



SRI
LANKA

Country Update

Trading with China: Challenges and Policy Issues faced by MSMEs

Provided by



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Sri Lanka

Background

Trade with China

Trade between Sri Lanka and China has grown considerably over the past 10 years. The share of trade with China as a percentage of total imports increased from 8% to 20% during 2006-2017. China is, therefore, Sri Lanka's second largest source of imports after India. The value of imports from China during 2006-2017, increased by 19% per annum from USD 779 million to USD 4,189 million. The value of exports also increased by 30% per annum, from USD 25 million to USD 430 million during

the same period. China, however, accounts for only 3.7% of the total exports of Sri Lanka.^{1,2}, and it is currently Sri Lanka's sixth largest export market. During 2006-2017, the trade deficit between Sri Lanka and China however increased from USD 754 million to USD 3,759 million.³

Exports to China

Table 1 presents Sri Lanka's top five exports to

1

¹ International Trade Centre, Trade Map (2017), available at: <http://www.trademap.org>, [accessed on: June 2018]

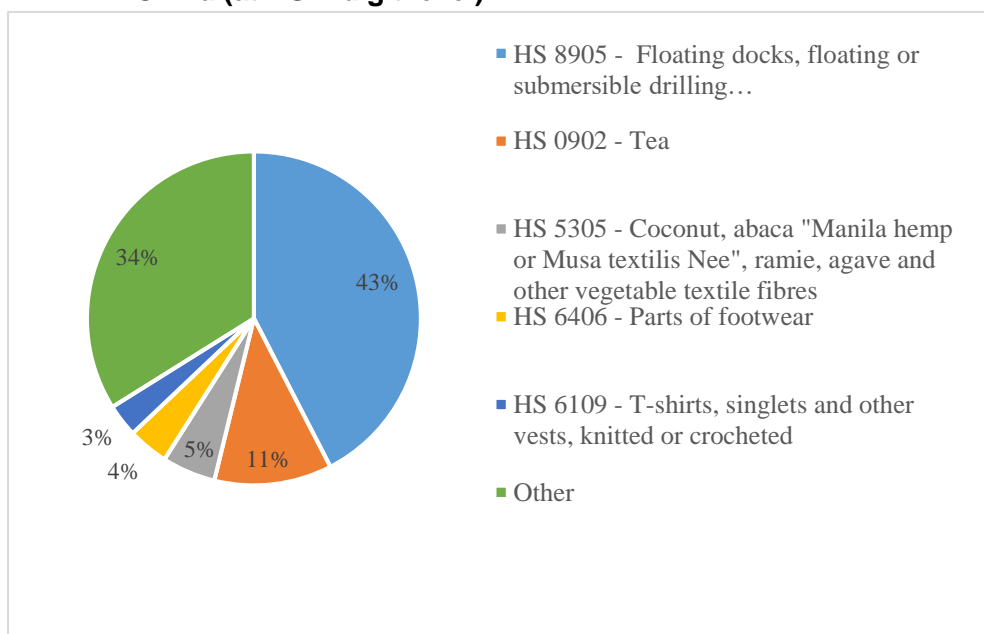
² Exports to China has almost doubled in 2017 to USD 430 million from USD 215 million in 2016 however according to the Export Development Board (EDB) of Sri Lanka this was primarily due to the re-export of boats after the conclusion of

a certain project. (Source: Daily Mirror, 'Exports to China gets major boost' 11 June 2018, available at: <http://www.srilankabusiness.com/blog/exports-to-china-gets-major-boost--651.html>, [accessed on: June 2018].)

³ Annexure 1 provides more data on Sri Lanka's trade with China.

China in 2017 at HS 4-digit level.^{4,5}

Figure 1: Sri Lanka's Top Five Exports to China (at HS 4-digit level)



Source: Trade Map, International Trade Centre

www.trademap.org

The products that Sri Lanka exports to China are not very different from Sri Lanka's overall exports to the world. These exports consist primarily of apparels, tea, and rubber. However, an exception in Sri Lanka's export portfolio to China are ships and boats, which are prominent but volatile exports to China. For example, in 2016, exports of boats amounted to only USD 2 million but increased to USD 182 million in 2017.

