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AHK Sri Lanka NEWSLETTER



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BUSINESS RELATIONS



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

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Dear readers,

The Delegation of German Industry and Commerce in Sri Lanka (AHK Sri Lanka) will be organizing a conference and in-house meetings on Energy Efficiency and Self-Sufficiency in Industry in Düsseldorf from 23rd to 25th of March 2020. The delegation is organized in the frame of the Energy Solutions made in Germany Initiative of the German Ministry of Economic Affairs and Energy. The program is meant to give an impetus to increase Energy Efficiency and Energy Self-Sufficiency in Sri Lanka. Generally, energy intensive industries will face major business and environmental challenges. The delegation will open the door for new energy solutions and innovation to support energy intensive industries. This will help industries to develop more resilient energy saving policies. The main objective of the business delegation is to acquaint Sri Lankan decision-makers from politics and industry with world leading energy solutions.

Further, AHK Sri Lanka presented the joint-cooperation initiatives along with GIZ Sri Lanka to members of the German parliamentary Committee for Economic Cooperation and Development. The four-member delegation of the German Parliament, headed by Dr. Peter Ramsauer, travelled to Sri Lanka to obtain an overview of German economic and development cooperation in Sri Lanka.

Currently, AHK Sri Lanka is conducting, in co-operation with GIZ Sri Lanka, the 2nd Train the Trainer Course "AdA International", which is based on the German Regulation for Trainer Aptitude (AEVO). Twelve participants of German and Sri Lankan companies with backgrounds in HR and Training Management, joined German ISO-certified trainer Edwin Lemke in the 6-day train the trainers course.

Yours sincerely,

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

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Committee for Economic Cooperation and Development of German Parliament in Colombo

On 20th February 2020, the Delegation of German Industry and Commerce in Sri Lanka, represented by Chief Delegate, Andreas Hergenroether and Head of Vocational Training, Josef Tschoep, presented the joint cooperation initiatives of AHK Sri Lanka and GIZ Sri Lanka to members of the German parliamentary Committee for Economic Cooperation and Development.

The four-member delegation of the German Parliament, headed by Dr. Peter Ramsauer, was traveling to Sri Lanka to observe the latest political changes, as well as to talk about the



areas of national reconciliation, SMEs and vocational training.

During an information event, organized by the German Development Cooperation (GIZ) and hosted

at the co-working space Hatch, Chief Delegate Andreas Hergenroether introduced the activities of AHK Sri Lanka, specifically with the focus on the coordination and certification of Vocational and Further Training (such as the currently running Train the Trainer qualification "AdA International") according to German training standards and the representation of the Senior Experten Service, as well as the joint focal areas of AHK and GIZ in initiating industry development partnerships, matchmaking between German and Sri Lankan businesses and supporting the SME sector development in sustainable agriculture and tourism.

Train the Trainer Qualification from Germany – AdA International Basic, 24th – 29th February 2020



AHK Sri Lanka is currently organizing, in cooperation with GIZ Sri Lanka, the 2nd Train the Trainer Course "AdA International Basic", which is based on the German Regulation for Trainer Aptitude. Twelve participants with backgrounds in HR and Training Management, from different industries, have joined German ISO-certified trainer Edwin Lemke in the 6-day training of trainers course, from 24th to 29th February.

They are learning about the German dual training system, different methods for engaging learners, such as 4FMAT, 4 Steps or the Sandwich feedback. On day 6th of the course they will sit a written examination as well do a presentation in front of the AHK Sri Lanka Examination Board. Upon successful completion, they will be awarded with the DIHK-AHK AdA International certificate.

Besides helping trainers and HR personnel to improve in-company training or on-boarding of new staff, having an AdA-certified in-company trainer is one of the requirements for companies to cooperate with AHK Sri Lanka in dual vocational training and receiving the certification based on German quality standards.

An AdA Advance Course will be offered at the end of July 2020. Please, save the date and contact Josef Tschoep under training@srilanka.ahk.de for more info!

Go Vacation Sri Lanka obtains Travelife Certified Sustainability Award



The Travelife Certified Sustainability Award was received by Go Vacation Sri Lanka on 24 January.

Travelife is a Certification System, dedicated to achieving sustainable practices within the Tourism Industry. As per the press release issued by Travelife, Go Vacation Sri Lanka obtained this prestigious award as one of the first three Tour Operators (Aitken Spence Travels and Khiri Travel Sri Lanka) in Sri Lanka to be awarded with such certification.

The Travelife Certified Award is a recognition for long-term efforts and leading position regarding Sustainability and Corporate Social Responsibility (CSR) of Go Vacation Sri Lanka.

Go Vacation Sri Lanka complies with more than 160 criteria, related to an operators' Sustainability Management, Office Operations, Working with Suppliers and Customer Communication. The Travelife Standard is covering the ISO 26000 CSR themes, including Environment, Biodiversity, Human Rights and Labour Relations; and is formally recognised as in full compliance with the Global Sustainable Tourism Council Standards.

