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Changing shares and value growth of destination markets for exports from Sri Lanka

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The export sector of Sri Lanka has transformed from a primary exporter to a more value added one. Exporters have to face a global trade environment that is dynamic, competitive and hostile. Sustained partnerships with key export partners are crucial to assure adequate revenues to domestic industries. Understanding patterns of performance of export destinations are useful to policy makers in planning and intervening with supportive or mitigation measures, in view of export sustainability. The objectives of this research were, a) to understand patterns of shares of destination countries for exports from Sri Lanka, and b) to identify potential reasons for changes.

Data extracted from documents published by the Sri Lanka Export Development Board (SLEDB) for 2007-2015 were used for the analysis. Supplementary data were obtained from Central Bank of Sri Lanka annual reports. Ranks based on share of destination markets in total export values and their changes were analyzed using tabular methods.

Value of exports in current terms were USD7.6 to 9.8 to 20.8 billion, respectively, in 2007, 2012 and 2015. The top 10 export destination countries accounted for 72 % of total exports in 2007. This was 62% and 82% in 2012 and 2015 respectively. United States, the United Kingdom, India, Italy, Belgium, Germany, Russian Federation, United Arab Emirates (UAE), Japan and Islamic Republic of Iran were top ten export destinations in 2012. Value of exports to only three destinations identified within top 10 in 2012, *i.e.*, the US, Germany and the UAE increased in 2015. The US, the UK, and India retained their ranks throughout the period. Germany moved from 6th position in 2012 to 4th position in 2015. Italy, Belgium, UAE, and Japan continued to hold their membership as did in 2012. China recorded a remarkable progress by moving from its rank of 17 in 2012 to nine in 2015. Exports to top destinations grew by 184% from 2012 to 2015 while that of other destinations was negative during the period. Top destinations continue to play an important role. Analysis of import patterns of major destination countries from other countries may draw further insights into future potential to sustain exports.

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