

Volume 11  
AHKSL/2019/06  
June 2019

# AHK Sri Lanka NEWSLETTER



**YOUR TRUSTED PARTNER IN  
SRI LANKAN – GERMAN  
BUSINESS RELATIONS**



Delegation der Deutschen  
Wirtschaft in Sri Lanka  
Delegation of German Industry  
and Commerce in Sri Lanka

 **PartnerInSriLanka**



Dear readers,

We are delighted to state that the economic growth rate of 3.7% in the first quarter 2019 was exceeding the official forecasts. After the terrible Easter Attacks, the Sri Lankan economy currently seems to recover faster than predicted. According to First Capital Research the 4<sup>th</sup> quarter 2019 corporate earnings will grow and according to the LMD-Nielsen Business confidence index, business confidence of the country is growing again. In comparison, the Index stood at 102 a year ago while the average for the last 12 months is 10 basis points higher.

The Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka) in cooperation with the German Embassy was able to initiate a fast way to resolve the challenges of German businesses. The first Sri Lankan German Fast Track Dialogue was held on 27<sup>th</sup> June 2019 at the Ministry of Development Strategies and International Trade. The event was organized by the AHK Sri Lanka in collaboration with the Ministry of Development Strategies and International Trade to create a better platform where the German businesses could address their current challenges and expedite the solutions. In addition to the representatives of the German companies, several leading government agencies participated in the meeting to contribute to the dialogue in relation to specific areas under their portfolio.

As a follow up of the visit of Hon. Sagala Ratnayaka, Minister of Ports and Shipping, to Munich and Berlin, AHK Sri Lanka is organizing the First German Sri Lankan Logistic Forum on 29<sup>th</sup> of August in Colombo.

"Top German Brands in Sri Lanka", the major event for German businesses and their partners, has been scheduled to be held on 18<sup>th</sup> of September 2019 from 18.30 onwards at the Hilton Colombo Residences. This time, the event will consist of two highlighting occasions namely "the best German commercial video" and the launch of the German business directory".

AHK Sri Lanka has continued to intensify its engagement in Vocational training. End of June the first according German standards certified train the train course (ADA) has been successfully completed in cooperation with GIZ.

Yours sincerely,

Andreas Hergenröther  
Chief Delegate of  
Delegation of German Industry and Commerce in  
Sri Lanka  
(AHK Sri Lanka)

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## Our Premier Platinum Partners



## First German – Sri Lankan Fast Track Dialogue

–to create a favorable business environment for German businesses–



Photos: BOI



Photos: BOI

The first Sri Lankan German Fast Track Dialogue was held on 27th June 2019 at the Ministry of Development Strategies and International Trade. The meeting was co-chaired by Development Strategies and International Trade Minister Malik Samarawickrama and German Ambassador H.E. Jörn Rohde as well as assisted by Chief Delegate of the Delegation of German Industry and Commerce in Sri Lanka Mr. Andreas Hergenröther.

In addition to the representatives of the German companies, several leading government agencies participated in the meeting to contribute to the dialogue in relation to specific areas under their jurisdiction.

During the meeting, it was stated that as a recovery plan of the tourism industry, a tourism promotion campaign will be held in Berlin to address tourists and travel agents

and educate them about Sri Lanka. Furthermore, four tourism road shows will be held in Berlin, Stuttgart and other German cities.

The issues specific to German investors to which solutions were being sought include the registration of disinfectant products under the National Medicine Regulatory Authority (NMRA), VAT refunds for several German Companies, issues relating to the recovery of the tourism industry, issues relating to Cargo handling, outstanding payments for German Companies, tender procedures and payment of demurrages. Many of these outstanding matters were resolved or studied for a solution to be arrived at under a timeframe to solve them.

The German Sri Lankan dialogue will be held once in every three months.

## AHK Sri Lanka Sector Committee–

### Logistic & Maritime

AHK Sri Lanka sector committee for Logistic & Maritime sector was held on 24th June 2019 with the participation of representatives of the top companies in the industry. The committee members gathered for the second time in 2019 just after concluding one of the successful events in Germany. (Sri Lanka had its first ever pavilion at the world's leading fair for logistics "Transport Logistic" from 4th to 7th of June in Munich).