Travelife for Tour Operators Manager Naut Kusters in their press release on this award stated: "I am delighted to see that sustainability in the tour operators sector is obtaining momentum. The award of front runner, Go Vacation Sri Lanka will inspire other companies in Sri Lanka to follow the same path."

Travelife was launched in Sri Lanka in 2016 in partnership with the Responsible Tourism Partnership Sri Lanka (RTPS). Today, more than 20 Sri Lankan Tour Operators are working towards Certification.

RTPS Chairman Nishad Wijetunga stated: "Sustainability is key for the future of tourism in Sri Lanka. The Certification of the first three Sri Lankan companies on the basis of the highest international standards is an historic landmark towards our goal to establish Sri Lanka as global leader in Sustainable Tourism."

Travelife, which has been established with the support of the European Commission, is the leading International Sustainability Certification for the travel sector. More than 35 national travel associations are promoting the scheme to their members including ABTA, The British Travel Association and PATA, the Pacific Asian Travel Association. Since 2012, more than 600 Asian tour operators have been trained. They are now working step-by-step towards more sustainable operations.

Deutsche Bank invests in Sri Lanka

Deutsche Bank yesterday announced it is investing in Sri Lanka and launching a major push into the corporate client market, with the rollout of a new digitally enhanced foreign exchange (FX) platform.

The rollout marks the bank's first step in introducing a comprehensive suite of digital FX solutions for its corporate clients in Sri Lanka.

Deutsche Bank Sri Lanka Chief Country Officer Vikas Arora said: "We are investing in our Corporate Bank business in Sri Lanka. As international supply chains gravitate toward settlements in local currency, we are pleased to cater to our clients' requirements."

E-commerce customisation is driving a change in payments currency, and increasingly international supply chains across Asia are demanding banks and payment service providers enable local currency payment. "Clients are challenging the historical trend of settling payments in USD between two Asian markets, as they

become more aware of the layers and costs in their payment chain. As a result, clients are demanding cheaper and faster ways of delivery, which our digital FX platform Autobahn is enabling," he said.

By mid-year Deutsche Bank Sri Lanka will be on par with other Deutsche Bank branches across Asia where clients can pay in local currency between two Asia markets, reducing the FX execution costs to a single conversion along with a faster delivery between the branch network. Last month the bank hosted clients at an outlook forum in Colombo where the new digital offering was launched.

"The launch of the upgraded Autobahn FX in Sri Lanka is the foundation for expanding our digital payment, collection and hedging capabilities to better serve our clients' local currency needs both onshore and overseas.

"In addition to introducing the enhanced FX platform, we are also extending FX API technology to local clients. This means they can connect our platform into

their own direct sales eCommerce infrastructure, while we support them in pre and post trade activities," Arora added. Globally Deutsche Bank most often sees API used by clients to expand their own B2B and B2C sales offering by introducing a wider range of currencies for online transactions. This gives end customers more choice around payment currency and often local currency is preferred, given USD currency movement can affect price point.

More upgrades are planned in the rest of the year to further enhance the foreign currency payment offering for both inbound and outbound payments in Sri Lanka Rupee (LKR). The Sri Lanka branch rollout of the digital FX platform follows the launch of an online payment facility for customs and excise for importers toward the end of 2019. Deutsche Bank has operated in Sri Lanka since 1980, providing banking and financing solutions to multinationals, large local corporates and financial institutions, ranging from cash management, FX, custody and trade finance. This year Deutsche Bank is proud to celebrate its 40th anniversary in Sri Lanka.

Finco Trading and Häcker Kitchen redefine luxury with their cutting-edge new showroom.

FINCO Trading, a subsidiary company of FINCO Holdings recently announced their exclusive partnership with Häcker Kitchen germanMade, German-based company Häcker küchen GmbH & Co. KG. Häcker is the definitive German luxury kitchen company, dedicated to designing and crafting some of the world's most desirable modern kitchens. As a company, the Häcker philosophy is simple, to provide clients with modern, fitted kitchens that fulfill the highest claims in terms of quality, functionality and design.

Finco Trading the exclusive partner for Häcker Kitchen in Sri Lanka has created a unique, state of the art Design Center with multiple kitchen and bar display units to showcase the capabilities and beauty of these designs. This exceptional showroom was launched last week and is conveniently located at 55 Galle Rd. Colombo 3. It is unquestionably the redefinition of the luxurious kitchen space and the first choice for anyone looking for the very best quality, handmade, bespoke kitchens.

The new Häcker Kitchen showroom is an appreciation of fine craftsmanship that is dedicated to innovation and provides complete solutions for kitchen design projects. All the products are bifurcated according to precise consumer needs, clients can have private consultations with Häcker experts and experience the complete range of products from the cabinetry, to electrical appliances to a dedicated area for finishes, making it easy and convenient to create a total solution kitchen.

