

TRADE

SRI LANKA'S EXPORTS BRING IN Rs. 461 MILLION MORE

Trade Deficit

Sri Lanka's exports earned Rs. 3,933 million in foreign exchange in 1975. This was approximately Rs. 460 million more than the Rs. 3,472 million earned in 1974. Unfortunately the unprecedented increase in the value of imports last year off-set the gains from our higher level of exports. The outcome was that the overall balance of trade deficit rose still higher, going beyond even the 1974 record deficit of Rs. 1,082 million. Sri Lanka's trade deficit in 1975 reached Rs. 1,318 million. Our foreign trade position over the last 10 years is clearly seen in the table below.

Foreign Trade 1966-1975 (Rs. million)

Year	Ex-ports* (f.o.b.)	Im-ports (c.i.f.)	Balance of Trade
1966	1,700	2,028	- 328
1967	1,690	1,738	- 48
1968	2,035	2,173	- 138
1969	1,916	2,543	- 627
1970	2,033	2,513	- 280
1971	1,947	1,986	- 39
1972	2,009	2,064	- 55
1973	2,617	2,715	- 98
1974	3,472	4,554	- 1,082
1975	3,933	5,318	- 1,318

*Including re-exports

Imports

A major part of our imports belong to the Food Group. During 1975 the three main food items of rice and cereals; flour; and sugar cost the country Rs. 2,455 million in foreign exchange or approximately 46 per cent of the country's entire import bill. Three other products cotton, fertilizer and petroleum made up 23 per cent of the import bill for last year. Significant changes over the previous year among these six major items, which account for nearly 70 per cent of the total import bill, were that while the three major food items took up about 40 per cent of the country's import bill in 1974 and

petroleum, fertilizer and cotton took up 30 per cent of the import bill; in 1975 the food bill accounted for 46 per cent of our entire imports while the other 3 items took up only 23 per cent. See table on Major Items of Import 1974 and 1975.

Major Items of Import 1974 and 1975 (Rs. million)

BTN No.	Item	1974	1975
10	Cereals ...	845	1,198
11	Flour etc. ...	860	1,006
17	Sugar ...	191	250
27	Petroleum ...	910	879
29	Fertilizer ...	221	208
55	Cotton ...	200	107
		3,227	3,648
Total Imports		4,554	5,318

Exports

It was the exports of tea that took the country's export earnings to its highest level on record. Tea, spices and coffee brought in Rs. 2,008 m. or 55 per cent of the country's foreign exchange earnings in 1975. In 1974 these same items brought in Rs. 1,448 m. and accounted for only 40 per cent of the country's export earnings. Earnings of coconut products at Rs. 408 m. were slightly less than that of 1974 and accounted for only 12 per cent of all export earnings. There was a slightly bigger drop in earnings from Rubber—exports in 1975 being Rs. 654 m. as against Rs. 741 m. in 1974. Rubber exports accounted for approximately 18 per cent of total export earnings. Gems and Jewellery once again emerged as a major export item, following a drop in 1974, and accounted for nearly 5 per cent of the country's export earnings. Exports in 1975 were Rs. 182 m. as against Rs. 110 m. in 1974. Together these 4 groups of products have brought in nearly 85 per cent of the country's export earnings. The balance 15 per cent comprised mainly petroleum products and other industrial exports in the minerals, textiles and food groups. See table on Major Items of Exports 1974 and 1975.

Major items of Export 1974 and 1975 (Rs. million)

BTN No.	Item	1974	1975
9	Tea, spices, coffee	1,448	2,008
8	Coconuts ...	255	205
15	Coconut oil & fats	156	203
40	Rubber ...	741	654
71	Gems & Jewellery	110	182
		2,710	3,252
Total Exports		3,472	3,933

THIRD WORLD COUNTRIES GET GREATER SHARE

Countrywise Sri Lanka's trade has shown a significant shift, over the last 10 years, towards closer relations with the Third World countries. Both by way of markets for our products and sources of imports Sri Lanka has been moving away, particularly in recent years, from traditional trade sources.

Foreign Markets

Several important features are noticeable in the changing pattern of Sri Lanka's exports over the last decade. China has emerged as the leading buyer of Sri Lanka's produce, purchasing 11.5 per cent of our total exports in 1975. U.K. which was the principal source for Sri Lanka's exports in 1966, then taking nearly 25 per cent of our products, had fallen to third place by 1975, purchasing only 7.7 per cent of Sri Lanka's exports last year. Pakistan has come up as one of Sri Lanka's leading trade partners over the last 2 years and was the second largest source for our exports, purchasing 8.6 per cent of our total exports in 1975.

Considering the 20 major buyers of Sri Lanka's products it appears that in 1966 only five Third World countries took merely 21.5 per cent of all our exports. By 1975 the volume of exports taken by Third World countries, among the major 20, had doubled. In the 20 were 10 Third World countries which were taking 40.7 per cent of all our exports.

There was also a remarkable increase in the number of countries to which Sri Lanka's exports were going by 1975. In 1966 there were

90 countries purchasing Ceylon products as against 125 in 1975. Most of the additional 35 countries were from the African, South and Central American and Middle East Third World nations.