The Export Development Board (EDB) has additionally identified solid or rethreaded tyres, tea, coconut fibre, natural rubber, cinnamon, coconuts, fruits, nuts, edible plants preserved

with sugar, pepper, frozen fish (excluding fillets and gloves) as products with the greatest potential in entering the Chinese market.⁶

According to the joint feasibility study, which was conducted for the proposed China-Sri Lanka Free Trade Agreement (FTA): tea, textile /clothing, fish / fisheries, rubber, gems / jewellery, fruits, vegetables, coconuts, machinery and electronics have been identified as the sectors with the highest competitive advantage for Sri Lanka in the Chinese market.⁷

Trade Agreements with China

Sri Lanka and China are already members of a preferential trade agreement known as the Asia Pacific Trade Agreement (APTA). Under this agreement, Sri Lanka enjoys concessional duty rates for the export of 2,191 products to China (classified at HS 8-digit level). In 2016, 44% of Sri Lankan exports to China (USD 92 million) entered the Chinese market at concessional duties under APTA.⁸

In August 2013, Sri Lanka and China decided to enter into a FTA to further expand trade between the two countries. Technical negotiations, which officially commenced in September 2014 are still underway and five

⁴ The top 10 exports of Sri Lanka to China at HS 2 and HS 4 digit level are available in Annexure 2.

⁵ International Trade Centre, Trade Map (2017), available at: <http://www.trademap.org>, [accessed on: June 2018]

⁶ Daily Mirror, 'Exports to China gets major boost' 11 June 2018, available at: [http://www.srilankabusiness.com/blog/exports-to-china-](http://www.srilankabusiness.com/blog/exports-to-china-gets-major-boost--651.html)

[gets-major-boost--651.html](http://www.srilankabusiness.com/blog/exports-to-china-gets-major-boost--651.html), [accessed on: June 2018].

⁷ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera.

'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

⁸ Verité Research, 'Sri Lanka-China FTA: Challenges and Opportunities', April 2018

rounds of negotiations have been concluded to date.⁹ According to official sources, the agreement is expected to cover trade in goods, trade in services, and investments.

The role of SMEs in trade with China

Overall, SMEs play a very small role in Sri Lanka's exports. While Sri Lanka has around 3,027 SMEs¹⁰ registered as exporters, they account for only 5% of Sri Lanka's total exports. Just 235 firms who each have an export turnover exceeding LKR 1 billion account for 81% of Sri Lanka's export revenue.¹¹

According to the EDB, SME exporters from sectors such as gems / jewellery, handicrafts and tea have attracted significant interest from buyers in trade exhibitions held in China such as the "China-South Asia Exposition" in Kunming. They even manage to sell out their exhibition stock. However, most of these SMEs find it difficult to complete export orders to Chinese buyers and build long term relationships. Miscommunication and the lack of negotiation skills on the part of Sri Lankan SMEs have, therefore, been cited as major reasons for this.¹²

Challenges faced by Sri Lankan exporters to China

The following issues have been compiled with reference to a study conducted by the Institute

of Policy Studies (IPS) of Sri Lanka titled "Exporter's perspective on Accessing the Chinese Market under the China Sri Lanka FTA". The issues identified by IPS were then further confirmed through discussions and interviews with the EDB, relevant business associations and individual Sri Lankan exporters to China.¹³

Awareness of China's Trade Policy and Requirements

There is a general awareness amongst exporters in Sri Lanka on the broad differences between Chinese import requirements and the requirements of other countries. However, many exporters were unsure of specific details. Most exporters rely on their agents in China or their buyers for information and guidance in dealing with the specific requirements of their exports to China.¹⁴

Language barrier and limited access to information

Many exporters from a range of sectors including apparel, tea and gems cited the language barrier as a key problem faced by them in exporting to China. According to exporters, most of the information on regulations and procedures are available only in the Chinese language, and difficulties in finding reliable translations adds to the problem.

This barrier results in a lack of certainty among exporters on whether they are following the right procedures and makes it challenging to do business in China.¹⁵ Fruit and vegetable

⁹ Ibid.

¹⁰ Firms with Turnover less than LKR 150 million

¹¹ Janaka Wijayasiri, Trade is Not Just for Big Businesses: Role of Sri Lankan SMEs in Trade', 29 November 2016, available at: <http://www.ips.lk/talkingeconomics/2016/11/28/trade-is-not-just-for-big-businesses-role-of-sri-lankan-smes-in-trade/> [accessed on: June 2018].

