

**Introduction**

Sri Lanka is an island country located off the southern coast of India. Sri Lanka is surrounded by the Indian Ocean, Gulf of Mannar, the Palk Strait, and lies in the vicinity of India and the Maldives. The geography of Sri Lanka includes coastal plains in the north and hills and mountains in the interior.



The government system is a republic; the chief of state and head of government is

the president. Sri Lanka has transitioned to a market-orientated economy, but the central government is still involved in economic planning. Sri Lanka is a member of the Asia-Pacific Trade Agreement (APTA) and the South Asian Association for Regional Cooperation (SAARC).



**Location:** Southern Asia

**Capital City:** Colombo (+5.5 GMT)

**Chief of State:** President Gotabaya Rajapaksa

**Head of Govt.:** Gotabaya Rajapaksa

**Currency:** Sri Lanka Rupee (LKR)

**Major Languages:** <p>Sinhala (official and national language) 87%, Tamil (national language) 28.5%, English 23.8%, Note: Data represent main languages spoken by the population aged 10 years and older; shares sum to more than 100% because some respondents gave more than one answer on the census; English is commonly used in government and is referred to as the &quot;link language&quot; in the constitution</p>

**Primary Religions:** <p>Buddhist (official) 70.2%, Hindu 12.6%, Muslim 9.7%, Roman Catholic 6.1%, other Christian 1.3%, other 0.05%</p>

**Calling Code:** 94

**Voltage:** 230

**Key Websites**

Main Government Page: gov.lk

Commerce Ministry: industry.gov.lk

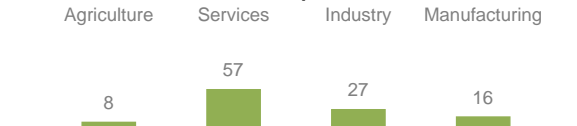
Export Promotion Agency: srilankabusiness.com

Investment Promotion Agency: boi.lk

**Key Economic Facts**

Income Level (by per capita GNI):	Lower Middle Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$291.97 billion (2018)
GDP growth (annual %):	3.21% (2018)
GDP per capita, PPP (current international \$):	\$13,473.66 (2018)
External debt stocks, total (DOD, current US\$):	\$52,626,036,436.90 (2018)
Manufacturing, value added (% of GDP):	16.22% (2018)
Current account balance (BoP, current US\$):	-\$2.81 billion (2018)
Inflation, consumer prices (annual %):	2.14% (2018)
Labor force, total:	8,647,906 (2019)
Unemployment, total (% of total labor force) (modeled ILO estimate):	4.32% (2019)
Imports of goods and services (current US\$):	\$26.79 billion (2018)
Exports of goods and services (current US\$):	\$20.26 billion (2018)

**GDP Composition %**



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

**Rankings**

Index	Rank
Corruption Perceptions Index	89 / 180
EY Globalization Index	38 / 60
Global Competitiveness Index	84 / 141
Global Enabling Trade Index	103 / 136
Global Services Location Index	11 / 55
Index of Economic Freedom	115 / 179
International Logistics Performance Index (LPI)	94 / 160
Inward FDI Potential Index	122 / 139
KOF Index of Globalization	109 / 185
Networked Readiness Index (NRI)	63 / 139
Open Budget Index	60 / 115

**Risk Assessment (Provided by Coface)**

**Country rating: C** - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

**Business Climate rating: B** - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

**Strengths**

- Diversified agricultural production (tea, rice, coconut, rubber)
- Strategic location at the centre of trade routes between Asia and the Middle East
- Indian, Chinese and Japanese interests
- Strong growth of tourism

**Weaknesses**

- Agricultural production vulnerable to climate disasters
- Low levels of capital public spending due to debt servicing burden
- Reliant on short-term external financing
- Lack of infrastructure

**U.S. Embassy**

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