



Business Confidence Survey 2019 – AHK Sri Lanka

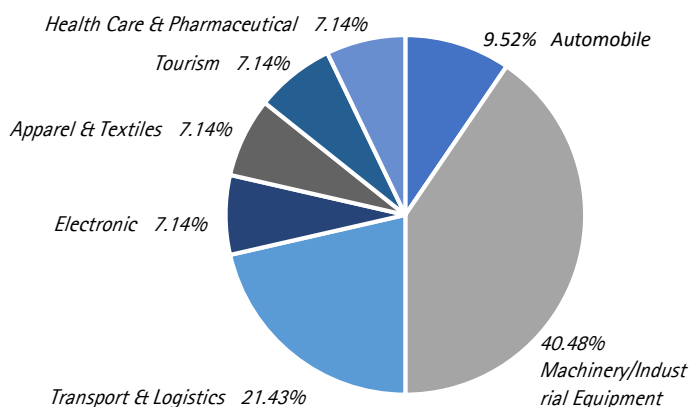
The Delegation of German Industry and Commerce in Sri Lanka conducts the Business Confidence Survey every year to obtain feedbacks of German companies operating in Sri Lanka. The main purpose of this survey is to appraise the state of the current business environment and identify the major challenges for German companies. In addition, the survey includes questions to evaluate the outlook of the Sri Lankan business environment in 2019/2020.

The AHK Sri Lanka Business Confidence Survey was conducted between 8th of April and 15th of July and consists of 10 questions concerning the participants business performance last year and their market outlook for 2019/2020.

Company Background

The survey mainly targeted CEOs, Managing Directors and Senior Managers. Around 47% of the German businesses in Sri Lanka have participated in the survey. The results of the 2019 survey indicate that most of the companies have been operating their business in Sri Lanka for more than 10 years (68.8%). According to the response rate regarding the field of business, the highest rate (37.5%) recorded the German business entities operating in the trading sector in Sri Lanka. Production and services companies equally joined the Business Confidence Survey in 2019 (31.3%). Most of the German companies operating in Sri Lanka are medium level enterprises with a staff between 50 and 200 employees (as a percentage 59.5%), large scale recorded 19% with over 200 employees and 21.5% are small and micro enterprises up to 50 employees.

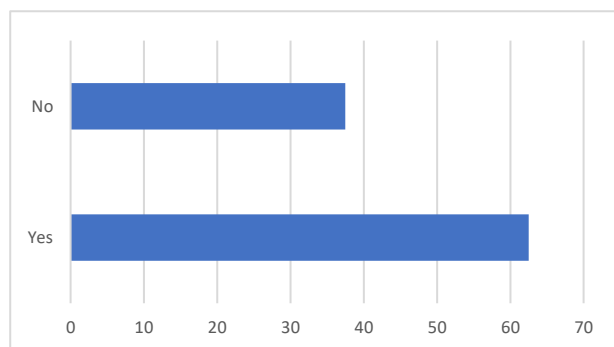
Figure: Industry Sectors of German Companies participated in the survey



Business Satisfaction and Targets

According to the survey, 62.5% of the total respondents have achieved their business targets in 2018 while others were struggling to reach their business forecasts.

Figure: Business targets achievement in 2018



Economic Outlook

Regarding the business expectation of German companies in Sri Lanka, 50% of the respondents had a neutral or improving perception on the economic outlook. In terms of their industries, 75% continue to show positive attitudes towards their industries and business developments in 2019 and 2020.

Figure: General Economic Outlook

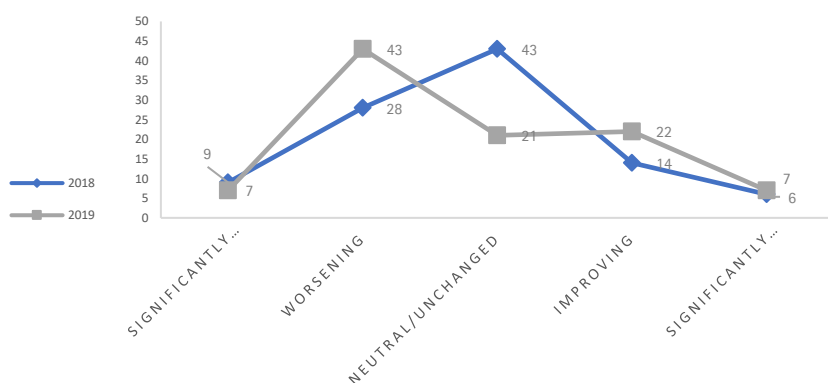
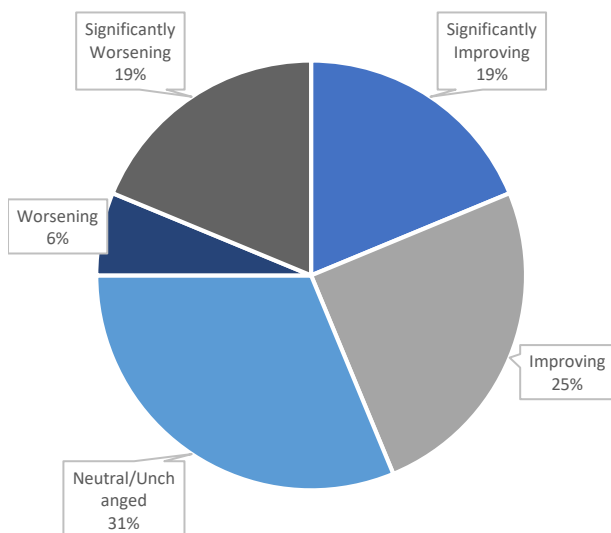