In the meeting, the discussions were mainly focused on the promotion of the country's strategic geographic location along with the future potentials & expansions of the industry, the development of the Port of Colombo as a logistics & distribution hub and the planned Logistic Conference in Sri Lanka. By addressing the gathering, Mr. Andreas Hergenröther stated that the German Sri Lankan Logistic Conference which is scheduled to host in August 2019, will be another step to strengthen the industry perspectives. Further he mentioned that the Logistic Conference will address some of the key topics including Maritime Strategies in Sri Lanka & the opportunities for cooperation and E-Commerce/Express.

Additionally, members of the committee added their interest and ideas on the proposed delegation and the Sri Lankan Pavilion at the Transport logistic China which is one of the international trade fairs organized by Messe München GmbH in Shanghai. The transport logistic China will take place on three days from Tuesday, 16<sup>th</sup> of June to Thursday, 18<sup>th</sup> of June 2020 in Shanghai.

If you are interested in joining with a sector committee please visit:

<https://srilanka.ahk.de/en/services/sector-committees/>



## First AHK-GIZ Train-the-Trainer AdA International-Basics course successfully conducted.



Delegation der Deutschen  
Wirtschaft in Sri Lanka  
Delegation of German Industry  
and Commerce in Sri Lanka



The Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka) coordinated the first "Train-the-Trainer AdA International-Basics" course which was held from 17th of June to 22nd of June 2019 in Colombo, Sri Lanka in collaboration with the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH. The one-week long training conducted by the internationally experienced and ISO-certified coach Mr. Edwin Lemke revealed the basic concepts and methodology of quality training to 14 participants that work at multiple companies such as Dimo, Kramski, Nikini, Hellmann MAS, Leema Creations and CINEC. The goal of the training was to upgrade the 14 inhouse trainers' and mentors' knowledge and skills regarding their individual training and teaching skills by familiarizing them with new teaching concepts that are based on German standards.

For decades, Dual Vocational Training (DVT) has been the success factor for German companies, providing them with highly skilled and professional apprentices that are developed and educated inhouse. Important to consider in this context is that the apprentices' personal and professional development is crucially dependent and based on well-educated and trained inhouse trainers.

Being aware of this importance, the given course prepared its participants to train their company internal apprentices more effectively in future and included topics such as teaching methods for breaking down complex tasks, learning styles, apprenticeship structure, and many more. The complete training consisted of four modules that ensured a holistic learning from the analysis and definition of training, to its profound preparation, conduction and the final completion and evaluation.

Mr. Viraj Hewathanthri, Manager for Special projects & Didactic at Nikini appreciated the unique teaching approach of the course. In addition to group activities such as discussions, new techniques like "Vernissage" and "professional visualization" were applied, designing the training in a varying way through which inspirations for future inhouse trainings could be already obtained by the learners.

The 40 hours basic course followed German training standards and was adjusted curriculum-wise to the Sri Lankan working environment. The participants received learning and study material during the workshop and had to pass a 90 minutes written examination as well as a 30 minutes oral examination in the end where they had to practically show in a presentation how they implement the newly learnt content.

Out of the 14 participants, 11 inhouse trainers successfully passed the examination and received their certificate on 26<sup>th</sup> of June during the official "Certificate Handover Ceremony" at the premises of the AHK Sri Lanka office in Colombo. Mr. Andreas Hergenröther, Chief Delegate of German Industry and Commerce in Sri Lanka and Dr. Karsten Feuerriegel, Senior Adviser at GIZ, congratulated the participants on their successful passing and highlighted the importance of continuous training for the quality assurance in vocational training in Sri Lanka.

The successful completion of the training provides the graduate with the international certification for inhouse trainers accredited by the Association of German Chambers of Commerce and Industry (DIHK).

With this first successful AHK-GIZ Train-the-Trainer course, an important milestone regarding market-oriented vocational education and training to strengthen the Sri Lankan inhouse training was created.

A subsequent training to deepen the generated knowledge in the form of an AdA Full version is highly requested and already in its preparation phase. It is planned for the end of 2019.

### About the coach

Edwin Lemke received his degree in Teaching Training in 1986 and has an extensive experience in "Train the Trainer" programs in multiple sectors among IT, Communications, Training and Consulting and more worldwide. In addition, he had been working for several international companies in Europe and Asia.

## "Top German Brands in Sri Lanka 2019" to be held in September

AHK Sri Lanka officially announced the date and venue of the 6th edition of "Top German Brand in Sri Lanka" initiative which provides an idea platform for German companies and German brand representatives to enhance their visibility and market potentials. The 6th edition of the "TOP GERMAN BRANDS IN SRI LANKA 2019" event will take place on 18th September 2019 with Chief Guest Hon Malik Samarawickrama, Minister of Development Strategies and International Trade and H.E Jörn Rohde, German Ambassador at the Hilton Colombo Residences from 6.30pm – 9.30pm.

