the Central Bank on Friday (23/01/2015) .



Overview

Sri Lanka’s external sector improved further with continued inflows being recorded in the Balance of Payments (BOP). Cumulative foreign exchange inflows to the country in the form of earnings from exports and tourism as well as workers’ remittances strengthened the current account of the BOP during the first eleven months of 2014. This, together with inflows to the financial account by way of foreign direct investments, inflows to the Colombo Stock Exchange (CSE) and private sector, has supported the BOP to record a higher surplus.

Export Performance

Export earnings on a cumulative basis increased by 7.5% (year-on-year) to \$ 10.1 billion during the first eleven months of the year. However, earnings from exports declined by 10.7%, year-on-year, to \$ 921 million in November 2014. The decline in the growth of exports in November 2014 was mainly due to the base effect as a substantial growth in export earnings was recorded in November 2013. The decline in exports in November 2014 was largely due to decline in earnings from textiles and garments followed by rubber products and gems, diamonds and jewellery categorized under industrial exports. Earnings from textiles and garments exports declined by 14.4% in November 2014 with the decline in garment exports to the EU and to the USA by 16.6% and 17.8%, respectively. Export earnings from rubber products declined mainly due to the decline in rubber tyre exports. Export earnings from tea showed a moderate decline of 4.5% mainly due to the lower prices despite higher volumes. Meanwhile, export earnings from spices also declined as the lower production weighed on the volumes in spite of favourable prices in certain categories including cinnamon, pepper and cloves. However, export of coconut products and minor agricultural products increased by 32.6% and 69.1%, respectively reflecting their potential for further expansion. The leading markets for merchandise exports of Sri Lanka -



during the first eleven months of 2014 continued to be the USA, UK, Italy, India and Germany accounting for about 50% of total exports.

Import Performance

Expenditure on imports increased moderately by 4.8% year-on-year to \$ 1,645 million in November 2014, while on a cumulative basis imports grew by 7.1% to \$ 17,618 million during the first eleven months of 2014. The increase in import expenditure in November 2014 was mainly led by imports of consumer goods with significant increase in imports of personal motor vehicles such as motor cycles and motor cars as well as rice imports. Imports of intermediate good categories increased marginally in November 2014 despite the significant decline in imports of fuel, wheat and maize and food preparations. Imports of textiles and textiles articles, fertilizer, chemical products, rubber and rubber based articles and paper and paper boards increased considerably during the month. Import expenditure on fertilizer increased by 75.7% in November 2014 due to the larger volumes imported for the Maha season. Meanwhile, import expenditure on fuel declined by 26.5% due to the significant decline in crude oil imports owing to lower prices and volumes. Meanwhile, the import expenditure on investment goods declined by 10.4% reflecting decreases in all sub categories. During the first eleven months of 2014, the main import origins continued to be India, China, UAE, Singapore and Japan accounting for about 59% of total imports.

Trade Balance - The trade deficit in November 2014 widened to \$ 724 million in comparison to \$ 538 million in November 2013. Accordingly, the trade deficit during the first eleven months of 2014 widened by 6.6% over the corresponding period in 2013.

Earnings from Tourism - Tourist arrivals grew at a healthy rate of 9.4%, year-on-year, to 119,727 in November 2014 from 109,420 in November 2013. India, China, UK, Germany and Maldives were the top five sources of tourist arrivals accounting for 49.1% of total arrivals in November 2014. Earnings from tourism are estimated to have increased by 17.5% to \$ 173 million in November 2014 compared to \$ 147.3 million in November 2013. Meanwhile, in cumulative terms, tourist arrivals recorded a growth of 20.3% during the year to November while earnings from tourism increased by 29.2% to \$ 1,948.3 million during the period.