¹² Daily Mirror, 'Exports to China gets major boost' 11 June 2018, available at:

<http://www.srilankabusiness.com/blog/exports-to-china-gets-major-boost--651.html>, [accessed on: June 2018].

¹³ The list of institutions and exporters contacted are available in Annexure 3.

¹⁴ Key Person Interview. C.W. Mackie PLC. 4 June – 14 June 2018.

¹⁵ Key Person Interview. Premadasa Gems & Jewellery (Pvt) Ltd. 4 June – 14 June 2018.

exporters in particular have highlighted the difficulty in obtaining reliable information about food safety rules, which have been imposed by China as a major concern.¹⁶ To overcome this problem, exporters have to obtain the services of a third party at a significant cost in order to obtain necessary certificates and comply with quality standards.

According to some exporters, the gravity of language as a barrier is not as significant as it was, and the situation has improved over the years.¹⁷ For instance, a tea exporter interviewed stated that they were aware of relevant requirements as they get this information from buyers who have access to documents, which have been translated into English, and detail necessary standards and requirements.¹⁸

Some exporters also have reliable agents in China who take care of all the documentations, testing and translation requirements. As a result, these exporters do not face difficulties in accessing information arising from the language barrier. For instance, prior to exporting, they send samples of the exports to the agent, who recommends testing facilities, which are acceptable to Chinese authorities and ensures that it meets all provincial regulations. Further, these agents also help translate relevant documents.¹⁹ However, these measures, while helpful, are an additional cost to the exporter.

In the apparel sector, exporters highlighted the issue of translation whereby they are required to send tests reports, certifications and other export documents to China along with shipping

documents in order to get them translated and attested by relevant Chinese authorities. Hence, this is because Sri Lanka does not have a recognized body that can translate these documents to Chinese and attest them.

Tariff Barriers

Exporters of industrial products such as apparel, gems / jewellery and rubber products cited the need to pay higher tariffs compared to their competitors from ASEAN (which have duty free access to the Chinese market through the China-ASEAN FTA), which is a competitive disadvantage. ASEAN countries such as Thailand, Malaysia, Vietnam, the Philippines and Indonesia compete directly with Sri Lanka on a wide array of exports to China. Under APTA, Sri Lanka receives a margin of preference over applied tariff rates for selected products. However, this margin is not sufficient to create a competitive advantage for Sri Lankan products compared to the duty-free access, which is available to competing products from ASEAN.²⁰

Even with the concessions under APTA, 54 of Sri Lanka's 100 products with the highest export potential (as measured in terms its current exports to the world) face tariffs of over 10% when entering China. These products (at HS 6-digit level) account for 80% of Sri Lanka's total exports to the world. These 54 products include apparel, rubber products, tea, coconut-based products, gems, fish products and electrical parts.²¹ For example, apparel products face import tariffs of up to 16%, rubber exports up to 15-30%, and jewelry from 17.5%

¹⁶ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

¹⁷ Key Person Interview. Canro Exporters. 4 June – 14 June 2018.

¹⁸ Key Person Interview. Sunshine Tea (Pvt) Ltd. 4 June – 14 June 2018.

¹⁹ Key Person Interview. HVA Foods PLC. 4 June – 14 June 2018.

²⁰ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

²¹ Verite Research, 'Sri Lanka-China FTA: Challenges and Opportunities', April 2018

to 30%.²² However, Sri Lanka's FTA with China, which is under negotiation is expected to address this problem.

For tea and fish exporters, the major constraint was not tariffs. This is because the concessions already made available under APTA are sufficient for them to compete with others in the Chinese market. In addition, and as pointed out by one tea exporter, for companies that compete on brand and quality over price, and target niche markets, tariffs are less of a concern.²³ The major constraints for these exporters are the non-tariff measures (NTMs) that they face in China.^{24,25}

Non-tariff measures (NTMs)

Most exporters to China cite the stringent nature of standards, other requirements in China and the higher frequency at which compliance with standards are checked as an issue. Most agricultural exporters state the cost incurred and time spent in complying with the NTMs imposed by China as a greater barrier when exporting to China compared to tariffs. Some exporters stated that they have stopped exporting to China or were discouraged to start exporting because China's strict standards and regulations are overwhelming.^{26,27,28}