The 5th edition was successfully concluded with more than 100 German brands and the keynote speech was delivered by Dr. Ruediger Schaefer, Regional COO Allianz Singapore, who presented an analysis of current opportunities in Sri Lanka with special attention being paid to the economic development and the regional impact of the island and its economic activities. This year, the keynote speech will be delivered by Mr. Sameer Goel, Managing Director & Head of Asia Macro Strategy of Deutsche Bank Singapore.

For the first time, there will be an award ceremony for "The Best German Commercial Video" which will be selected by an independent jury and the best 10 commercials will be displayed during the Top German Brands event.

In parallel to the event, German Brands directory which will include the details of German companies and agents, will be launched during the event. The directory will be circulated on 19th of September 2019 along with Daily FT newspaper.



### TOP GERMAN BRANDS IN SRI LANKA



6<sup>th</sup> edition

Date – 18th September 2019  
Venue – Hilton Colombo Residences  
Time – 18:30hrs onwards

For registration and more details, please contact:  
Dilshan Nawanjana/dilshan@srilanka.ahk.de

Download the support documents:  
<https://srilanka.ahk.de/en/events/event-details/top-german-brands-in-sri-lanka-2019-6th-edition-1/>

## TOP GERMAN BRANDS IN SRI LANKA



## German Sri Lankan Logistic Conference

-to strengthen the maritime and logistic industry-

The first German Sri Lankan Logistic Conference which will be held on 29th August 2019, is an essential gathering for the transport, logistics chain and supply chain sector to achieve their own goals. Mr. Steffen Bilger, Parliamentary State Secretary, Federal Ministry of Transport and Digital Infrastructure, Germany and Hon. Sagala Ratnayaka, Minister of Ports and Shipping & Southern Development will be joining as the chief guests at the inauguration.

The conference will be consisted of four keynote speeches and four panel discussions which will be delivered by industry experts, decision makers from the private and public sectors, on the current topics including maritime strategy in Sri Lanka, opportunities for E commerce, logistic of the future and project logistics.

AHK Sri Lanka is always committed in promoting the bilateral business relations and this event is one of the initiatives to strengthen the Logistic and Maritime sector in Sri Lanka.

If your need more information about the event, please contact: Malintha Gajanayake/ [malintha@srilanka.ahk.de](mailto:malintha@srilanka.ahk.de)



## Become a partner of AHK Sri Lanka

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for more details:

[dilshan@srilanka.ahk.de](mailto:dilshan@srilanka.ahk.de)



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## A Productive visit to CINEC campus

His Excellency Mr. Jörn Rohde – German Ambassador, Mr. Andreas Hergenröther –Chief Delegate, Delegation of German Industry and Commerce in Sri Lanka and Dr. Karsten Feuerriegel, Senior Advisor at GIZ, Vocational Training in the North and East of Sri Lanka visited CINEC Campus Malabe on Wednesday 26th June 2019. They had fruitful discussion with the senior management of CINEC regarding the potential collaborations in the vocational training and introduce the German standards to the local curriculum. Additionally, the delegation had an opportunity to visit the simulators, workshops, ship in Campus, Lear Jet and other facilities of the campus.

### About CINEC

The Colombo International Nautical and Engineering College (CINEC) is one of Sri Lanka's largest non-state sector higher education institutes in Sri Lanka. The CINEC campus was established in 1990 and it is currently operating branches in Nugegoda, Trincomalee and Jaffna, and caters for over 20,000 students, annually, who follow a range of over 185 study and training programmes on offer, all leading to highly sought-after opportunities of employment in the fields of Maritime, Engineering, Information Technology, Logistics and Transportation, Aviation, Law, English, Hospitality & Vocational Training.



Photo: CINEC



Photos: CINEC

## FTI Touristik Operation in Sri Lanka

With over 35 years of experience the group offers a vertically integrated business model, servicing the client from the start to the end of the journey.