Table 3: A Summary of External Sector Performance (a)

Category	November 2013 US\$ mn	November 2014 US\$ mn	Growth November (%)	Jan-Nov 2013 US\$ mn	Jan-Nov 2014 US\$ mn	Growth Jan-Nov (%)
Exports	1,031.8	921.1	-10.7	9,406.6	10,107.8	7.5
Imports	1,569.7	1,645.1	4.8	16,451.7	17,617.6	7.1
Trade Balance	-537.8	-724.1	34.6	-7,045.1	-7,509.8	6.6
Earnings from Tourism	147.3	173.0	17.5	1,508.3 (b)	1,948.3	29.2
Inflows to Other Trade in Services (c)				2,230.5 (b)	2,447.9	9.7
Workers' Remittances	567.8(b)	619.3	9.1	5,804.1 (b)	6,309.0	8.7
Inflows to the CSE (Net)	-3.9	43.3		267.2	150.2	
Inflows to the Government (d)	185.4	95.9	-48.2	3,992.7	4,726.6	18.4
of which,						
Treasury Bills and Bonds	76.1	74.1	-2.6	2,405.0	1,711.2	-28.8
International Sovereign Bonds					1,500.0	
Long term Loans	95.2	21.8	-77.1	1,547.8	1,438.7	-7.0
Foreign Direct Investment (c)				874.3	1,188.0	35.9

Sources: Sri Lanka Customs
Central Bank of Sri Lanka

(a) Provisional

(b) Revised

(c) Data available for the first nine months of each period

(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.

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ECONOMIC PERFORMANCE

ECONOMIC INDICATORS -LATEST AVAILABLE

Category	November 2014 US \$ Mn	November 2013 US \$ Mn	Growth (%) US \$ Mn
Exports	921.1	1031.8	(10.7)
Industrial Products	684.1	775.8	(11.8)
Imports	1645.1	1569.7	4.8
Deficit in Trade A/C	(-724.1)	(-537.8)	34.6
Workers' Remittances	619.3	567.8(b)	9.1
Earnings from Tourism	173.0	147.3	17.5

EXCHANGE RATES - 2015.02.02

Daily Exchange Rates

Currency	Buying Rate (Rs.)	Selling Rate (Rs.)
Dollar (USA)	131.7900	134.7200
Pound (UK)	198.0700	203.8600
Euro (EU)	148.2700	153.2600
Franc (Switzerland)	141.5000	146.6900
Dollar (Canada)	103.0000	106.4400
Dollar (Australia)	101.6000	105.7500
Dollar (Singapore)	96.9600	100.2200
Yen (Japan)	1.1167	1.1525

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 ON THE SPOT
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Contd Page 03**Workers' remittances**

Workers' remittances increased by 9.1%, year-on-year, to \$ 619.3 million in November 2014 from \$ 567.8 million in November 2013. Meanwhile, cumulative inflows of workers' remittances rose to \$ 6,309 million during the first eleven months of 2014 from a corresponding figure of \$ 5,804.1 million during the same period of 2013, resulting in a growth of 8.7%.

Financial flows

The financial account of the BOP strengthened during the year up to November with continued inflows to the Colombo Stock Exchange (CSE), banking sector and the government. For the first eleven months of the year, the government has received long term loan disbursements amounting to \$ 1,438.7 million compared to \$ 1,547.8 million during the same period of 2013. Net inflows to the CSE during this period stood at \$ 150.2 million, with a net inflows of \$ 43.3 million being recorded in November 2014. Further, inflows to Licensed Commercial Banks (LCBs) and Licensed Specialized Banks (LSBs) during the first eleven months in 2014 amounted to \$ 450 million. Meanwhile, the government securities market recorded a net outflow of \$ 104.3 million by end November 2014.

Overall BOP position

During the period from January to November 2014, the BOP is estimated to have recorded a surplus of \$ 1,628.3 million compared to the surplus of \$ 581.7 million in the corresponding period of 2013.