EXPORTS - 1966

Country	Rs. m.	%
1. U.K. ...	415	24.8
2. China, Peoples Rep.	177	10.6
3. U.S.A. ...	135	8.1
4. Iraq ...	105	6.2
5. U.S.S.R. ...	82	4.9
6. South Africa ...	81	4.8
7. Australia ...	74	4.4
8. Canada ...	47	2.8
9. Germany, Fed. Rep.	47	2.8
10. Japan ...	42	2.5
11. Pakistan ...	42	2.5
12. New Zealand ...	34	1.8
13. Netherlands ...	33	1.7
14. Italy ...	30	1.4
15. Poland ...	25	1.6
16. India ...	20	1.4
17. Germany, Dem. Rep.	19	1.2
18. Rumania ...	18	1.2
19. France ...	14	1.0
20. Mexico ...	13	1.0
Sub Total ...	1,453	86.4
Total (all countries)	1,700	100.0

EXPORTS - 1975

Country	Rs. m.	%
1. China, Peoples Rep.	460	11.5
2. Pakistan ...	345	8.6
3. U.K. ...	311	7.7
4. U.S.A. ...	219	5.5
5. Iraq ...	190	4.7
6. Japan ...	178	4.4
7. U.A.R. ...	121	3.1
8. South Africa ...	121	3.1
9. Germany, Fed. Rep.	118	3.0
10. Libya ...	117	2.9
11. Iran ...	116	2.9
12. Australia ...	110	2.8
13. U.S.S.R. ...	103	2.6
14. Canada ...	95	2.4
15. Saudi Arabia ...	94	2.4
16. Netherlands ...	69	1.8
17. Italy ...	68	1.7
18. Syria ...	65	1.6
19. Kuwait ...	59	1.5
20. Hong Kong ...	59	1.5
Sub Total ...	3,018	75.7
Total (all countries)	3,933	100.0

The major thrust in Sri Lanka's export drive appears to have been in the direction of oil rich Middle East countries. By 1975 over 20 per cent of Sri Lanka's products had found markets among the Middle East countries; the 6 main countries, Iraq, Libya, Iran, Saudi Arabia, Syria and Kuwait, taking more than 16 per cent of our exports.

Our other Middle East markets, last year were Aden, Bahrein Island, Dubai, Algeria, Jordan, Lebanon, Morocco, Muscat, Oman, Tunisia, Turkey, U.A.R., Yemen and Abu Dhabi. The main items to many of these markets was Sri Lanka's packed tea and black tea and spices. Another feature evident from the tables, Exports 1966 and 1975, is that in 1966 there were three East European countries among the first 20; in 1975 there were none.

Sources of Supply

A striking feature in our import pattern is the growing concentration of sources of supply. In 1966 Sri Lanka imported over 82 per cent of her requirements from the 15 main suppliers. By 1975 the proportion of imports shared by the 15 main suppliers had risen to over 89 per cent.

China had also emerged as the main source of Sri Lanka's imports by 1975. As in the case of our exports, in imports too, China had displaced U.K. which held this position in 1966. A very significant drop is that of U.K. from which we obtained 16.7 per cent of our imports in 1966. By 1975 U.K. had fallen to the eighth position and was supplying only 4.2 per cent of our imports.

By way of imports too Sri Lanka's trade relations with the Third World countries has grown rapidly in recent years. Among the 15 main countries from whom we obtained our imports in 1966 the Third World countries supplied only 34 per cent of our imports. By 1975 the value of imports from Third World countries among the first 15 countries had risen to 47 per cent of all imports. In 1966 Sri Lanka obtained her imports from 81 countries as against 97 in 1975; once again the new sources of supply being accounted for by the Third World countries.

By 1975 the pattern of imports had also changed considerably and the 3 major food items of rice, flour and sugar, and petroleum and fertilizer accounted for the bulk of our imports. Saudi Arabia from whom most of our petroleum products were

obtained had by 1975 moved into second position as a source of imports. Australia, France and USA were among our first 7 suppliers in 1975 mainly because of the imports of flour from these countries. Japan was in third position mainly because of her supplies of fertilizer and chemicals. Thailand ranked sixth not only because of its supplies of rice; nearly half the value of imports from here were also sugar. The importance of Pakistan as a trade partner in 1975 is evident once again. Apart from taking Rs. 345 m. of our exports she also supplied Rs. 220 m. of our imports last year.

Iran which did not figure among either the major importers or exporters in 1966 had emerged as one of our leading trade partners in 1975—ranking eleventh both as a supplier of our requirements and importer of our products. For further details see tables below.

IMPORTS - 1966

Country	Rs. m.	%
1. U.K. ...	340	16.7
2. China, Peoples' Rep.	217	10.7
3. Burma ...	176	8.7
4. India ...	135	6.7
5. Japan ...	126	6.2
6. U.S.S.R. ...	116	5.7
7. Australia ...	99	4.8
8. Pakistan ...	85	4.1
9. Thailand ...	80	3.9
10. U.S.A. ...	80	3.9
11. Germany, Fed. Rep.	74	3.6
12. Netherlands ...	55	2.4
13. Italy ...	38	1.6
14. France ...	37	1.6
15. Poland ...	34	1.6
Sub Total ...	1,692	82.2
Total (all countries)	2,028	100

IMPORTS - 1975

Country	Rs. m.	%
1. China, Peoples Rep.	662	12.6
2. Saudi Arabia ...	637	12.1
3. Japan ...	447	8.5
4. Australia ...	429	8.2
5. France ...	429	8.2
6. Thailand ...	356	6.8
7. U.S.A. ...	337	6.3
8. Germany, Fed. Rep.	252	4.8
9. U.K. ...	223	4.2
10. Pakistan ...	220	4.2
11. Iran ...	218	4.2
12. India ...	150	2.8
13. Burma ...	121	2.3
14. U.S.S.R. ...	112	2.1
15. Singapore ...	104	2.0
Sub Total ...	4,697	89.3
Total (all countries)	5,251	100