Sri Lanka

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 Ranil Wickremesinghe
Head of Govt.: President Ranil Wickremesinghe
Currency: Sri Lanka Rupee (LKR)
Major Languages: 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 "link language" in the constitution
Primary Religions: Buddhist (official) 70.2%, Hindu 12.6%, Muslim 9.7%, Roman Catholic 6.1%, other Christian 1.3%, other 0.05%
Calling Code: 94
Voltage: 230

Key Economic Facts

Income Level (by per capita GNI): Lower Middle Income
Level of Development: Developing
GDP, PPP (current international $): $319.53 billion (2022)
GDP growth (annual %): -7.82% (2022)
GDP per capita, PPP (current international $): $14,405.42 (2022)
External debt stocks, total (DOD, current US$): $56,592,086,411.40 (2021)
Manufacturing, value added (% of GDP): 19.59% (2022)
Current account balance (BoP, current US$): -$1.08 billion (2020)
Inflation, consumer prices (annual %): 49.72% (2022)
Labor force, total: 8,714,653 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate): 6.71% (2022)
Imports of goods and services (current US$): $18.63 billion (2022)
Exports of goods and services (current US$): $15.98 billion (2022)

GDP Composition %

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>56</td>
<td>30</td>
<td>20</td>
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</table>

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

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>101 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>38 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>84 / 141</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>103 / 136</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>21 / 60</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>136 / 176</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>94 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>122 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>109 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>63 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>87 / 114</td>
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U.S. Embassy

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Colombo 03
Sri Lanka
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https://lk.usembassy.gov

Risk Assessment (Provided by Coface)

Country rating: D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very 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, coconuts, rubber)
- Strategically located at the center of trade routes between Asia and the Middle East
- Indian, Chinese and Japanese interests
- Successes in education, health and poverty reduction

Weaknesses

- Agricultural production vulnerable to climate disasters; dependence on tourism
- Low levels of public capital expenditure due to debt servicing burden
- Reliance on short-term external financing
- Lack of infrastructure
- Ethnic tensions between Sinhalese and Tamils

Key Websites

<table>
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<tr>
<th>Main Government Page: gov.lk</th>
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<tbody>
<tr>
<td>Commerce Ministry: industry.gov.lk</td>
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<tr>
<td>Export Promotion Agency: srilankabusiness.com</td>
</tr>
<tr>
<td>Investment Promotion Agency: investsrilanka.com</td>
</tr>
</tbody>
</table>

Country Memo Provided by: globalEDGE.msu.edu and TRADE.GOV