The artistry of design in its sleekness, its simplicity and its clean unblemished lines across the Häcker kitchen range is both aesthetically pleasing and possesses incredible functional value. Its engineering technology supports design and integration into any customized kitchen requirement. Häcker uses high-tech and high quality accessories with its hinges tested over 80,000 times in an open/close cycle test to ensure the highest level of quality.

Häcker are renowned for their constant investment into R&D and the technological advancement of its products and features. Every year Häcker introduce new finishes which have recently included concrete, ceramic tops, steel cabinetry systems and stone laminations to name a few, all of which can be viewed at the new showroom. Häcker is also able to integrate most of the leading appliances in to the kitchen programs making them as seamless as possible for clients. With its system Häcker can easily reproduce any part of the imported kitchen with the same precision in dimensions and thicknesses.

Flying Bridge one of the most innovative additions to kitchens, where the worktop moves out to become a breakfast bar, is only manufactured by Häcker and is now available in Sri Lanka. Häcker currently manufactures 900 units per day and its boards are tested for zero emissions with certifications in Europe and in USA.

The decision to create and plan a new kitchen is the beginning of a truly exciting process. While engaging, it can often be accompanied by uncertainties – especially if it is your first time planning a kitchen, or your first time in a long while. At the Häcker Kitchen showroom, you can find a comprehensive picture of timelessly elegant kitchen design married with the best combination of exquisite

master craftsmanship and absolute state of-the-art technology. Häcker manufactures all its kitchens in Germany which make them unique, they are also manufactured using tropicalized material which is perfect for the balmy tropical weather in Sri Lanka. To make your experience as seamless as possible Häcker Kitchen showroom employees are regularly trained in kitchen design, so they can provide information and inspiration to make the kitchen of your dreams a reality.

About FINCO Holdings

The FINCO Group is one of Sri Lanka's leading private sector organizations with a respected business reputation and sound financial standing. It is a group of private limited liability companies that are market leaders in their respective fields of activity. Functioning under the vision "Committed to Excellence", the Group has over a half-century-long history characterized by environmentally and socially conscious growth and diversification. Today, the Group's subsidiary companies operate in six diverse sectors: travel and leisure, real estate and investments, manufacturing and trading, information technology, aviation, and consulting. The companies act synergistically within and between sectors to provide high-quality services for local and international markets and contribute towards sustainable economic development. Since their inception, the companies have maintained their pioneering outlook and consistently dominated the market in their respective fields of activity.

About Häcker

The owner-operated family company has been in existence since 1898. Since 1965, it produces modern fitted kitchens on site, in Rödinghausen, East Westphalia, the centre of the German kitchen furniture industry. In 2018, more than 1,738 employees generated a turnover of €602 million. The export share is currently around 39 percent. The Company's development is shaped by continuous growth and future-oriented investments. Currently, more than 60 countries on all continents are being provided with kitchens "Made in Germany." Customers can choose between two product lines for different market segments: for the entry-level, classic and classicART, and in the middle and upper price segments, systemat and systematART.

As a solid family enterprise in its fourth generation, Häcker stand for reliability, fairness, commitment and sustainable success. 120 years is a time span that is hardly imaginable in today's ephemeral world and Häcker has now advanced to seventh position when it comes to manufacture of kitchen units worldwide. In this position, we not only look back on many eventful years, but also into a promising future full of opportunities and possibilities. Currently Häcker manufactures 900 kitchen units a day and this capacity will be doubled when Häcker open their new factory facility in Ostercappeln-VENNE, Osnabrück. Häcker has achieved many awards and certificates for its product and quality and in 2019 and it was awarded with "Climate Neutral Company" award by FOKUS-ZUKUNFT GMBH & CO. KG.



Häcker
kitchen.germanMade.