International reserves

Notwithstanding outflows on account of foreign debt service payments amounting to \$ 2,054.2 million and IMF-SBA payments amounting to \$ 704.4 million, Sri Lanka's gross official reserves continued to remain high at \$ 8.3 billion as of end November 2014. Meanwhile, total foreign assets, which include foreign assets of the banking sector, amounted to \$ 9.6 billion. In terms of months of imports, gross official reserves were equivalent to 5.2 months of imports as at end November 2014, while total foreign assets were equivalent to 6.0 months of imports.

Exchange rate behavior

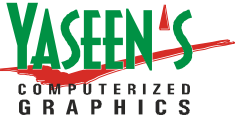
Sri Lanka rupee remained stable against the US dollar with a marginal depreciation of 0.3% by end 2014. Based on cross currency exchange rate movements, the Sri Lankan rupee appreciated against the Japanese yen by 13.5%, the euro by 13.2%, the Canadian dollar by 8.5%, the Australian dollar by 8.4%, the pound sterling by 5.7% and the Indian rupee by 2.1% by end 2014.



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CNCI MEMBER OF THE MONTH



Yaseen's Computerized Graphics



Since our incorporation in 1987, we have progressively grown and expanded our capacity to meet the increasing demand of our clientele and today we are a leading supplier of printed garment accessories to garment industry. Yaseen's Computerized Graphics is an ISO 9001:2008 quality certified printed garment accessories manufacturer and exporter based in Sri Lanka.

We maximize client satisfaction and employee pride of ownership by demonstrating competence and creativity with professionalism. We work closely with each of our customers to build solid long-lasting relationships, demonstrating Integrity and exercising strict confidentiality.

Our team comprises experts in sales, production research and development, manufacturing and customer service. Each team member has a strong commitment to manufacture the highest quality product and provide excellence service. We collaborate to achieve business goals as well as client and employee satisfaction through a shared sense of urgency, a creative approach, and organizational interdependence.

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Our principal range of products & services include:

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- ◆ Leather Patches
- ◆ Commercial Printing



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MEMBER'S SUCCESS STORIES

Kelani Cables Workshop in Trincomalee



Kelani Cables PLC conducts Kelani Visura as a CSR program. The workshop focuses on gearing apprentices and technicians on laying wires in electrical systems.

The latest workshop was held at the Chaya Blue Hotel, Trincomalee. The participants were taught of the latest methods of laying wires. The program is conducted in various districts monthly.

Kelani Visura was launched by the Kelani Cables PLC a decade ago under its CSR program, Electrical Technicians' Golden Welfare Service.

The program in Trincomalee was conducted by Anopradeepan of the National Vocational Qualification (NVQ), an appraiser for the whole island. Technicians who attended the program were taught how to select wires with certified quality for the safety of houses and buildings, fix plug-points and switches taking into account the distance and nature of the house or building, select wires to suit the number of lamps, laying wires and other areas of crucial importance. This comprehensive one-day workshop was inclusive of food and refreshments and was wound up with presentation certificates and gifts.

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INTERIM BUDGET 2015 - HIGHLIGHTS