1. Stringent sanitary and phytosanitary (SPS) requirements

According to fruit and vegetable exporters, the SPS and other testing requirements in China are more stringent compared to other countries. Exporters find it difficult to meet the stringent maximum residue levels and the fertilizer use requirements imposed by China. One exporter stated that at times, Chinese authorities have applied organic food standards on non-organic food products.²⁹

Tea exporters stated that until recently they faced problems in meeting the limits imposed by China on rare earth content in tea.³⁰ In contrast, despite their stringent regulations on product quality, other importing countries such as Japan and the EU do not conduct random testing on rare earth material in tea. According to exporters, the rare earth content gets infused into tea through fertilizers or through the wear and tear of certain machinery used.³¹ Hence, the prevalence of rare earth materials in tea products have been common. The Sri Lanka Tea Board (SLTB) has intervened on behalf of tea exporters regarding this issue by engaging in bilateral discussions with Chinese authorities.³² Further, when contacted, tea exporters and the SLTB confirmed that the testing for rare earth content has been removed

²² Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

²³ Key Person Interview. HVA Foods PLC. 4 June – 14 June 2018.

²⁴ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

²⁵ Key Person Interview. Tropic Frozen Foods Pvt Ltd. 4 June – 14 June 2018.

²⁶ Key Person Interview. CBL Natural Foods Pvt Ltd. 4 June – 14 June 2018.

²⁷ Key Person Interview. Hameed Brothers Colombo (Pvt) Ltd. 4 June – 14 June 2018.

²⁸ Key Person Interview. Celcius Solutions (Pvt) Ltd. 4 June – 14 June 2018.

²⁹ Key Person Interview. CBL Natural Foods Pvt Ltd. 4 June – 14 June 2018.

³⁰ *As per China's national standard GB2762-2005 it's specified that rare earth contaminants in foods should not exceed 2mg/kg.*

³¹ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

³² Chantal Sirisena, 'Can Sri Lanka do more to help agricultural exporters meet Sanitary and Phytosanitary Standards?', 13 July 2016, available at: <http://www.ips.lk/talkingeconomics/2016/07/13/can-sri-lanka-do-more-to-help-agricultural-exporters-meet-sanitary-and-phytosanitary-standards/>, [accessed on: June 2018].

and has not been an issue since 2017.^{33,34}

Fish exporters stated that China has additional testing requirements for fish, which are not required by other countries, which adds to costs. For example, importing countries of black tiger shrimp in general require the exporter to produce antibiotic test report for only one pond in each farm. China, however, requires test reports to be produced for each and every pond in the farm.³⁵

Agricultural exporters of tea and spices state that China's quarantine regulations unduly restrict their ability to send samples to their buyers. According to one exporter even 100 grams of tea cannot be sent by courier or post to China without being subject to quarantine inspections. Due to samples getting stuck for a long time at Chinese *Chartered Quality Institute (CQI)* inspections³⁶, most courier firms refuse to accept samples. At times it can take two weeks to months to get Chinese quarantine approval for a sample.³⁷

2. Stringent technical barriers

Technical barriers are reported mainly by apparel exporters. They state that these barriers are a significant obstacle in catering to Chinese markets.³⁸ The main challenge they face is meeting China's specific testing requirements for apparel and textile (the Guobiao or GB standard of China for textile products (GB 18401)). Random checks are carried out by Chinese authorities to ensure GB

standards are met both at the port of entry and post entry (once inside the market). The random checks conducted post entry, therefore, create uncertainty due to the possibility of entire consignments being recalled and fined even though they were cleared at the border.³⁹

Chinese testing requirements for apparels are more stringent and costly, when compared to the US and EU markets (the main export destinations of Sri Lankan apparel). For example, China requires detailed textile composition reports for apparel and textiles made of 100% cotton fabric, which is not required by the US or the EU. The latter only require such reports for apparel and textiles made of mixed fabric. China also has a specific requirement stating that the test report should contain a numeric value for formaldehyde content. This requires in-depth testing, which is costlier. In contrast, the US and the EU require a positive/ negative report for formaldehyde. Unlike the US and the EU, China also requires a report for the content of AZO chemicals in a garment even if the fabric is produced in an accredited mill.⁴⁰

3. Lack of coordination between Sri Lankan and Chinese authorities in the approval process

Fish exporters stated that they are adversely affected due to the failure of Sri Lankan authorities such as the Sri Lanka Standards Institute (SLSI) and the Department of

³³ Key Person Interview. Sunshine Teas. 4 June – 14 June 2018.