SRI LANKA FACTSHEET

Date: 21 January 2020

Area size: 65,525 km²

Population: 22.5 million

Gross Domestic Product	2017		2018				2019			
In billion USD (growth in %)	88	3.4	88.9		3.2		97.8*		2.6*	
GDP per Capita in USD	4,104		4,102				4,001*			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quarterly real GDP growth in %			4.0	3.9	3.5	1.8	3.7	1.5	2.7	-
Inflation Rate										
NCPI in %	7.7		2.1				3.51			
Foreign Currency Reserves										
Total in billion USD	6.9		8				7.6			
Foreign Trade							Jan - Aug 2019			
Total in billion USD	32.34		34.21				20.31			
Exports in billion USD	11.36		11.88				8.03			
Imports in billion USD	20.98		22.33				12.28			
Trade Balance in billion USD	-9,62		-10.45				-4.25			
Sri Lanka's Exports to Germany							Jan - Nov 2019			
Value in million USD	855.9		743.3				777.2			
Volume in Tons	95,361.7		100,470.0				96,634.6			
Sri Lanka's Imports from Germany										
Value in million USD	645.8		413.6				324			
Volume in Tons	72,592.9		56,175.8				42,624.7			
Foreign Direct Investments							Jan - Sep 2019			
Total Investments in million USD	1,910		2,366				803			
German Investments in million USD	6		6				7.2			
Consumption Growth Rate in %							Jan - Jun 2019			
Private	10.2		7.4				5.1			
Public	11.4		15				-			
Labor Market							Jan - Sep 2019			
Employed persons in thousand	8,208		8,015				8,155			
Unemployed persons in thousand	359		373				438			
Unemployment Rate in %	4.2		4.4				5.1			
Minimum Wage										
LKR/per month	10,000		10,000				12,500			
Currency Exchange Rates										
USD - LKR	152.85		182.75				183.2			
EUR - LKR	182.49		208.99				200.4			

*estimations

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2018/en/5_Chapter_01.pdf

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2018/en/6_Chapter_02.pdf

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2018/en/9_Chapter_05.pdf

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2018/en/14_Appendix.pdf

<https://economynext.com/sri-lanka-ends-2019-with-us7-6bn-in-forex-reserves-39859/>

<https://www.newsfirst.lk/2019/05/01/private-sector-minimum-wage-increased-by-rs-2500/>

Federal Statistical Office, Wiesbaden 2020

Häfele Collaborates with Commercial Bank for Attractive Promotional Schemes

Häfele, the interior fittings and solutions specialist has been operating in Sri Lanka for over a decade has earned itself a credible stature of being the go-to brand for any home improvement and design needs.

The brand offers a plethora of solutions ranging from door hardware to furniture and kitchen fittings and has, related product categories such as home appliances, furniture lighting, sanitary fittings and interior surfaces into its ambit. This has strengthened Häfele's position as a complete home interiors specialist brand that provides its customers with a convenient and peace-of-mind journey through their entire purchase cycle.

Adding value to this proposition, Häfele has now tied up with Commercial Bank through a special period offer that allows Häfele customers to avail attractive discounts on the purchase of any Häfele products at their company-owned Design Showrooms.

Commercial bank cardholders can enjoy 11.25% on credit cards and 10% on debit cards along with easy payment plans up to 18 months at Häfele Design Centre's in Colombo 04, Kandy and Moratuwa.

Mr. Saurav Das, International Business Head- South Asia, says "*Commercial Bank is Sri Lanka's most trusted bank with a customer base of over 3 million. We are happy to be associated with such a legacy bank and are positive that this collaboration will bring immense value to both brands alike. Through this 'special-period' discount offer tie-up, Commercial Bank cardholders will get special discounts on Häfele products at any of our design showrooms. The objective is to enhance the experience for our existing customers with attractive discounts and offers while also to leverage the ever-growing customer-base of Commercial Bank and add new customers to our business*"

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3 Reasons Why Travel Insurance Is A Must

Whether you travel for business or pleasure, international travel involves many risks. Hence, travel insurance becomes an essential part of travelling. An enhanced travel insurance package safeguards you against unforeseen medical expenses and other travel related emergencies so you have the peace of mind to experience the wonders of the world.

Here are some key reasons why a travel insurance is a must have for overseas travelers

Reason #1 travel insurance is a must: Most of us can't afford to lose our vacation investment.

Let's say you pay \$7,000 for a once-in-a-lifetime luxury cruise around the Mediterranean for your 25th wedding anniversary. The day before sailing, your mother suffers a serious fall and ends up in the hospital. When you call the cruise line and explain what happened, they're sympathetic – but you're not getting your money back. Company policy clearly states that there are no refunds if you cancel within 14 days of departure.

Situations like these are why travel insurance is a must. When you have travel insurance with trip cancellation benefits, you can get reimbursement for prepaid, non-refundable trip costs when you must cancel for a covered reason. Covered reasons can include situations like the covered serious illness or injury of the insured person, a travel companion or a family member; the death of the insured traveller, traveling companion or a family member; a natural disaster or other event that renders your destination uninhabitable; etc.

Reason #2 travel insurance is a must: Medical emergencies overseas can be really expensive.

Consider this scenario: On a driving tour through Argentina, a truck slams into your rental car, leaving you with a broken leg and other serious injuries. When you arrive at the hospital, you summon the strength to pull out your health insurance card. The staff just shakes their heads. You'll need to pay up front for treatment – and your medical bills rapidly climb into the tens of thousands. If you require medical evacuation, that cost can hit \$200,000 or more, depending on the country you're in and the proximity to the nearest hospital.

When you have travel insurance with emergency medical benefits, it can pay for losses due to covered medical and dental emergencies that occur during your trip. Emergency medical transportation benefits can pay for medically necessary transportation to the nearest appropriate medical facility, as well as the cost of getting you home following a covered injury or illness. The upshot: When you're wondering "is travel insurance worth it?", weigh the small cost of buying insurance against the massive costs of a medical emergency overseas.



