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).

Key Economic Facts

Income Level (by per capita GNI): Lower Middle Income
Level of Development: Developing
GDP, PPP (current international $): $291.46 billion (2018)
GDP growth (annual %): 3.21% (2018)
GDP per capita, PPP (current international $): $13,449.90 (2018)
Inflation, consumer prices (annual %): 2.14% (2018)
Labor force, total: 8,622,275 (2018)
Unemployment, total (% of total labor force) (modeled ILO estimate): 4.40% (2018)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP Composition%</td>
<td>8</td>
<td>57</td>
<td>27</td>
<td>16</td>
</tr>
</tbody>
</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 1</th>
<th>Rank 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>91</td>
<td>178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>38</td>
<td>60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>85</td>
<td>139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>103</td>
<td>136</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>115</td>
<td>179</td>
</tr>
<tr>
<td>International Logistics Performance Index</td>
<td>94</td>
<td>160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>122</td>
<td>139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>109</td>
<td>185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>63</td>
<td>139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>60</td>
<td>115</td>
</tr>
</tbody>
</table>

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

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