³⁴ Key Person Interview. Sri Lanka Tea Board. 4 June – 14 June 2018.

³⁵ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

³⁶ The Chartered Quality Institute (CQI) is a Chinese quality management organization which provides inspection services.

³⁷ Rohan Gunasekara, 'Great quarantine wall of China seen blocking Sri Lankan exports', 08 September 2018, available at:

http://www.economynext.com/Great_quarantine_wall_of_China_seen_blocking_Sri_Lankan_exports-3-2887-.html, [accessed on: June 2018].

³⁸ Key Person Interview. MAS Holdings. 21 June 2018.

³⁹ Ibid.

⁴⁰ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

Fisheries (DoF) to accurately communicate to Chinese authorities, the requirements of Sri Lankan exporters. For example, in January 2015, China's Inspection and Quarantine (CIQ) Services provided quarantine approval for certain fisheries exports from Sri Lanka. However, because of weak coordination and communication between the CIQ and local authorities, during the approval process, some major fish exports of Sri Lanka were excluded from the approval list of the CIQ.

Instead, irrelevant products, which Sri Lanka does not even export have been included.⁴¹ According to one exporter, a certain species of crab, which is only found in Japan has been included in the quarantine approval list of the CIQ. According to the same exporter, the standard requirements for fish imports into China are not very different to other countries. However, he emphasised on the need for better coordination between Chinese authorities and Sri Lankan representatives such as the Sri Lankan embassy in China. For instance, so that they can properly communicate to Sri Lankan exporters, the regulations and requirements imposed by Chinese authorities.⁴²

4. Differences in standards between different provinces, ports and frequent changes in regulations

Inconsistency in the standards applied by China across its different regions/ports, and frequent changes in regulations are cited by exporters as a challenge they face when exporting to China. For example, despite China's Inspection and Quarantine (CIQ) services, which grants Sri Lankan authorities the approval to produce quarantine reports for the export of certain varieties of fish. In some provinces in China, such certificates, which

have been issued by Sri Lankan authorities have been rejected.⁴³

5. Lack of testing facilities and the lack of mutual recognition of testing and quarantine certificates issued

A major problem faced by apparel exporters is the *lack of well-equipped laboratories in Sri Lanka, which are also recognised by China to carry out required testing. As a result, exporters have to incur higher costs and send samples to China to be tested.*

The lack of mutual recognition of compliance certificates between Sri Lanka and China is also a problem. The Chinese authorities do not recognise the test and quarantine reports issued by Sri Lankan laboratories and thus, these tests must be done in China. However, this is time consuming and costly. According to tea exporters, Chinese authorities do not allow consignments to be sent to warehouses until testing is completed. However, this increases the demurrage charges, which are incurred by exporters. According to exporters, this requirement is unique to China.⁴⁴ One tea exporter stated that *due to the lack of relevant testing facilities in Sri Lanka, exporters are required to send samples to Japan and India, in order to obtain relevant test reports, which is quite costly.*⁴⁵

For the export of fresh fruits and vegetables, the non-recognition of quarantine reports issued by Sri Lankan authorities has been a major constraint in accessing the Chinese market. Obtaining quarantine clearance for certain products from Chinese authorities, which will eventually allow China to recognise the quarantine reports of Sri Lanka is a difficult and

⁴¹ Ibid.

⁴² Key Person Interview. Tropic Frozen. 4 June – 14 June 2018.

⁴³ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under

China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

⁴⁴ Ibid.

⁴⁵ Key Person Interview. HVA Foods PLC. 4 June – 14 June 2018.

lengthy process.

Currently, only bananas have received the necessary quarantine clearance from Chinese authorities, and it took three years (from 2012 to 2015), for Sri Lanka to get such a quarantine clearance. However, this too is only accepted at a few ports in China. Nonetheless, Sri Lanka is currently in the process of securing quarantine clearance for other products such as mangoes. Exporters are of the view that it is important to fast track this process, in order to facilitate the ease of exporting other fruits and vegetables to China. This can, thus, be done by strengthening the institutional setup in Sri Lanka to meet the testing, quarantine and certification requirements of China.⁴⁶

6. Prohibitions and licensing requirements

Tea exporters have also reported issues with regards to restrictions on the export of flavoured tea to China. These restrictions are due to the prohibitions placed by China on rose petals/marigold extracts and other natural additives.⁴⁷