Some Key Facts about FTI Group:

- FTI Touristik is a leading German Tour Operator, based in Munich, Germany.
- Source markets are Germany, Austria, Switzerland, France, UK and the Netherlands.
- 10.000+ employees worldwide
- FTI Touristik offers travel experiences in over 120 countries on five continents – one destination is Sri Lanka.
- FTI Group is operating four tour operators, FTI Touristik, the Last-Minute Engine 5 vor Flug, BigXtra and Windrose Finest Travel.
- The FTI Group is the distributor of sonnenklar.tv and Touristik Vertriebsgesellschaft TVG with more than 300 franchise travel agencies across Germany.

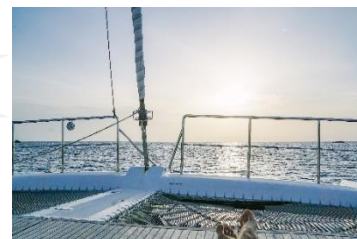
FTI Touristik clients are hosted by the local Destination Management Company (DMC) "House of Travels and Tourism – The Destination Insider Sri Lanka" upon their arrival until the departure. German mother tongue and very well German speaking employees take care about every single client in a very personal way and help to make every stay a memorable one.

### Round Tours

As a worldwide Tour Operator, FTI Touristik operates with assorted round tour packages all over Sri Lanka with best planned and organized tours. Packages can be arranged as private or group tour as per the customer's individual requirement. Explore the local traditions with Cultural Tours, treat your eyes with shimmering Nature, take place in breathtaking and thrilling Adventurous trips across the island followed by a soothing Ayurvedic and wellness tour or a relaxing Beach Stay to enjoy the wonderful paradise.

### A La carte

Customize the tour to your own individual requirements and become it your private tailor-made trip. There is the option to select any hotel or any type of transfer and FTI Touristik offers the package through the A-la-Carte method tailor-made to every customers requirement. Let us know your personal travel wishes– we will fulfill your requirement.



Find more details: FTI Group <https://www.fti-group.com/en/home/> House of Travels & Tourism <https://hottourism.lk/>



## Delegation visit to spoga+gafa 2019 - exhibitors and visitors-

AHK Sri Lanka conducts a business delegation to "spoga+gafa" which is the world's leading trade fair for the garden and leisure sector. The fair will be participated by high internationality of exhibitors and visitors. The fair will be held from 1<sup>st</sup> to 3<sup>rd</sup> of September 2019 in Cologne and the fair will be organized by the Koelnmesse GmbH. The delegation will consist of exhibitors and visitors from the Sri Lankan business sector. If you are interested in joining the delegation, please contact: Malintha Gajanayake/malintha@srilanka.ahk.de



### Product segments:

- garden living (Garden Furniture, Decoration & Equipment, Sports & Games, Camping & Leisure)
- garden creation & care (Landgard Concept Days, Plants & Flowers, Biochemistry & Soils, Machines & Accessories, Tools & Accessories, Garden Equipment & Sheds, Water & Light)
- garden bbq (The world's largest barbecuing fair - Grill & BBQ, outdoor kitchens & accessories, Outdoor Kitchen World)
- garden unique (exclusive presentations in the outdoor living section)



### Figures of the previous event (2018)

Exhibitors	: 2,152 from 61 countries
Gross exhibition space	: 230,000 sqm
Visitors	: 40,000 from 114 countries



**THE GARDEN TRADE FAIR  
COLOGNE, 01.-03.09.2019**

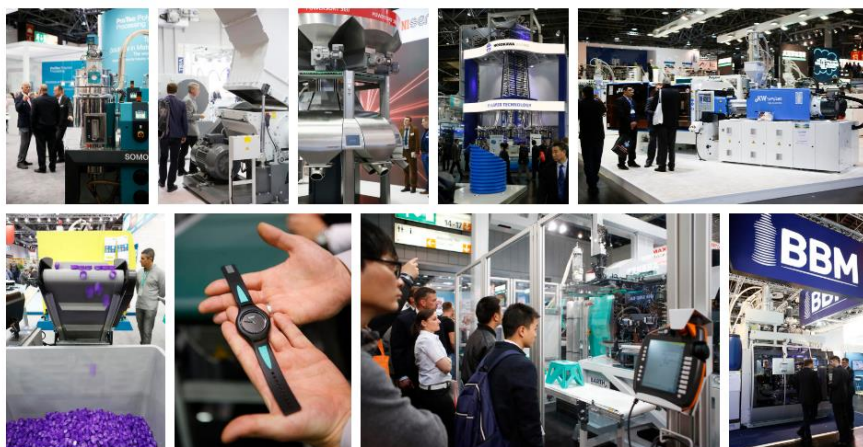
**COME AND  
GROW**



16 – 23 October 2019  
Düsseldorf, Germany

The World's No. 1 Trade Fair  
for Plastics and Rubber

K 2019, known as "The World's No. 1 Trade Fair for Plastics and Rubber" and scheduled to take place in Düsseldorf from 16<sup>th</sup> to 23<sup>rd</sup> of October 2019. As the official representative of Messe Düsseldorf, AHK Sri Lanka will organize a delegation visit to the trade fair to promote the relevant industries in both countries.