Figure: Economic Development of own Industry



Business Friendliness

It is a crucial topic in the business world to deal with government agencies and fulfill business requirements. According to the survey results, 75% of the German companies are having a negative perception about the public authorities in Sri Lanka. Only 25% believe that the public authorities are working efficiently and resolve their issues.

On the other hand, more than 56% of the responding companies stated that the transparency of the government tender procedures is neutral in their related business and 29% are believing the procedure should be more developed and transparent.

Figure: Efficiency of the public agencies

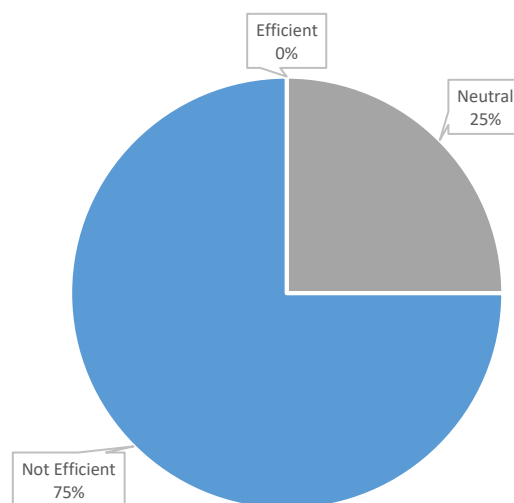
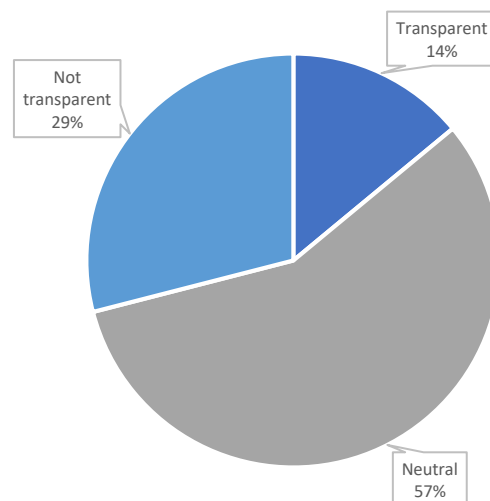


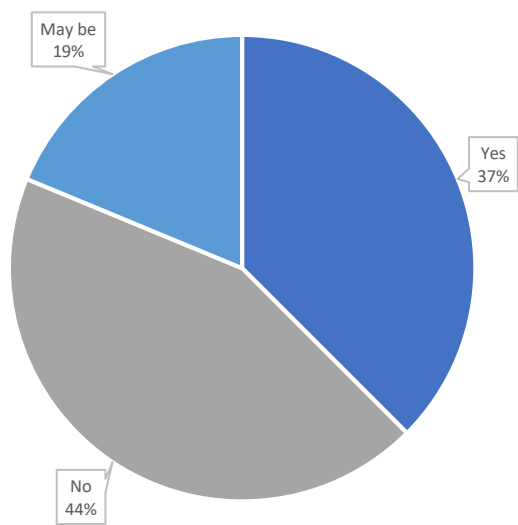
Figure: Transparency in public tender procedures



Investment Climate

Unlike last year, the survey recorded a slight decrease in the investment perception in 2019 compared to 2018 results. In 2018, 46% of the participants stated that their business operation in Sri Lanka is planning an investment at a new location in Sri Lanka within the next 2 years. However, in 2019, it showed only 37% optimistic responses. Most of the companies are in the state of evaluating their business environment and current risk.

Figure: Investments within next two years



Business Challenges

About 37.50% of the German companies identified that the political stability is a major challenge for their business operations in Sri Lanka. They have further identified the reliability of the legal framework as a challenge as well as the currency risk impact on their businesses. According to the survey results, most of the German companies are facing land and property regulations as a minor challenge. Under the business challenges, 60% of the companies responded that the process of registering products is not a challenge for them anymore.

Figure: Challenges for the German businesses