Reason #3 travel insurance is a must: You don't want minor mishaps to ruin your trip.

A vacation is really an investment in your happiness. However, when that vacation starts off with a cancelled flight, a missed connection, a missing bag or another travel hiccup, that happy feeling fades.

Travel insurance can help make these situations better. Travel delay benefits can reimburse you for additional accommodation/travel expenses and lost prepaid expenses due to a covered departure delay of six or more hours. Baggage delay benefits can reimburse you for the reasonable additional purchase of essential items during your trip if your baggage is delayed or misdirected by a common carrier for 24 hours or more. Several more benefits address other common travel mishaps, so check your plan to see what's included.

Allianz Sri Lanka provides comprehensive covers at affordable premiums where the traveler has the option of purchasing a single trip or annual travel insurance plan. In addition, Student Companion travel insurance is an exclusive package for students travelling abroad for studies. The policy covers medical, personal accident, loss of checked in baggage and reimbursement cost of tuition fees, school fee due to an accident to sponsor and family member's visit. Call 0112303300 or visit www.allianz.lk for further details.

DIMO Hosts the Mercedes-AMG e-Driving Experience

Giving the New Year a touch of Mercedes-Benz Luxury Experience, Diesel & Motor Engineering PLC (DIMO) hosted The Mercedes-AMG e-Driving Experience. This invite-only event for their valuable customers was held recently at DIMO 800, The Mercedes-Benz Center of Excellence.

The e-racing corner included a sporty racing simulator, which offered the "on race-track" impression of speed and control and was a new and unique experience for all those who attended the event.

The glamorous evening also comprised of a wine tasting session with slow flow music that tantalized the evening.

Customers enjoying the DIMO | Mercedes-Benz AMG e-Driving experience



Mercedes-Benz Cluster Head of DIMO Rajeev Pandithage, welcoming the guests and commencing the evening



Bri Ponnambalam presenting an award to a winner



Mercedes-Benz Cluster Head of DIMO Rajeev Pandithage, welcoming the guests and commencing the evening



The only Mercedes-AMG GT C in Sri Lanka imported & sold by DIMO



The Mercedes-AMG e-Driving Experience Awards on display



Mercedes-Benz Team of DIMO



Customers interacting with Mercedes-Benz Team of DIMO



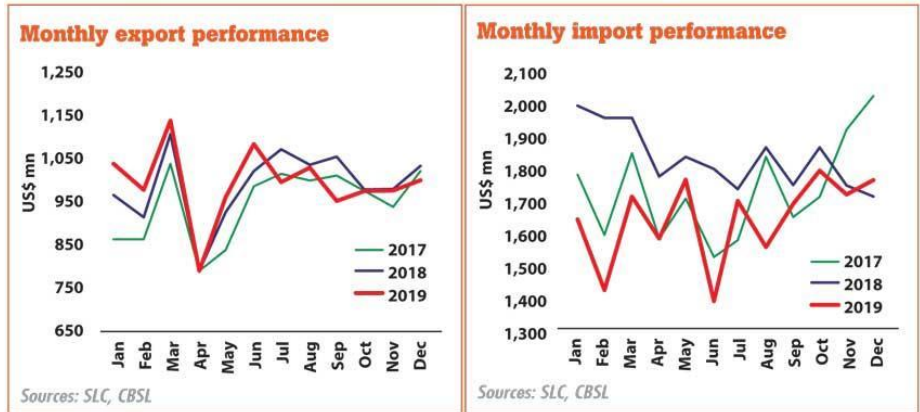
Imports on the up in response to govt. stimulus

Sri Lanka's imports picked up in December 2019, first time since October 2018, most likely responding to the economic stimulus package announced end-November by the newly formed government of President Gotabaya Rajapaksa.

The expenditure on imports in December 2019 rose 2.9 percent year-on-year (YoY) to US \$ 1,784 million, as the expenditure on consumer goods imports, both food and non-food, rose 9.5 percent YoY to US \$ 390.9 million.

The expenditure on personal motor vehicle imports rose first time since November 2018 by 8.6 percent YoY to US \$ 83.9 million, "mainly reflecting the impact of the resumption of personal motor vehicle imports under concessionary permits," the Central Bank said.

The expenditure on investment goods imports increased in December 2019, due to the higher imports of machinery and equipment and transport equipment. The government slashed both personal and corporate taxes and announced credit support for the country's struggling small and medium-sized enterprises (SMEs) by way of a 12-month moratorium on their debt, in a bid to revitalise the stalled economy.



On top of that, the Central Bank in January cut the key policy rates by 50 basis points, highlighting the need to support a recovery in domestic growth in the backdrop of favourable inflation outlook.