7. Documentation requirements

China requires Certificates of Origin (COO) together with other export documents and the sample for standard certification to be sent to China 21 days prior to shipment for approval. Apparel exporters found this requirement to be an unnecessary burden as there can be discrepancies between the final quantity exported and the quantity stated in the COO, which can lead to the rejection of shipments. Furthermore, according to one apparel exporter, sometimes the documents sent are

lost in the archives in China, creating delays and some shipments to being rejected at the border, despite the advanced dispatch of the documents..⁴⁸

Further, the need to submit three sets of documents (manufacturing, commercial, trading and suspended tax invoice) when exporting apparel to China is cited by exporters as an unnecessary burden. In contrast, they only submit one set of documents when exporting to most other countries.⁴⁹

The lack of capacity amongst Sri Lankan SME's to meet the large orders of Chinese Buyers

According to the EDB, one of the main issues Sri Lankan exporters face when exporting to China are supply side constraints. Sri Lankan exporters, mainly SME's do not have the capacity to supply the large quantities required by Chinese buyers. This is especially true for agricultural produce, for example, bananas. Even after quarantine approval has been obtained by China to export bananas, exports remain low because of the inability of Sri Lankan exporters to meet the large quantities required by Chinese buyers.⁵⁰

Other Challenges

Rubber exporters in particular have cited the high cost of transportation and shipping to be a major challenge, which impedes their ability to compete with ASEAN countries located in close proximity to China.⁵¹

One exporter claimed that it has also become more difficult to obtain business visas to travel

⁴⁶ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

⁴⁷ Janaka Wijayasiri, Dharshani Premaratne, Nipuni Perera, 'Exporter's perspective on accessing Chinese Market under China- Sri Lanka FTA', Institute of Policy Studies of Sri Lanka, 2016.

⁴⁸ Key Person Interview. MAS Holdings. 4 June – 14 June 2018.

⁴⁹ Ibid

⁵⁰ Key Person Interview. Export Development Board. 4 June – 14 June 2018.

⁵¹ Ibid

to China.⁵² In addition, a coir exporter cited differences in HS codes for some of their products in China, which makes it difficult to claim tariff concessions available under APTA, to also be another problem.

ANNEXURE 1

Sri Lanka's Trade with China

	2015	2016	2017
Sri Lanka's Total Exports (USD Mn)	10,440	10,546	11,741
Sri Lanka's Total Imports (USD Mn)	18,967	19,501	21,316
Sri Lanka's Exports to China (USD Mn)	305	215	430
Sri Lanka's Imports from China (USD Mn)	3,727	4,271	4,189
Sri Lanka's Exports to China as a % of Total Exports	2.9%	2.0%	3.7%
Sri Lanka's Imports from China as a % of Total Imports	19.7%	21.9%	19.7%

Source: Trademap, ITC

⁵² Key Person Interview. Sunshine Tea (Pvt) Ltd. 4 June – 14 June 2018.

ANNEXURE 2

Top 10 Export Products of Sri Lanka to China (at HS 4 digit)

HS 4	Description	2015 (USD Mn)	2016 (USD Mn)	2017 (USD Mn)	As a % of total exports
'8905	Light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function; floating docks, floating or submersible drilling or production platforms (excluding fishing vessels and warships)	117	1	183	42%
'0902	Tea, whether or not flavoured	34	32	49	11%
'5305	Coconut, abaca "Manila hemp or Musa textilis Nee", ramie, agave and other vegetable textile fibres, n.e.s., raw or processed, but not spun; tow, noils and waste of such fibres, incl. yarn waste and garnetted stock	20	21	22	5%
'6406	Parts of footwear, incl. uppers whether or not attached to soles other than outer soles; removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof (excluding articles of asbestos)	21	18	17	4%
'6109	T-shirts, singlets and other vests, knitted or crocheted	11	15	14	3%
'2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	3	3	14	3%
'6212	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, of all types of textile materials, whether or not elasticated, incl. knitted or crocheted (excluding belts and corselets made entirely of rubber)	9	14	11	3%
'3802	Activated carbon; activated natural mineral products; animal black, whether or not spent	4	7	10	2%
'4012	Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber	3	8	10	2%
'8542	Electronic integrated circuits; parts thereof	3	4	7	2%

Top Export Products of Sri Lanka to China (at HS 2 digit)