K is the performance barometer for the entire industry and its global marketplace for innovations. For eight days, the "Who's Who" of the entire plastics and rubber world will meet here to demonstrate the industry's capabilities, discuss current trends and set the course for the future.

K was first organized by Messe Düsseldorf in 1952 and takes place every three years. The last K in 2016 joined 3293 exhibitors from 61 countries on more than 173,000 m<sup>2</sup> of net exhibition space and 232,053 trade visitors, 71% of whom came from



For more details, contact Malintha Gajanayake/malintha@srilanka.ahk.de



## Sri Lankan Pavilion at productronica 2019



World's Leading Trade Fair for Electronics  
Development and Production

November 12–15, 2019 | Messe München

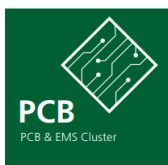
For the first time in Sri Lanka, Delegation of German Industry and Commerce in Sri Lanka organizes a Sri Lankan pavilion at the **productronica 2019** and will be leading a delegation to the trade fair. The event will be starting from 12<sup>th</sup> of November 2019 and the last day will be 15<sup>th</sup> of November 2019. As the world's leading trade fair for electronics development and production, **productronica** offers to its exhibitors and visitors: world premieres and products, solutions and innovations spanning the entire value chain.



### Figures of the previous event



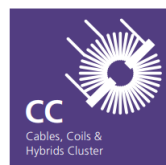
### Exhibition Sectors



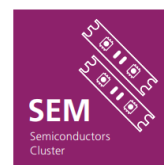
**PCB & EMS Cluster**  
PCB and other circuit carrier  
manufacturing, electronic  
manufacturing services (EMS)



**SMT Cluster**  
Component mount technology,  
soldering technology, test and  
measurement/quality assurance,  
product finishing, production  
subsystems, production logistics  
and material-flow technology



**Cables, Coils &  
Hybrids Cluster**  
Manufacturing technologies for  
cables processing and connectors,  
coilware production and hybrid  
component manufacturing



**Semiconductors Cluster**  
Semiconductor manufacturing, display  
manufacturing, LEDs and discrete  
devices, photovoltaics manufacturing,  
micro-/nano-production, cleanroom  
technology, materials processing



**Future Markets Cluster**  
IT to Production, Industry 4.0,  
technologies for batteries and  
electrical energy storage, organic  
and printed electronics, 3D printing

For more details, contact Malintha Gajanayake/[malintha@srilanka.ahk.de](mailto:malintha@srilanka.ahk.de)



## Economy clocks promising 3.7% 1Q growth



An across-the-board expansion in Agriculture, Industries and Services propelled first quarter growth in 2019 to 3.7% in the first quarter of 2019, the Census and Statistics Department said yesterday with the strongest showing of 5.5% growth posted by agriculture.

Issuing a communique on releasing National Accounts Estimates for the first quarter of 2019, DCS states that the economic growth rate of the country is estimated as 3.7% for the first quarter of 2019. The Gross Domestic Product at constant prices for the first quarter of 2019, was recorded as Rs.2,326,273 million, and GOP reported for the first quarter of 2018 was Rs.2,242,552 million. Growth in the fourth quarter of 2018 was just 1.8% following the Constitutional crisis.

The four major components of the economy viz. Agriculture, Industry, Services and Taxes, have contributed their shares to the GOP at current price by 6.9%, 31.6%, 53.9% and 7.7%, respectively, in this quarter.

The agricultural activities further expanded favorably by 5.5% compared to the expansion of 5.1% recorded in the first quarter of 2018. The industrial activities expanded satisfactorily by 3% in the first quarter of 2019 compared to the 1.7% recorded in the first quarter of 2018. Service activities reported further expansion of 4.1% during the first quarter of 2019, compared to the first quarter of 2018.