However, Sri Lanka's total merchandise imports in 2019 fell 10.3 percent YoY to US \$ 19.93 billion, allowing the country to narrow its trade balance to US \$ 7,997 million in 2019, from US \$ 10,343 million in 2018. However, the December 2019 trade gap widened to US \$ 784 million, from US \$ 781 million a year ago.

Meanwhile, Sri Lanka's exports remained flat during 2019, as the country was able to increase its export income by mere 0.4 percent to US \$ 11.9 billion, compared to the previous year, according to the data released by the Central Bank yesterday. Sri Lanka's

export basket hasn't changed for a long time and apparel accounts for about 45 percent of the country's merchandise exports.

The income from exports in December 2019 fell 3.2 percent YoY to US \$ 1 billion, amid a decline in agricultural and industrial exports. Textile and garment exports in December 2019 fell 2.1 percent YoY to US \$ 483.2 million. However, in cumulative terms, textile and garment exports grew 5.2 percent YoY to US \$ 5,596.5 million in 2019.

Agricultural exports in December 2019 fell 9.8 percent YoY to US \$ 195.4 million, as tea exports fell 9.6 percent YoY to US \$ 105.8 million. Seafood exports also fell 18.3 percent YoY to US \$ 23.9 million.

Sri Lanka's total agricultural exports fell 4.6 percent YoY to US \$ 2,461.9 million in 2019, amid tea exports falling 5.7 percent YoY to US \$ 1,364.4 million.

Source: Daily Mirror, 18 February 2020

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PUCSL calls for re-evaluation of power supply strategy

Energy sector regulator, the Public Utilities Commission Sri Lanka (PUCSL) yesterday pointed out the need to re-evaluate the strategy employed for electricity supply in the medium term, as significant changes are taking place on the demand side.

"By 2027 we expect the day-peak to exceed night-peak. The supply of daytime energy should be the key focus for Sri Lanka at the moment. Getting that across for a good price in an environment-friendly way is key," said PUCSL Director General.

Addressing an international forum on renewable energy in Colombo, Kumarasinghe said according to analysis carried out by them, the forecasted load curve shows a complete reversal of the current trend in terms of peak periods in the coming years.

The electricity demand is expected to grow from 18,524 GWh in 2020 to 30,890 GWh in 2030, which would result in the peak demand to expand from 3,050 MW in 2020 to 4,872 MW in 2030.

"We need to think differently to supply this load curve, and there are lots of developments which are conducive to this change. As most of the future energy demand will be during daytime, we need to look at sources for supply during the daytime that are affordable and technically feasible," Kumarasinghe added.

Currently, Sri Lanka generates 40 percent of its electricity through renewable sources. Pointing out the opportunities for growth, Kumarasinghe said that the country requires about 10,000 MW of renewable energy to be installed to fulfil the 80 percent goal set by the government.

Sri Lanka failed to build a single power plant during the last four years, largely due to a tug of war between the PUCSL and the Ceylon Electricity Board (CEB), which holds a near monopoly in electricity supply in Sri Lanka.

The two parties couldn't agree on a long-term power generation plan as PUCSL favoured LNG power plants while CEB engineers opted for coal-fired power plants.

It has been warned that Sri Lanka could face power cuts in the near future—a scenario the country has been experiencing from time-to-time for the last 20 years.

To prevent power cuts, PUCSL has said a minimum of 100 MW of electricity is required, which is likely to lead to another episode of spot purchase by the CEB.

The CEB has also come under heavy criticism in the recent years for its failure to develop renewable energy sources such as wind and solar power.

Source: Daily Mirror, 14 February 2020



January inflation rises to 5.4%

Inflation as measured by the year-on-year (YoY) change in the Colombo Consumer Price Index (CCPI) increased to 5.4% in January 2020 from 4.8% in December 2019.

This was driven by monthly increase of prices of items in both Food and Non-food categories. Food inflation (YoY) increased substantially to a 25-month high of 11.7% in January 2020 from 6.3% in December 2019, while Non-food inflation (YoY) stood at 2.9%.

The change in the CCPI measured on an annual average basis increased marginally to 4.4% in January 2020 from

4.3% in December 2019. Monthly change of CCPI recorded at 1.4% in January 2020 and it was due to the price increases observed in the items of both Food and Non-food categories.

Within the Food category, prices of vegetables increased significantly due to supply shortages caused by adverse weather conditions which prevailed during the previous month. In addition, prices of coconut, red onions, and fresh fruits also recorded increases in January 2020. Meanwhile, prices of items in the Non-Food category recorded an increase during the month owing to price increases of the items

in Housing, Water, Electricity, Gas and other fuels (housing rent); Education (tuition fee); and Restaurants and Hotels sub-categories. However, reflecting the downward tax revisions introduced by the government with effect from 1 December 2019, prices of items in Health and Communication sub-categories decreased in January 2020.