HS 2	Description	2015 (USD Mn)	2016 (USD Mn)	2017 (USD Mn)	As a % of total exports
'89	Ships, boats and floating structures	123	2	183	42%
'09	Coffee, tea, maté and spices	34	32	50	12%
'61	Articles of apparel and clothing accessories, knitted or crocheted	26	33	34	8%
'62	Articles of apparel and clothing accessories, not knitted or crocheted	28	32	25	6%
'53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	20	21	22	5%
'40	Rubber and articles thereof	9	15	18	4%
'64	Footwear, gaiters and the like; parts of such articles	21	18	17	4%
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	7	13	16	4%
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3	3	14	3%
'38	Miscellaneous chemical products	4	7	10	2%
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	1	4	8	2%
'26	Ores, slag and ash	10	8	7	2%
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2	2	3	1%
'44	Wood and articles of wood; wood charcoal	2	1	2	1%
'88	Aircraft, spacecraft, and parts thereof	2	7	2	0%
'03	Fish and crustaceans, molluscs and other aquatic invertebrates	1	1	2	0%
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	0	0	2	0%
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	2	2	2	0%
'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	2	2	1	0%

'60	Knitted or crocheted fabrics	0	0	1	0%
'58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0	1	1	0%
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	1	0	1	0%
'39	Plastics and articles thereof	1	1	1	0%

Source: Trade Map, ITC

Annexure 3

List of stakeholder institutions and exporters contacted

Stakeholder institution	Contact details
Institute of Policy Studies	Mr Janaka Wijayasiri, 100/20, Independence Avenue, Colombo 07, Sri Lanka. janaka@ips.lk
Export Development Board	Market Development Division No. 42 Nawam Mawatha, Colombo-02, Sri Lanka. edb@edb.gov.lk
Sri Lanka Tea Board	Director Promotion 574, Galle Road, Colombo 3, Sri Lanka. P.O.Box 1750, Colombo. Sri Lanka. + 94-11-2587814 promotion@pureceylontea.com
Premadasa Gems & Jewellery (Pvt) Ltd.	75/7, Ward Place, Colombo 07 011-2672091, 2685675 info@premadadas.com
Canro Exporters	No.440, K. Cyril C. Perera Mawatha, Colombo 13. (94) 11-2435667,(94) 11-2436274

	canro@canro.com
Sunshine Tea (Pvt) Ltd	No.764/5, Kandy Road, Wedamulla, Kelaniya., (94) 11-4702200, (94) 11-4702290/91 sunshinetea@sunshineholdings.lk
HVA Foods PLC	39A Linton Road, Kandana, Sri Lanka +94 (0) 773955516 digital@heladiv.com
CBL Natural Foods Pvt Ltd	156/2, Averywatta Rd, Heenantiyana, Minuwangoda. (94) 11-5006000 cecil@muncheelk.com
Hameed Brothers Colombo (Pvt) Ltd	377, Grandpass Road, Colombo 14 +9411-2320832 trade@hameed.com
Tropic frozen foods Pvt Ltd	16/1, Tammita Road, Negombo. (94) 31-2222959, (94) 31-2237100 info@tropicsrilanka.com
C. W. Mackie PLC	36, D. R. Wijewardena Mawatha, Colombo 10 +9411-2423554-62 info@cwmackie.com
George Steuart & Co. Ltd	439, Galle Road, Colombo 03 +9411-7792400 chairman@georgesteuart.lk
Reviva Teas Private Limited	536, Havelock Road, Colombo 06 011-2580819 pasindu.revivateas@gmail.com

Celcius Solutions (Pvt) Ltd	616, Negombo Road, Seeduwa +9411-4858859, +9477-7256516 inquiry@celciuspl.com
MAS Holdings	10th Floor, Aitken Spence Tower 2, 315, Vauxhall Street, Colombo 02, Sri Lanka. info@masholdings.com



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GENEVA MSMEs CONNECTION INITIATIVE
 The Geneva MSMEs Connection Initiative aims to link micro, small & medium enterprises (MSMEs) in South and Southeast Asia to the multilateral trading system. Web: [http://www.cuts-geneva.org/WTOForum\(SSEA\).html#view3](http://www.cuts-geneva.org/WTOForum(SSEA).html#view3)



The Geneva MSMEs Connection Initiative is undertaken with funding support from the Australian Aid agency (Australian government).