

**F-13: Analysis of the trade patterns between Sri Lanka and the newly industrialized East Asian countries (NICs)**

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This study attempts to analyse the trade pattern of Sri Lanka with South Korea, Singapore, Hong Kong and Taiwan which are called Newly Industrialized East Asian countries (NICs). The commodity-wise trade flows between Sri Lanka and NICs as a whole and trade flows between Sri Lanka and individual NICs were investigated. Further, it examines the net gain or loss of commodity trade between two parties and its trends.

The study is based on the Balance of Payments data and Customs Returns data, which were re-tabulated to show the trading activities with individual NICs, and again re-classified to show the commodity-wise transactions. It is limited to the period 1970 to 1990 and no attention is paid to the service accounts and capital flows.

Sri Lanka's exports to the NICs have been increasing at a rate less than its imports from NICs and the trade deficit widening gradually; Sri Lanka's trade direction has changed towards the Asian region and that particularly the share of NICs in our import market has increased rapidly in recent years; Sri Lanka's trade sector has been diversifying rapidly towards labour intensive manufacturing, while NICs have become exporters of more capital intensive manufactured goods; and that NICs succeeded in capturing a good part of the Sri Lankan market for their manufactured goods such as textiles, synthetic materials, building materials and transport equipment.