The core inflation, which reflects the underlying inflation in the economy, decreased to 3% in January 2020 from 4.8% in December 2019 on year-on-year basis. Annual average core inflation also decreased to 5.3% in January 2020 from 5.5% in December 2019.

Source: Daily FT, 3 February 2020

Japan's Taisei Corp. secures US\$ 650mn airport terminal deal



Japan's Taisei Corporation has secured a US\$ 560 million contract to build a new multi-level terminal building expanding the capacity of Sri Lanka's Bandaranaike International Airport (BIA) to 18 million passengers per annum by end of 2023.

The Cabinet of Ministers on Wednesday approved the proposal submitted by the Minister of Tourism and Aviation, Prasanna Ranatunga to award the contract of the much-delayed project to Taisei Corporation.

"The proposal submitted by the Minister of Tourism and Aviation was approved by the Cabinet of Ministers to award the contract related to package 'A' of step 2 of the stage II of the Bandaranaike International Airport project to Taisei Corporation to a total contracted sum of Japanese Yen 41,553.89 million (Rs. 35,135.84 million)," the Cabinet office stated.

The project consists of construction of a new multi-level terminal building of around 104,000 square metres where arrivals and departures to be separated vertically with two pier buildings.

The new terminal is planned to be innovatively designed for the provision of barrier-free access with many environment-friendly initiatives.

"Once it's built, our capacity will increase to 18 million passengers per annum (ppa) with 12 million ppa being added," Airport and Aviation Services Ltd. (AASL) Director Shehan Sumanasekara told Mirror Business.

Following Cabinet approval, AASL has been instructed to finalise an action plan and move forward with the construction immediately.

Sumanasekara noted that a formal meeting would be held between Taisei Corporation and AASL to finalise the action plan of the project. The new terminal is expected to come into operation by end-2023.

The Japan International Co-operation Agency (JICA) is funding the project on the condition that the project contract is offered to a Japanese contractor. JICA is providing the loan under the Special Terms for Economic Partnership (STEP) at 0.1 percent per annum interest and a 40-year repayment period.

The project was originally scheduled to commence construction work by November 2017 with the selection of the main contractor, and the construction was expected to be completed by the end of this year.

The package 'A' included construction of car parks and roads, utility works and power supply system.

However, the project was delayed as the quotations submitted by two Japanese contractors were significantly higher than the local engineers' estimate in 2016. Consequently, the Cabinet of Ministers in 2018 decided to slice Package A into 04 packages and allow participation of local contractors for the construction of car park and roads, utility works and power supply system with the concurrence of JICA. JICA agreed to the proposal in principle in late December 2018, and fresh bids were called upon.

During recent discussions with the new government, Taisei Corporation, which was the lowest bidder, has agreed to bring down their earlier quoted price to acceptable levels.

Taisei was also a party of the joint venture that built BIA. The current terminal which was built for six million passengers per annum has already been running out of capacity by 2-4 million passengers per annum over the past several years. The BIA handled 10.8 million passengers in 2018. The government estimates that the number of annual air passengers handled by BIA would be increased up to 20 million by the year 2025.

Sri Lanka is also planning to generate US\$ 10 billion revenue from tourism earnings by 2025, more than doubling the current estimated tourism revenue of US\$ 3.5 billion.

Source: Daily Mirror, 21 Feb 2020



Hutch completes 4G rollout covering 90% of population

Hutch Telecommunications Lanka (Pvt.) Ltd, the third largest telco in the country, which has completed its island wide 4G rollout covering 90 percent of the population, says it is geared to compete with the two main mobile operators in the country on an equal footing, offering alternative choice to Sri Lankan consumers while catering to the new customer segments. Hutch completed its island wide 4G rollout and merging of 2G and 3G networks of Hutch and Etisalat this month with an investment of over US\$100 million.

"We can compete on an equal footing and on an equal coverage with our two main operators. People in Sri Lanka need choice; I believe that Hutch would offer the choice to consumers who didn't earlier have a true choice. "They can choose what service or product they want to use and we are quite happy to offer more choice to the market," Hutch Telecommunications Lanka (Pvt) Ltd CEO Thirukumar Nadarasa told reporters in Colombo yesterday. Hutch's newly deployed 4G network covers all 25 districts, over 300 divisional secretariats and over 12,000 Grama Niladhari areas.

Hutch Chief Technology Officer (CTO) Dhana Ponnampuruma noted that Hutch was able to extend its internet connectivity to rural areas with 4G on 900MHz band as a result of the merger between Hutch and Etisalat in late 2018. He said Hutch was able to more than double its coverage in Colombo and its suburbs to 581 sites from 270 sites.

Nadarasa noted that Hutch's parent, Hong Kong-based CK Hutchison Group, is willing to provide funds worth US\$ 200 million to further improve the network coverage next few years. Following the 4G rollout, Hutch has introduced to the market a new product range across voice, data and other services targeting specific customer segments.