- *Loss incurred by hedging deals is 60 million USD
- *Listed out details of financial losses incurred due to borrowings/developmental projects of the previous regime that has resulted in an added financial burden to the people
- *True figure of debt per person is Rs. 427,220
- *True figure of state debts currently is Rs. 8.81trillion
- *Expenses of presidential secretariat - 2014 Rs. 10,4970 million / estimated cost for 2015 was Rs 95,930 million but it has been brought down to Rs. 2,560 million
- *Salaries of state sector servants increased by Rs.10,000; Rs. 5,000 will be given in February/ remaining Rs. 5000 in June- Thereby state sector employees' salaries increased by 47%
- *All loans taken during the past government have to be paid by this government includes 15 million USD loan taken for security purposes
- *Rs. 2.5 billion saved by cutting down on the number of Ministers
- *Request made for private sector employers to increase the salaries of private sector employees by Rs. 2,500
- *During past seven years 5,000 million USD lost due to losing GSP+
- *50% of the loan amounts borrowed by farmers to be waived off
- *An allowance of Rs. 20,000 to be paid for expectant mothers
- *Senior citizens with Rs.1 million in their bank accounts to be given 15% interest
- *Reviewing of pensions - Increase of Rs. 1000 with effect from April
- *Fresh milk buying price to be increased by Rs.10
- *To improve agricultural sector, hand tractors will be given away at concessionary rates/fertilizer concession will be continued and the quality will be improved
- *A sum of Rs. 2,000 billion to be allocated to the fund reserved for kidney patients
- *Budgetary allowance for education sector will be increased by 6% off the GDP systematically
- *Decentralized budget for ministers will increase by Rs. 5 - 10 million
- *Kerosene reduced by another Rs. 6 per litre
- *A sum of Rs. 2000 billion to be allocated to the fund reserved for kidney patients
- *13 Essential goods price reduction by removal of taxes - with effect from midnight Sugar: Rs. 10 reduction - tax reduced from Rs. 28 up to Rs. 10\
- *Milk powder 400g packet will be Rs. 325 (maximum retail price) - reduction of Rs. 61. Sustagen milk powder to be reduced by Rs. 100 (400g). Flour prices reduced by Rs. 12.50 per kilo. Bread - reduced by Rs. 6. Green gram - reduction by Rs. 40 per kilo. Sprats: Reduction of Rs. 15
- *School van fees reduced by 5%
- *Electricity consumers will be encouraged to use solar power
- *Gold jewellery pawned to banks - that don't exceed Rs. 200,000 - interest will be waived off
- *12.5kg gas cylinder price reduced up to Rs. 1596 (Rs. 300 reduction)
- *Vehicle taxes reduction 15% (for vehicles with engines below 1,000 CC)
- *SriLankan Airlines and Mihin Lanka to be merged to reduce the losses (PRIU)

Source : <http://www.dailynews.lk/?q=local/budget-highlights>

EDUCATIONAL PROGRAMS/SEMINARS/EXHIBITIONS

International Exhibitions

- ◆ **BIOFACH 2015 - 11th February to 14th February 2015 - World's leading trade fair for organic food - Nuremberg, Germany**
- ◆ **Fruit Innovation- 20th May to 22nd May 2015 - At Fieramilano, Milan- Italy**
- ◆ **5th International Fisheries Symposium - 24th February to 25th February 2015- Pakistan**
- ◆ **World Tyre & Retread Expo 2015 - 15th April to 17th April 2015 - New Orleans Ernest N. Morial Convention Centre - USA**
- ◆ **Ceramics Expo - 28th April to 30th April 2015 - Cleveland Ohio**

Local Exhibitions : “Construct Exhibition 2015” is being organized from 28,29,30th August 2015 at The Bandaranaike Memorial International Conference Hall (BMICH), Colombo.

- ◆ **Seminar on VAT , NBT & PAYE Tax 2015** is being organized by CNCI on 12th February 2015 at Hotel Taj Samudra Colombo
- ◆ **“Colombo International Yarn & Fabric Show ”** is being organized from 12 to 15th March 2015 at Sri Lanka Exhibition & Convention Centre (SLECC), Colombo.
- ◆ **“DYE + CHEM SRILANKA 2015”** is being organized from 12 to 15th March 2015 at Sri Lanka Exhibition & Convention Centre (SLECC), Colombo.
- ◆ **“Textech International Expo 2015 ”** is being organized from 12 to 15th March 2015 at Sri Lanka Exhibition & Convention Centre (SLECC), Colombo.
- ◆ **International Footwear & Leather Fair 2015”** is being organized from 6th February to 9th February 2015 at The Bandaranaike Memorial International Conference Hall (BMICH), Colombo.
- ◆ **“National HealthCare Exhibition 2015 ”** is being organized from 6,7,8th March 2015 at The Bandaranaike Memorial International Conference Hall (BMICH), Colombo

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