Among the sub-activities of Agriculture, 'Growing of rice' has expanded by 13.1% in this quarter compared to the first quarter of 2018. 'Growing of Oleaginous fruits including coconut' achieved an outstanding growth rate of 35.6% in this quarter compared to the recorded negative growth rate of 15.7% in the first quarter 2018. Meanwhile 'Animal production', 'Growing of fruits', 'Plant propagation activities and support services to agriculture', and 'Growing of vegetables' recorded substantial growth rates of 9.4%, 8.1%, 6.9%, and 4.7%, respectively, in the first quarter of 2019 compared to the first quarter of 2018.

The sub-activities of 'Growing of cereals', 'Marine fishing', and 'Growing of tea' showed contractions of 12.9%, 2%, and 1.7%, respectively, within the first quarter of 2019.

In industrial activities, the sub-activities of 'Construction' and 'Mining and quarrying' grew by 6.9% and 5.8%, respectively. Within the Manufacturing activities, 'Manufacturing of coke and refined petroleum products' reported a considerable expansion of 94.8%, while 'Manufacture of furniture', 'Manufacture of food beverages and tobacco products', 'Manufacture of textile, wearing apparels, and leather products', and 'Manufacture of rubber and plastic products' reported expansions of 5.7%, 2.3%, 1.9%, and 1.6%, respectively, within the first quarter of 2019.

Meanwhile 'Manufacture of wood and wood products', 'Manufacture of paper products, printing, and reproduction of media products', and 'Manufacture of basic metals and fabricated metals' reported considerable contractions of 23%, 11.2%, and 10.5%, respectively, within this quarter compared to the first quarter of 2018. The two activities, 'Electricity, gas, steam and air conditioning supply' and 'Water collection, treatment and supply' expanded by 0.6% and 6.4%, respectively, in this quarter.

Among the service activities, 'Telecommunication' and 'IT programming consultations and related activities' achieved considerably high growth rates of 15.1% and 11.7%, respectively, in the first quarter of 2019. Meanwhile 'Financial service activities', 'Programming and broadcasting activities', 'Insurance reinsurance and pension funding activities', 'Other personal services', 'Accommodation, and food and beverages services', 'Wholesale and trade', and 'Transportation of goods and passengers, including warehousing' have expanded by 9.8%, 8.1%, 8%, 4.6%, 4.5%, 4.4 %, and 1.8%, respectively, in the first quarter of 2019 compared to the first quarter of 2018.

DCS stated that a detailed report on the National Accounts estimates for the first quarter of 2019 has been published on the DCS website: [www.statistics.gov.lk](http://www.statistics.gov.lk)

Source: Daily FT, June 20, 2019

The replica of the ship received by Managing Director, KCS, Yukihiro Fuji from Minister Sagala Ratnayake, Minister Patali Champika Ranawaka, Minister Nalin Bandara and Managing Director, Colombo Dockyard PLC, D.V. Abeysinghe were present.



Picture by Ariyaw

According to the geographical location of the country, development of the shipping industry is vital for the economic development whereas the Colombo Dockyard plays a major role in developing the shipping industry of the country.

"We believe that we will achieve an investment of USD 20 billion from the Port City. Thus, we will be able to increase the per capita income of the country by about USD 1,000." Minister of Megapolis and Western Development, Patali Champika Ranawaka said.

The Managing Director, CDPLC, D.V Abeyasinghe said that among many other competitors from Japan, Singapore and Malaysia, the CDPLC was awarded this for the best performance showed by them in building ships.

Abeyasinghe also mentioned that the yard wants to bid for a dredger which Sri Lanka Land and Development Corporation (SLLRDC) is to buy. The dredger is to be used for sea sand mining to meet the growing requirements of the construction industry as sand stocks on land get depleted.

However, a contract condition specifying previous building experience restricted the CDPLC from bidding for the dredger deal.

The KDDI Cable Infinity built within two years by the CDPLC is based on a design supplied by VARD Designs, Norway. The vessel has many special features including low resistance hull

This is the biggest ever vessel, price-wise as well as length-wise, built by Colombo Dockyard in its journey of shipbuilding excellence and the first ever ship built 'in its class' from Sri Lanka to Japan.

Gracing the occasion, Minister of Ports and Shipping and Southern Development, Sagala Rathnayaka said the foreign exchange and employment opportunities are more important for a country to achieve a sustainable economy. Thus, this kind of challenges needs to be taken which in turn assist the development of the country and save the foreign exchange spent on them.

Further he added, the ministry would try to persuade the removal of the prior experience condition which at present needs to be fulfilled by a ship building company to bid on an order.