In particular, Hutch has also launched post-paid packages for consumers for the first time in its 20 year-presence in the island nation. Nadarasa announced that Hutch is expanding its focus to include post-paid customers and corporate customers by offering affordable products to the market in a transparent manner.

"Over the last decade or so, there was no proper alternative or choice given to these segments. Hutch has finally arrived to provide that alternative to consumers. "Even though people were unhappy with their service provider, up until now, there was no choice. We are going to give a choice to customers," he stressed.

While claiming the top position in secondary SIM market in the country, Nadarasa said Hutch is positioned to convert these customers to choose Hutch as their primary SIM.

"It might take 1-2 years for people to test our network to converge and become comfortable," he said. Further, he was also very confident that a considerable number of consumers who are unsatisfied with the top two mobile operators would switch to Hutch. However, he noted that there's room for all the mobile operators to cater to the rising demand.

"Demand for data will grow exponentially. We should worry about how we handle the traffic, not so much about competing. As 4G handset charges come down, more and more people will embrace 4G," he said. Further, he believes that the recently granted tax cuts would also lead to a high usage of data. Commenting on the competition among mobile operators in Sri Lanka who offer high-speed internet, Nadarasa said the hype about speed is misleading consumers.

"High-speed internet that mobile operators are bragging about is on an empty network, but in reality, the network is shared by many and average speeds go down. What we focus on is, what the application the consumer uses, and we will make sure that we would provide sufficient speed for that application," he said. He also pointed out that high-speed internet also comes at a cost for consumers. "When you are on maximum speed with a data quota, it disappears quite fast. This is one of the biggest complains of consumers. That's why we don't burden you with excess speed," he stressed.

Therefore, he urged the mobile operators to be more transparent with such matters with the public. Hutch had nearly six million mobile subscribers at end-2018.

To conduct fully-fledged 5G trial

There are people with 4G handsets who don't want to move to 4G. I think there are more fundamental issues in the country that we as mobile operators need to address before we get to 5G," Nadarasa said. He stressed that Hutch will launch 5G in Sri Lanka when actual demand emerges. "The question is what we can do with 5G that we cannot achieve with 4G. About 98 percent of what we want to do including e-commerce and e-government can be executed with 4G. We don't need 5G to execute this. There are a few and limited applications such as driverless cars, remote surgeries for which we need 5G," he added. Sri Lanka's top two mobile operators have already conducted successful 5G trials.

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Source: Daily Mirror, 26/02/2020

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BAZAAR 2020 4-8 November 2020 in Berlin https://www.bazaar-berlin.com/	Bazaar Berlin is the successful realization of the concept of global market – local goods. The manufacturers and distributors of craft and handicrafts from all over the world to present the buyer ethno-quality natural products. The exhibition offers visitors the subdividing Natural Living, Art + Style at Home and winter a good overview.	
MEDICA 2020 16-19 November 2020 in Düsseldorf https://www.medica-tradefair.com/	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.	
Electronica 2020 10-13 November 2020 in Munich https://electronica.de/	Electronica is the international trade show for electronic components, systems and applications and shows as the world's leading trade fair the full range in all its diversity in width and depth. It reflects the high degree of innovation throughout the industry. Exhibitors and users in the areas of systems, applications and technologies of electronics can receive the information of the latest innovations and developments in the fields of system peripherals, power engineering to printed circuit boards or EMS. The exhibition offers ranges from display on sensor solutions, power supplies, electronic design (ED / EDA) to software in electronics.	
BAU 2021 11- 16 January 2021 in Munich https://bau-muenchen.com/en/	BAU is a trade fair for architecture and building materials in Munich. This presents a number of international exhibitors, materials and systems to the industry and established American, housing and interior. Here are all leaders in the industry represented, so that the trade fair is the most important event in the European construction industry is. In addition, numerous events on the main themes of the building instead.	
GREEN WEEK 2021 15-24 January 2021 in Berlin https://www.gruenewoche.com/	This event showcases products like The IGW features a comprehensive range of international foods and luxury items. Also, fresh products of all types product markets, beer, wine and champagne, meats and sausages, seafood, teas, herbs and spices agricultural and horticultural machinery and equipment, seeds, greenhouses and gardening supplies, breeding stock, pets, hunting and fishing supplies etc.	
IMM COLOGNE 2021 "The international interiors show" 18-24 January 2021 in Cologne https://www.imm-cologne.com/	imm cologne is an international furniture fair, which takes place once a year in Cologne and has firmly established itself as the leading trade fair for the furniture industry. It presents the latest global furniture and interior design trends for the coming season and inspires every year with many marketable innovations. Exhibitors will be offered the opportunity for product and market tests on the final consumer. imm cologne is considered as indispensable communication forum, important impetus driver and creative center of ideas.	

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