

# TRADE

Japan and US dominate Sri Lanka's merchandise trade:

Six countries account for 50 percent of trade turnover

During the six years of the 'Open Economy' a significant factor in Sri Lanka's external trade pattern is that Japan and the US have emerged as its two major trading partners, and by April 1983 they accounted for over one quarter of the country's total external trade turnover; As seen in table 1, the trade turnover with these two countries was 25.7 percent of the total; while Sri Lanka's other main trading partners in this regard were India, UK, West Germany and Singapore and these four countries accounted for about 24 percent of total trade turnover.

For the first time in Sri Lanka's history has a single country accounted for over 20 percent of the country's total import bill, with imports from Japan in the first four months of the year reaching a new peak of Rs 2,480 million or 20.4 percent of the country's total value of imports. By way of export values

too there was a similarly clear pattern of a single country drawing well beyond all others, with the USA taking as much as Rs 1,179 or 16.7 percent of the total value of Sri Lanka's exports over the first four months of the year.

An apparent difference in the nature of trading between these two leading countries is that the US virtually matched imports with exports and there was a surplus balance of Rs 235 million in Sri Lanka's favour; whereas in the case of Japan her imports were less than 50 percent of her exports and the trade balance in Japan's favour was a massive Rs 2,142

Table 1  
Total Trade Turn over of Sri Lanka  
10 Major Trade Partners January-April 1983

(Rs. million)	Trade Turnover	%	Balance of Trade
1. Japan	2,480	14.7	- 2,142.2
2. U.S.A.	2,123	11.0	+ 235.3
3. India	1,268	6.6	- 582.5
4. U. K.	1,192	6.2	- 472.7
5. W. Germany	1,187	6.2	+ 246.6
6. Singapore	864	4.5	- 420.2
7. China	591	3.1	- 271.4
8. France	420	2.2	+ 178.3
9. Saudi Arabia	373	1.9	+ 12.2
10. Netherlands	341	1.8	+ 52.7
Sub Total	10,839	58.2	
Others	8,383	41.8	
Total	19,222	100.0	- 5,106

Source: Sri Lanka Customs Returns

Sri Lanka's Imports and Exports of 21 Main Trade Partners in 4 Months upto April 1983

Table 2

IMPORTS			EXPORTS		
Country	CIF Value Rs.	% of total	Country	FOB Value Rs.	% of total
1. Japan	2,480	20.4	1. U.S.A.	1,179	16.7
2. USA	944	7.7	2. West Germany	460	6.5
3. India	930	7.6	3. U.K.	340	5.1
4. Iran	862	7.1	4. India	338	4.8
5. U.K.	832	6.8	5. Japan	337	4.8
6. West Germany	727	6.0	6. Egypt	306	4.3
7. Singapore	642	5.2	7. Pakistan	252	3.7
8. Burma	434	3.6	8. Singapore	222	3.2
9. China	431	3.5	9. Netherlands	197	2.8
10. Taiwan	385	3.1	10. Saudi Arabia	192	2.7
11. Hong Kong	358	3.1	11. Malaysia	186	2.7
12. South Korea	303	2.5	12. Iraq	162	2.3
13. France	299	2.5	13. China	160	2.3
14. Australia	185	1.5	14. USSR	142	2.0
15. Thailand	185	1.5	15. Syria	128	1.8
16. Saudi Arabia	181	1.5	16. Canada	124	1.8
17. Sweden	176	1.5	17. France	121	1.7
18. South Africa	155	1.3	18. Italy	120	1.7
19. New Zealand	154	1.3	19. S. Africa	98	1.7
20. Netherlands	144	1.2	20. Iran	93	1.3
21. Canada	144	1.2	21. Belgium	89	1.3
Sub-total	10,951	90.1		5,267	74.6
Others	1,213	9.9		1,791	25.4
Total	12,164	100.0		7,058	100.0

Source: Sri Lanka Customs Returns

case of Japan and US, though not so in the case of the Scandinavian countries.

Among the 21 major suppliers of goods to Sri Lanka were Singapore, Taiwan, Hong Kong and South Korea which moved up strongly in 1983. Also among the first 21 supplier countries were Iran as a supplier of petroleum products and Burma for its rice supplies. The US, West Germany and UK have emerged as the strongest markets for Sri Lanka products mainly because of the large volume of ready-made garments they import in addition to traditional commodities. Egypt has continued to be the leading market for Sri Lanka among the Middle Eastern countries mainly because of its heavy imports of tea. Among the 21 leading buyers of Sri Lanka products are 5 Middle East countries namely, Egypt, Saudi Arabia, Iraq, Syria and Iran; while there are also six West European countries among the 21 leading buyers namely, West Germany, UK, Netherlands, France, Italy and Belgium.

Sri Lanka's total merchandise trade turnover between January and April 1984 reached Rs 19,222 million of which imports amounted to Rs 12,164 million and exports to Rs 7,058 million; leaving an overall trade deficit of Rs 4,963 million, slightly well below the deficit of Rs 5,899 million notched up in the first four months of 1981.

million, Other leading trade partners India, UK, Singapore and China also followed Japan's pattern where they failed to match imports with exports.

In some cases, as seen in table 3, imports were influenced by the level of foreign aid Sri Lanka received from these countries. This was particularly so in the

Table 3

Foreign Aid Agreement Signed in 1982

	(Loans & Grants)	Source	(Rs. million)		Total
			Loans	Grants	
Franch	391.00	1. Japan	1,324.7	612.9	1,936.6
Japan	1,937.60	2. U.S. Aid	869.9	96.6	1,772.6
FRG	99.30	US PL480	667.5	128.8	538.9
OPEC fund	227.20	3. Sweden (IDA)		538.9	426.9
KFAED (Kuwait)	936.20	4. Netherlands		426.9	391.0
U. S. Aid	966.50	5. France	391.0		226.0
U.S.P.L.	806.10	6. Canada		266.0	175.8
IDA	1,738.20	7. Australia		175.8	139.4
World Bank	892.90	8. Norway		139.4	108.2
Asian Dev Bank	951.80	9. Finland		108.2	99.3
IFA	287.30	10. West Germany	99.3		
Australia	175.80	Sub Total	3,662.5	2,494.3	6,156.8
Belgium	15.60	Other Sources	5,214.5	228.3	5,442.6
Canada	266.00	Total	8,876.8	27,722.4	11,599.4
EEC	138.00		=====	=====	=====
Finland	108.20				
Netherland	426.90				
Norad	139.40				
Sida	538.90				
Italy	23.00				
W.E.P.	51.70				

Source: Performance 1982, Ministry of Plan Implementation.