"We are so proud of the Colombo Dockyard for building this without any prior experience in building this kind of ships and we believe that the CDPLC is capable of taking new challenges" Minister Sagala.

The CDPLC, established in 1973, collaborated with Onomichi Dockyard Co.Ltd of Japan since 1993. Having manufactured about 243 ships, they have exported about 70, to countries like India, Myanmar, Singapore and Saudi Arabia. They excel in ship repairing, ship building and heavy engineering.

Source: Daily News, June 24, 2019

## Sri Lanka national inflation slows to 3.5-pct in May



According to the information of Central Bank of Sri Lanka, nationwide inflation slowed down to 3.5 percent in the 12-months to May 2019, for the first time in six months, from 3.6 percent in April.

The fall in the National Consumer Price Index compiled by the Census and Statistics Department in May 2019 was owing to the high base in the same month of the previous year.

In the food category prices contracted by 0.4% in May 2019 from a year ago while non-food inflation was 6.7%.

A statement said that when the monthly change is considered, the National Consumer Price Index (NCPI) increased by 1.1% in May 2019 with increases seen in prices of items in both Food and Non-food categories.

Core inflation, which reflects the underlying inflation in the economy, remained unchanged at 6.3% in April 2019 compared to the year before.

Source: *ECONOMYNEXT*, 21 June, 2019

## PM instructs to reduce SriLankan Airlines ticket fares

Prime Minister Ranil Wickremesinghe has instructed SriLankan Airlines to reduce the airline ticket fares to support the endeavour to revive the tourism sector in the post-Easter Sunday terrorist attacks. According to National Policies and Economic Affairs Ministry Advisor Sudarshana Gunawardana, the instruction was given during a Weekly Development Meeting chaired by the Prime Minister at Temple Trees. Ministers Sagala Ratnayaka, John Amaratunga, Thilak Marapana and Dr. Harsha de Silva, State Minister Eran Wickramaratne, Finance Ministry Secretary Dr. R.H.S. Samaratunga and senior officials of the Treasury, Central Bank, Airport and Aviation Services (Sri Lanka) Limited, Sri Lanka Tourism Promotion Bureau and Sri Lanka Tourist Board had attended the meeting.

Advisor Sudarshana stated that "The PM instructed the National Carrier to reduce the ticket prices, so that the other airlines will have to follow suit. In order to do that, the ground handling charges will be brought down in par with those in Delhi and the airline fuel charges will also be brought down for the next six months. This was agreed. The PM pointed out that reducing the ground handling fees is necessary if the country to be considered a tourist hub".

Accordingly, it has been agreed to revise the airline ticket prices, once the ground handling charges and fuel charges are revised. The Embarkation Tax will also be reviewed and it has been recommended to bring down it to USD 40.

It has also been agreed at the meeting to launch an immediate campaign targeting tourists from Germany, France, UK and India. "The tour operators will be provided with urgent funds for the purpose of tourism promotion. Currently Rs.150 million is available with the Tourism Promotion Bureau for this purpose. The PM highlighted the need to spend this money efficiently to attract more tourists," Gunawardana explained.

Gunawardana also mentioned that out of the 43 foreigners eligible for compensation after the Easter Sunday terrorist attacks, only one Japanese tourist had expressed interest in receiving compensation.

It has also been agreed at the meeting to consult the Finance Ministry, Central Bank and other banks on a clear credit guarantee for the hospitality sector.

"Even though the Government has proposed various facilities for the hospitality sector recently, we found that the banks are not cooperating and asking for a guarantee. The PM instructed Minister Dr Harsha de Silva and State Minister Eran Wickramaratne to work with the Finance Ministry, Central Bank and other banks to come up with an instrument within a week where the risk can be shared instead of asking for a guarantee," Advisor Sudarshana.

The representatives of the hospitality sector had also complained to the PM on the discrepancies in the charging of taxes and levies by various Local Government Authorities. The PM, observing that the matter comes under a devolved subject, had however suggested the Tourism Ministry to consult the Attorney General to develop a 'National Policy' on rates being levied on hotels by the LGs.

*Source: Daily FT, 2 July 2019*

## First Capital expects improvement in corporate earnings towards 4Q19

The sharp decline in interest rates and resultant lower finance costs is likely to improve the earnings of listed corporates towards 4Q19 amid faster than expected recovery in the country's economic outlook and lower rates, according to First Capital Research.

"The heavy decline in interest rates is expected to lower finance costs, thereby improving earnings of most listed entities towards 4Q19. In addition, lower Fixed Income returns may lead investors to hunt for alternative investment options with higher returns, of which equity investments is likely to be a more probable option considering the current attractive valuations. Thereby we expect an improvement in demand for stocks leading to a possible re-rating of the market," -First Capital Research-

The equity research house also said despite the Easter Sunday attacks, Sri Lanka's economic outlook has shown signs of resilience and ability to recover quickly as economic activities were seen returning to normalcy with the removal of travel advisories faster than anticipated.

"Though the unfortunate attacks and the subsequent events are likely to have impacted all sectors directly or indirectly affecting earnings of most companies, we believe that the impact has now been factored into the market and an accelerated recovery is more likely."

Meanwhile, First Capital Research said the successful and early issuance of the US \$ 2.0 billion sovereign bond by the Central Bank was a major confidence booster. The issue was oversubscribed three times.

"While most economic indicators such as inflation, credit growth and liquidity suggest decline in yields, strong reserve position supports sustainability of the lower yields. In line with expectations bank 1-year fixed deposit ceiling has fallen to 9.83 percent as of 1st July 2019," First Capital Research.

*Source: Daily Mirror, 5, July 2019*



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**For more details, contact:**

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<b>SPOGA+GAFA 2019</b> 1-3 September 2019 in Cologne <a href="http://www.spogagafa.com/">http://www.spogagafa.com/</a>	Spoga+gafa takes place every year in Cologne and is the leading international trade fair for the garden and leisure industry and open to trade visitors only. The fair is characterized by the high internationality of exhibitors and visitors, making it the most important platform in the industry to conquer new markets, to find new contacts and to learn about the latest trends and innovations.	
<b>REHACARE 2019</b> 18-21 September 2019 in Düsseldorf <a href="https://www.rehacare.de/">https://www.rehacare.de/</a>	Rehacare is one of the world's leading international trade fairs for rehabilitation, prevention, care and inclusion. It takes place once a year in Düsseldorf and looks back on 30 years of expertise. The fair is an information and communication platform for people with disabilities, need of nursing care, for the elderly and the chronically ill people. Whether mobility and daily living aids, outpatient or inpatient care aids, communication equipment, barrier-free living concepts or sports, travel and leisure ideas, visitors of the Rehacare will find everything under one roof.	
<b>ANUGA 2019</b> 5-9 October 2019 in Cologne <a href="http://www.anuga.com/anuga/index-2.php">http://www.anuga.com/anuga/index-2.php</a>	Anuga ("General Food and Drink Trade Fair") – is a large-scale trade show for the food catering, retail and trade industries. The event takes place every two years and its last edition in 2017 was attended by 165,000 visitors. Additionally, over 7,400 exhibitors presented top culinary delights from across the globe.	
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<b>K- MESSE 2019</b> 16-23 October 2019 in Düsseldorf <a href="https://www.k-online.com/">https://www.k-online.com/</a>	K Düsseldorf (plastics fair Düsseldorf) is an international trade fair for plastics, rubber, plastics processing and plastics manufacturing worldwide. The exhibition offers of the more than 3,000 national and international exhibitors of K Messe Düsseldorf (plastics fair Düsseldorf) including machinery and equipment, raw and auxiliary materials as well as semi-finished products, technical parts and reinforced plastic products. The leading trade fair Düsseldorf K Messe is supplemented by a supporting program with a special show.	
<b>A+A 2019</b> "Safety, Security and Health at Work International Trade Fair with Congress" 5-8 November 2019 in Düsseldorf <a href="https://www.aplusa-online.com/">https://www.aplusa-online.com/</a>	A-A Congress is a 4-day event being held from 5th to the 8th November 2019 at the Fairground Düsseldorf in Düsseldorf, Germany. This event showcases work safety, health at work, high-risk prevention, operational environmental protection, avoid damage and deterioration, metrology prevention of accidents. safety engineers –and commissioned manager, entrepreneur, operational, staff councils, occupational physicians, occupational physicians, supervisory bodies, governmental and BG Set.	
<b>MEDICA 2019</b> 18-21 November 2018 in Düsseldorf <a href="https://www.medica-tradefair.com/">https://www.medica-tradefair.com/</a>	MEDICA is the world's largest event for the medical sector. The event is the largest medical trade fair in the world – it attracted more than 5,100 exhibitors from 70 countries in 17 halls.	

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